

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



January 3, 1977

Vol. 8 No. 1

Current Trends

HUD reports that during the third quarter of 1976, lenders closed \$29.7 billion of home mortgage loans. Of these loans... \$25.3 billion or 85 percent were conventionally financed... \$2.6 billion or 9 percent were guaranteed by the *Veterans Administration*... and \$1.8 billion or 6 percent were *HUD/FHA*-insured. Over \$21 billion or 71 percent of these loans financed previously-occupied homes. Multifamily loans closed during the period totaled \$3.4 billion... of which 88 percent were conventional and 12 percent were *HUD/FHA*-insured.



Unusual Seminars Scheduled

The *Institute for Community Design Analysis* has scheduled a series of seminars in cities across the country devoted to the general subject of *The Design and Modification of Housing Developments*. The sessions are intended for the staffs of housing agencies, developers, and architects. The structure of the seminars will be to examine the different components of modifying existing housing projects and preparing designs for new ones to reduce crime, vandalism, and vacancy rates... and the consideration of alternate solutions to each case.

The sessions will be held in Washington, February 17-18; Boston, February 24-25; Atlanta, March 3-4; Chicago, March 10-11; Denver, March 17-18; and San Francisco, March 24-25. Further details and registration: JoAnn Cella, Seminar Coordinator, *Institute for Community Design*, 853 Broadway, New York City 10003 (212/677-3892).



1975 New Housing Concentrated in Four States

More than a quarter of all new housing permits issued in 1975 were concentrated in California, Texas, Florida, and Illinois.

A *Census Bureau* report showed that of 949,234 units authorized for the United States in 1975... 281,311 were in the four States. The total in California was 131,248; in Texas, 62,749; in Florida, 47,989 and in Illinois, 39,325.

Other leading States were Ohio, with 39,080 units; Michigan, 36,980; Washington, 35,209; Virginia, 33,210; Pennsylvania, 33,019; and New York, 30,761. These six... together with the four leaders... accounted for more than half of the new units authorized.

Among the metropolitan areas, the greatest number of units, 23,654, was in Chicago. Totals for other metropolitan areas were: Los Angeles, 17,681, Dallas-Fort Worth, 16,983; and Houston, 13,732.

Construction Report, C40-75-13, Housing Authorized by Building Permits and Public Contracts 1975, may be obtained for \$2 from the *Superintendent of Documents*, Washington, D.C. 20402.

Profile of the American People Issued

A profile of the people of the United States in 1975 has been released by the *Census Bureau*.

This is the second in this series of annual reports highlighting population growth, social characteristics, population distribution, employment and income, and statistics on ethnic groups.

Data included in the report appeared in the *Bureau's Current Population Report* series in 1975 and are analyzed and presented in a convenient format. Some of the key findings summarized in the report:

- In January 1976, the total U.S. population reached 214.5 million... an increase of only four-fifths of 1 percent over 1974.
- The total fertility rate was the lowest in the U.S. history in 1975. The total fertility rate is the number of births that 1,000 women would have in their lifetimes if, at each year of age, they experience the birth rates occurring in a given calendar year. The total fertility rate was estimated at 1,800 in 1975... compared to the 1970 figure of 2,480... and 1957's record rate of 3,760.
- Wives under 25 years of age show a strong preference for a two-child family.
- In 1975, the number of divorces exceeded 1 million for the first time in U.S. history... an increase of 6 percent between 1974 and 1975... while the number of marriages dropped to the lowest level since 1969, with a decrease of 4 percent between 1974 and 1975.
- The number of households with a female head increased by 30 percent between 1970 and 1975. During the same period... the number of persons under 35 maintaining a household entirely alone doubled from about 1½ to 3 million.
- Increases in the population of Florida accounted for one-quarter of the South's population growth since 1970 and one-half of its net immigration. The Mountain States have been growing fastest since 1970 (16 percent)... followed by the South Atlantic States (10 percent).
- The unemployment rate rose sharply between the first half of 1974 and the second quarter of 1975... but declined slightly during the last half of 1975.
- While sharp decreases in employment have occurred in the manufacturing and construction industries, employment in the mining industry rose by 12 percent.
- Median income in 1974 was \$12,840. For white families, the median income was \$13,360, \$7,810 for black families, and \$9,560 for families of Spanish origin.
- The number of persons below the poverty level in the United States declined by about 15 million during the 1960's... but the number in 1974 (24.3 million) was not significantly different from that in 1969.
- The black population numbered approximately 23.8 million in March 1975... or 11 percent of the total U.S. population.
- Spanish-origin persons numbered 11.2 million in 1975... or 5 percent of the U.S. population. Of this total 6.7 million were of Mexican origin, 1.7 million of Puerto Rican origin, 700,000 of Cuban origin, 700,000 of Central or South American origin, and 1.4 million of other Spanish origin.

Copies of the report, *Population Profile of the United States: 1974, Series P-20, No. 292*, are available for 90 cents from the *Superintendent of Documents*, Washington, D.C. 20402.

Maps Showing Value and Rent in U.S. Counties

Two color maps... illustrating the median value of owner-occupied housing units and median gross rent paid in each U.S. county have been published by the *Census Bureau*.

The first map shows median values of owner-occupied homes from less than \$7,000 to \$15,000 or more for each county. These values are represented by five color tones of blue and yellow. The distribution shows that higher-valued homes are located in the Far West, Alaska, the area around the Great Lakes, Florida, and the Northeast Coast. Lower-priced homes tend to be found in the South and throughout the Midwest.

The second map shows (also for each county) median gross rents paid... with five ranges from less than \$55 to \$100-and-over. These ranges are also shown by five color tones. The distribution shows that counties with the highest rents tend to be in the same areas with the higher values for owner-occupied housing units. Lower rents tend to appear throughout the South and Southwest.

Both maps measure 30 by 42 inches and are based on data from the 1970 census.

Copies of the maps, *Median Value of Owner-Occupied Housing Units by Counties of the United States: 1970, Series GE-50, No. 65*, and *Median Gross Rent by Counties of the United States: 1970, Series GE-50, No. 64*, are available for 95 cents each from the *Superintendent of Documents*, Washington, D.C. 20402.

New Publications



Rent Control... by Dr. Herbert L. Selesnick. Dr. Selesnick served as project director for a study carried out by *Harbridge House*... an international management consulting firm in Boston. The study was conducted for the *Massachusetts Joint Legislative Committee on Local Affairs*, which was considering whether to allow the State's 4-year-old local option enabling statute for rent and eviction controls (*Chapter 842 of the Acts of 1970*) to expire, or to extend the statute... and, if so... to determine its form. The *Legislature* extended the statute. The project compared the contrasting local practices among many cities and towns and covered vacancy rates, public housing, rent increase estimates, weekly earnings of particular groups, median family incomes, maintenance and taxes, assessments, construction activity, loans, multifamily units, civil litigations, evictions, and "fair net operating incomes" among others. 122 pages. Available for \$14.00 from *Lexington Books*, a division of *D.C. Heath and Company*, 125 Spring Street, Lexington, Massachusetts 02173 (617/862-6650, ext. 1205).

Housing for Low-Income Urban Families... by Orville F. Grimes, Jr. A *World Bank* Research Publication... reports on housing economics and policy in the developing world. Price \$11 hardcover... \$3.65 paperback. Published by the *John Hopkins University Press*, Baltimore, 21218.

Interim Guide for Environmental Assessment—Field Office Edition... designed to help public officials and builders systematically assess the ways in which the physical and social environment can be affected by a project. The *Guide* examines 80 aspects of the environment, such as visual, air and water quality, energy, climate, and the well-being of citizens. It describes where the reader can find local information on each of these components, and how to relate that information to current standards and guidelines for a project under consideration.

Prepared in loose leaf format... the publication is designed to be an ongoing desk-top reference. New research findings, and material relevant to individual users, can be added as they become available.

The *Guide* was prepared for HUD under contract by *Planning Environment International*, a division of *Alan M. Voorhees & Associates*, and is for sale by the *Superintendent of Documents*, Washington, D.C. 20402; Stock No. 023-000-90151-0. Price: \$20.00. The buyer will also receive any changes that may be issued through 1979.

FYI

American Institute of Landscape Architects... International Convention... Costa Mesa, CA., February 17-19. Details: Robert R. Cardoza, 1599 Superior Ave., Suite A-4, Costa Mesa, CA 92627 (714/645-5161).

Committee on Federal Procurement of Architectural/Engineering Services (COFPAES)... Federal Programs Conference... New Orleans, February 24-25. Top level Federal agency officials and members of Congress will brief design professionals on opportunities in the Federal marketplace. HUD is among the 30 participating Federal agencies. Details: Patricia Parker, *Federal Agency Liaison, American Institute of Architects*, 1735 New York Ave., N.W., Washington, D.C. 20006 (202/785-7384).

AIA Installs



Houston architect John M. McGinty, *FAIA*, is formally installed as the 1977 president of the *American Institute of Architects*. He succeeds Louis de Moll, *FAIA*, of Philadelphia, as head of the 26,000-member professional society.

In addition to McGinty... five other officers and 11 new regional directors were named. They include the new first president (who is also president-elect) Elmer E. Botsai, *FAIA*, of Honolulu; three national vice presidents... Robert L. Wilson, *AIA*, of Stamford, Connecticut; Herbert Epstein, *FAIA*, of Philadelphia; and the *Institute's* secretary... Robert M. Lawrence, *FAIA*, of Oklahoma City.

McGinty... a principal of *The McGinty Partnership, Architects Inc.*, and the *Crane Design Group*... both of Houston... has served as *AIA* first vice president for the past year... and has served on many *AIA* national committees.

HUD newsletter

HUD-318-261-ASI
January 3, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Carla Anderson Hills, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. Use of funds for printing this publication approved by the Office of Management and Budget, January 9, 1973.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401



HUD NEWSLETTER
January 3, 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



January 10, 1977

Vol. 8 No. 2

Current Trends

FNMA is now buying conventional apartment mortgages because fewer and fewer Americans can afford a new single-family home... according to Robert Bennett... executive vice president of *FNMA*. "Acute regional shortages of rental units can be expected by late 1977 because of rising demand and falling vacancies," he said. It will be a gradual process for *FNMA*. The new program was initiated in order to permit *FNMA* to be ready for the turnaround in apartment construction. Because 70 percent of the American people cannot now buy a single-family home... they will be looking for apartments to rent... Mr. Bennett was quoted as telling a group of financial analysts... and the demand for apartments should rise substantially.



1975 Death Rate Lowest in Nation's History

A recent *Census Bureau* report could have far-reaching importance to local planners and demographers. The U.S. death rate reached its lowest point in history last year... dipping to 8.9 deaths per 1,000 population.

The report notes that "although the total number of deaths increased gradually between the mid-1950's and the early 1970's... the number of deaths during 1975... 1,911,000... was lower than it had been since 1967."

The actual number of deaths has been going up in recent years while the death rate has ranged between 9.1 per 1,000 of population in 1974 and 9.7 in 1968. The increase in the number of deaths reflects both the increasing population and the growing proportion of the population at older ages.

But, the report says, this general upward trend in the number of deaths "was offset in 1974 primarily by a continuing decline in deaths due to diseases of the heart, cerebrovascular diseases, and accidents." Highway and traffic accident deaths, for example, have dropped 17.1 percent from 55,069 in 1973 to 45,674 in 1975.

As previously reported by the *Census Bureau*, the birth rate also reached its lowest point in history during 1975, reaching 14.7 births per 1,000 population. The total fertility rate (the number of births that 1,000 women would have in their lifetimes if, at each year of age, they experienced the birth rates occurring in that calendar year) was estimated at 1,800 in 1975 compared with 2,480 in 1970 and 3,760 in 1957—the record high year. Birth and death statistics used in the report are from the *National Center for Health Statistics* of the *Department of Health, Education and Welfare*.

Copies of the report, *Estimates of the Population of the United States and Components of Change: 1975 (With annual data from 1930), Series P-25, No. 632*, are available for 55 cents from the *Superintendent of Documents*, Washington, D.C. 20402.

1976-77 CITY SPIRIT Announced

In 1974 the *National Endowment for the Arts* launched *CITY SPIRIT*. . . a national program to support planning for a variety of cultural efforts of communities across the country. Primarily a grants program. . . *CITY SPIRIT* also offered the services of trained individuals (facilitators) to assist and guide community discussions about *CITY SPIRIT* during the pre-application stage.

After an extended review of the experiences gained through the *CITY SPIRIT* program in 1975. . . the *Endowment* announced there will be another *CITY SPIRIT* for 1976 and 1977. The concept of the program has remained basically the same as the original *CITY SPIRIT* program. However, the primary thrust of the new program is now the offering of facilitator assistance. . . with modest grant funds being offered in certain exceptional cases.

The program seeks to broaden the role of the arts in the everyday life of a neighborhood, town, city, country, region, or State. Through *CITY SPIRIT*. . . the *Endowment* will assist communities in determining for themselves the ways in which the arts can become a more important element in the community.

The program is based on the idea that the organized interaction of a community's diverse interests is a constructive process which can result in new and exciting visions of the community's cultural environment. Thus. . . the *CITY SPIRIT Program* seeks to stimulate and encourage many community interests to come together and explore the ways in which the arts can become an integral part of community life.

Community interests might include:

- artists, cultural institutions, and arts agencies
- business
- labor
- local government
- civic organizations
- religious groups
- neighborhood organizations
- educational institutions
- the media
- other interested individuals or groups.

Further information concerning funding limits, application procedures, review criteria, deadlines, etc., will be provided to the community at the time of the invitation to apply for funding. Address: *CITY SPIRIT, National Endowment for the Arts*, Washington, D.C. 20506.



New York Has Highest Taxes

The *Citizens Public Expenditure Survey of New York State*. . . a nonprofit taxpayer research group. . . issued a report on comparative tax loads for the 50 States. In 1975. . . New York State had the highest tax burden in the country. . . with an average \$1,008.79 per capita. California had the second highest. . . \$889.71. . . followed by Alaska at \$880.40. The New York increase in the 1973-4 period was \$56.50 per capita.

Three States had the unusual experience of seeing their per capita tax burden reduced in the fiscal period of 1974-5. These were Connecticut (\$687.92), Florida (\$512.89), and Michigan (\$656.55). The national per capita average of all the States for 1975 was \$665.60.

HUD Solar Energy Publications

Solar energy project designs and concepts are described in two publications issued by HUD's Office of Policy Development and Research.

Solar Heating and Cooling Demonstration Program: A Descriptive Summary of HUD Solar Residential Demonstrations Cycle 1, is a catalogue of the first 55 solar systems being used in HUD's residential solar energy experiment.

Solar Dwelling Design Concepts gives a brief history of solar energy experiments and lists existing solar dwellings and systems and contains sample illustrations of solar dwellings and site design concepts.

Both documents, done under contract with the *American Institute of Architects*, can be purchased from the *Superintendent of Documents*, Washington, D.C. 20402. Ordering information: *Solar Heating and Cooling Demonstration Program*, GPO Stock No. 023-000-00338-4, \$1.15; *Solar Dwelling Design Concepts*, GPO Stock No. 023-000-00334-1, \$2.30.



Spanish Persons Live Mostly in Southwest

Of the 11.2 million Spanish-origin persons in the United States in 1975... 6.4 million resided in Arizona, California, Colorado, New Mexico, and Texas and 85 percent of these were of Mexican origin... according to a *Census Bureau* report.

There were 3.2 million persons of Spanish origin living in California... 15 percent of the State's total population... based on a nationwide March 1975 survey. In Texas... Spanish-origin persons totaled 2.3 million or 19 percent of the State population... and about 1 million lived in Arizona, Colorado, and New Mexico combined. The report also shows that about 1.5 million persons of Spanish origin were located in New York State.

Occupational characteristics of employed persons of Spanish origin differed widely from that of the overall employed population, the report says. For instance, 16 percent of the nationwide civilian labor force population were employed as professional and technical workers... while only 9 percent of the Spanish origin population were in that group.

Most of the 2.5 million Spanish origin families in the United States live in metropolitan areas, with only about 1 of every 6 families living in a nonmetropolitan area. About half of all Spanish origin families lived in the central city of a metropolitan area, compared to only 1 of every 4 families for the United States as a whole... the survey indicates.

Other survey findings were released earlier in an advance version of the report:

Of 11.2 million persons of Spanish origin in the United States... 6.7 million were of Mexican origin... 1.7 million of Puerto Rican origin... 740,000 of Cuban origin... 670,000 of Central or South American origin... and about 1.4 million of other Spanish origin.

- Younger persons of Spanish origin have achieved more education than their elders.
- Median income in 1974 for families with a head of Spanish origin was \$9,600.
- The population of Spanish origin is young... the median age being 20.7... compared with the national median age of 28.6.

Copies of the report, *Persons of Spanish Origin in the United States: March 1975*, P-20, No. 290, are available for \$1.50 from the *Superintendent of Documents*, Washington, D.C. 20402.

65-And-Over, Population Increase Continues

The number of Americans 65-and-over increased from 20 million in April, 1970 to almost 22 million in July, 1974. This 9 percent increase in 4 years continues the long-term trend from 1900 to 1974... when this age group increased from 3 million to its present 22 million... according to the *Census Bureau*.

In the 65 and over age group... there were about 72 males to every 100 females in 1970. However in 1974... this figure dropped to less than 70 males to every 100 females. The female population grew by almost 11 percent, while the male population grew by just over 7 percent. In the year 1900, the population 65 and over was estimated to be 3 million, rose to 5 million in 1920, to 9 million in 1940, and to about 17 million in 1960.

On the other end of the age spectrum... the number of pre-school age children (under 5) dropped by 5 percent between 1970 and 1974, continuing the 1960-70 trend when "under 5's" decreased by more than 3 million, or over 15 percent. The decline in fertility rates and annual births since 1961 also had an enormous impact on the elementary school age population in the last four years.

The greatest increase in U.S. population encompassed young adults in the 25 to 34 age group which grew by 4.6 million, or over 18 percent between 1970 and 1974. This rapid increase occurred as the population born during the post World War II "baby boom" replaced the smaller numbers of persons born during the late 1930's.

Between April 1, 1970 and July 1, 1974, the total population of the United States, including Armed Forces overseas, increased by 7.6 million, or 3.7 percent from 204.3 million to 211.9 million. The average annual increase during the period was less than 1 percent as fertility rates fell to their lowest level in American history.

Copies of the report, *Estimates of the Population of the United States by Age, Sex, and Race: July 1, 1974 and April 1, 1970, P-25, No. 529*, are available for 30 cents each from the *Superintendent of Documents*, Washington, D.C. 20402.

HUD newsletter

HUD-318-262-ASI
January 10, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Carla Anderson Hills, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. Use of funds for printing this publication approved by the Office of Management and Budget, January 9, 1973.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
HUD-401



HUD NEWSLETTER
January 10, 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



January 17, 1977

Vol. 8 No. 3

Current Trends

President-elect Carter has announced that he will nominate Mrs. Patricia Roberts Harris to be the Secretary of *HUD*, subject to *Senate* confirmation. Mrs. Harris is a Washington, D.C. lawyer, and former ambassador to Luxembourg.

The results of *HUD's* December 1 opinion survey on mortgage market conditions has been issued. Nationally... the average secondary market price for immediate delivery of *HUD/FHA*-insured new-home mortgages with 30-year terms and minimum downpayments increased 7/10 of a point to \$96.4 per \$100 of outstanding loan amount. The equivalent gross yield to investors at this price was 8.45 percent... down 10 basis points from a month earlier. The national average interest rate contracted to be paid by the borrowers on conventional first mortgages dropped five basis points to 8.95 percent for new-home transactions while the national rate for existing-home contracts remained at the month earlier level of 9.00 percent.

New construction contracts in November rose 37 percent above the November 1975 level... to \$7.69 billion... compared to \$5.62 billion a year earlier... according to *F.W. Dodge Division of McGraw-Hill*. Of particular importance was a 50 percent rise in residential construction over November 1975... mainly in multifamily activity. Nonresidential contracts rose 36 percent.



30 Major Disaster Declarations Made by President in 1976

Last year's extremes in weather... from floods to droughts... resulted in President Ford's declarations of 30 major disasters and eight emergencies which cost \$420.4 million... according to a year-end report by *HUD's Federal Disaster Assistance Administration (FDAA)*.

A total of 53,820 disaster-affected families received advice and assistance at Disaster Assistance Centers operated during 1976 by *FDAA*, which is responsible for the direction, management, and coordination of the *Federal Disaster Relief Program*... including administration of the *President's Disaster Relief Fund*.

FDAA Administrator Thomas P. Dunne said that nearly half of the disaster stricken families were victims of spring typhoons in Guam, the Northern Marianas, and the Trust Territory of the Pacific Islands. He said typhoon assistance from Federal agencies exceeded \$85 million.

Mr. Dunne also noted that 4,393 families sought Federal aid after hurricanes hit New Jersey, New York, and California in the fall... requiring \$43 million in aid from all Federal agencies.

The largest loss of life from a natural disaster during the year resulted when a flash flood hit Colorado's Big Thompson Canyon on August 1... causing 139 deaths and about \$36 million damage.

(Continued on page 2)

1976 Disaster Report--(continued)

The year's most expensive disaster was caused by the failure of the Teton Dam in Idaho on June 5. Federal agencies provided \$124 million in disaster assistance.

Of the 30 major disaster declarations by the President... 27 involved floods or flooding accompanying typhoons, hurricanes, tornadoes, or other storms. The remaining three disasters involved tornadoes and winter storms. By contrast... of the eight Presidential emergency declarations in 1976... seven involved drought and only one flood.

A total of \$420.4 million was expended or obligated for major disasters during the year by all Federal agencies... with \$213.8 million of that amount coming through *FDA* from the *President's Disaster Relief Fund*.

Of the \$213.8 million from the *President's Fund*... \$18.7 million was for temporary housing assistance provided through the States or *HUD*; \$3.2 million for disaster unemployment assistance administered by the States and the *Department of Labor*; \$14 million for the Federal portion of the individual and family grants administered by the States; and \$177.9 million for grants to local or State governments for debris removal and for the repair or restoration of public facilities such as streets, roads, bridges, public buildings, and certain private nonprofit facilities.

Preliminary cost figures from some 20 Federal agencies charged with disaster recovery tasks under the coordination of *FDA* include the following program costs for the declared major disasters in 1976:

- *Small Business Administration*, 6,682 loans for dwellings and personal property, and 941 loans for businesses: \$131.5 million.
- *Farmers Home Administration*, 700 loans: \$10.3 million.
- *Department of Agriculture*, \$5.5 million for food stamps and \$13.6 for emergency farm programs from *Agricultural Stabilization and Conservation Service*: \$19.1 million.
- *Department of Health, Education, and Welfare*, for repair and restoration of public schools: \$1.2 million.
- *Army Corps of Engineers*, for flood preparedness, flood fighting, rescue operations, and repair and restoration of flood control works: \$9.6 million.
- *Federal Highway Administration* of the *Department of Transportation*, for repair of Federal aid system roads, bridges, and appurtenant structures: \$30.9 million.

Voluntary organizations working under the coordination of *FDA* provided food, clothing, and other humanitarian services to people affected by disasters. These organizations included the *American National Red Cross*, *Salvation Army*, *Mennonite Disaster Service*, and the *Seventh Day Adventist Community Services*. In addition... the *Young Lawyers Section of the American Bar Association* offered legal advice to disaster victims, and advice on insurance was provided by the *American Insurance Administration*.

(An 'emergency' may be declared for the same cause as a major disaster, except that specialized Federal assistance is made available to save lives and protect property, public health and safety, or to avert or lessen the threat of a major disaster.) Emergency declarations by the President during the year were for flooding in North Dakota, for which a major disaster was later declared, and drought in Arkansas, Minnesota, Missouri, North Dakota, South Dakota, Wisconsin, and Virginia. To date... total obligations from the *President's Fund* for the drought are \$10.3 million... while other Federal agencies have made loans or grants totaling \$205.4 million.

The *FDA* also approved seven *Fire Suppression Grants* totaling \$1.5 million to help fight forest fires in Minnesota that were due in part to drought.

Also from the *President's Fund* during 1976... *FDA* obligated \$880,000 as grants for States to develop and improve existing plans, develop programs and capabilities for disaster preparedness and prevention.

Special Rehab Wages Agreed On

HUD has announced that New York City and Atlanta have been selected as demonstration sites to test a special labor-management agreement under which low-income rental housing would be rehabilitated with revised wage rates and work rules.

Participation in the program means that the cities will be allocated funds for rental housing assistance above their present allocations.

Both cities indicated that high- and low-rise rental units for lower income tenants would be rehabilitated with at least a 25 percent reduction in wages.

Additional cost savings estimated at 15 percent are expected to result from the *Statement of Principles and Objective for Housing Rehabilitation* signed by seven building and construction unions and the *National Housing Rehabilitation Association* last February.

Atlanta will receive *Section 8 Rental Assistance* for 920 units. New York City will receive assistance for 2,500 units.

The two cities have designated target neighborhoods to receive this assistance and have outlined plans to use other funds to support this program. Home repair loan and grant programs, park improvements, and various social services programs are among the activities proposed to lead to the revitalization and long-term viability of the target neighborhoods.

More than 50 localities applied for a share of the \$50 million in annual rental assistance set aside for the program. Of the applicants... only Atlanta and New York City met all of the submission requirements... including the projection of a substantial savings in the cost of rehabilitation resulting from revised wage rates and work rules. A total of \$19 million will be allocated to the two cities.

A second notice has been published in the *Federal Register* to allow previous applicants to modify their applications and to permit other localities to submit applications.

Final selections for the remaining \$31 million will be made in the near future.



Multiunit Structures Increase

About 28 percent of the housing units built since 1970 were located in structures with five or more units, almost double the proportion (15 percent) located in similar structures in the total housing inventory. These figures are contained in the *1974 Annual Housing Survey*, conducted for HUD by the *Census Bureau*.

Compared to the total housing inventory... the proportion of mobile homes is higher among units built since 1970... and the proportion of conventional single-family homes is lower.

The *Annual Housing Survey*... started in 1973... is designed to provide current information on housing conditions and trends. Previously, detailed data was only available every 10 years from the *Decennial Censuses of Population and Housing*.

The report contains a wide variety of data on the Nation's housing inventory as of 1974... including characteristics of owner and renter households, value of owner-occupied homes, rent paid, and characteristics of metropolitan, and non-metropolitan housing.

Copies of the report, *Part A, General Housing Characteristics, Series H-150-74A*, are available for \$4.35 from the *Superintendent of Documents*, Washington, D.C. 20402.

Disaster Guidebook Published

A guidebook to help local officials find temporary housing for disaster victims has been published by HUD.

When a disaster strikes and homeless families cannot be sheltered in undamaged existing structures... the usual practice is to lend them mobile homes. If these cannot be placed at the site of the damage... they are assembled in temporary mobile home parks.

Site Selection and Design for Disaster Housing Group Sites is the first part of a two-volume study designed to help local governments install groups of mobile homes or comparable quarters for disaster victims on properly prepared sites with all the necessary amenities.

Check lists for site selection, physical site features, and requirements for utilities are all included in reproducible form. Layout diagrams of the site and of mobile home groupings are offered, along with space requirements, utility plans, access road designs, suggested densities, and a check list of recommended and optional amenities for the mobile home parks.

The technical or second volume reviews legislation and regulations for temporary housing sites, analyzes existing criteria for selecting and developing group sites, and offers recommendations for managing and maintaining the housing.

Factors involved in selecting portable utility systems are discussed and the characteristics and costs of various types of systems are documented.

Copies of both volumes may be ordered from the *Superintendent of Documents*, Washington, D.C. 20402. Price \$6.45. Stock No. 023-000-00361-9.

HUD newsletter

HUD-318-263-ASI
January 17, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Carla Anderson Hills, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. Use of funds for printing this publication approved by the Office of Management and Budget, January 9, 1973.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401



HUD NEWSLETTER
January 17, 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



January 24, 1977

Vol. 8 No. 4

Current Trends

The volume of new construction put in place during November increased at a faster pace than in the previous month. The *Commerce Department* said the value of new construction during November was \$150.2 billion at a seasonally-adjusted annual rate, representing an increase of \$3.5 billion... or 2 percent over October. Construction had climbed \$400 million in October.

The United States begins 1977 with an estimated population of 216,451,900... according to the *Census Bureau*. The figure is about 1.6 million higher than the estimate for January 1, 1976. The total includes the population of the 50 States, the District of Columbia, and the Armed Forces and Federal employees overseas and their dependents. The 1.6 million net population gain for 1976 is lower than the 1.8 million increase in 1975... but higher than the 1.5 million gain in 1974. The largest annual gain was 3.1 million registered during the baby boom year of 1956. The 1976 rate of increase was 0.7 percent. During the period 1947-1961, the annual rate ranged between 1.6 and 1.8 percent. The net gain was the result of about 3.1 million births... 1.9 million deaths... and net immigration of about 300,000.



'Red-Lining' Exemptions Issued

The *Federal Reserve Board* has granted limited exemptions from Federal redlining requirements to 4 States with standards similar to those of the *Home Mortgage Disclosure Act*.

Exemptions for Illinois, Massachusetts, and New York are for all State-chartered banks and thrift institutions subject to the pertinent State laws or regulations. The Illinois statute applies only to counties with more than 100,000 population; the *Fed* exemption does not apply to counties with population of 100,000 or less.

The exemption for the fourth State... California... affects only those State-chartered *S&Ls* subject to the State *S&L* regulatory agency.



New Housing Glossary Available

A new edition of *Mortgage Banking Terms... A Working Glossary...* has been published by the *Mortgage Bankers Association of America*. It covers the language of housing finance... from A (AAA Tenant) to Z (Zoning Ordinance) and includes recent developments in the housing finance field... such as the *GNMA* futures market. More than 750 terms... ranging from such everyday words as "mortgage" and "tenant" to more esoteric jargon as "estoppel letters" and "novation" are included. Definitions are given in simple, practical terms.

The first edition... published last year... sold over 10,000 copies. The new edition may be purchased from *MBA, Department of Education and Training*, 1125 - 15th Street, N.W., Washington, D.C. 20005. Price is \$5... with quantity discounts available.

BOCA Announces Building Inspection Correspondence/In-Service Course

BOCA International is conducting a comprehensive and detailed educational course for entry-level building inspectors. The course... *Basic Code Enforcement: Building Inspection*... is the first in a series of code enforcement courses being developed by *BOCA International*, the Nation's oldest association for practicing regulatory Code Enforcement professionals. The new course is designed for both correspondence study and in-service training programs.

Prices of the course for individual correspondence study are \$125 for *BOCA* members and \$150 for nonmembers. Special arrangements will be made to use the course in-service area training programs or other area-wide administration purposes. Along with the *Building Inspection* course book... the course package also contains one copy of the *BOCA Basic Building Code/1975* and one copy of the nationally recognized *One and Two Family Dwelling Code, Second Edition, 1975*.

For further details, write Dorothy G. Packer-Fletcher, *Director of Training and Education, BOCA International*, 1313 East 60th Street, Chicago, Illinois 60637.



Illinois Tenants Ineligible to Serve on Housing Authorities

In *Brown v. Kirk*... the *Illinois Supreme Court* ruled that public housing tenants are ineligible to serve as *Housing Authority Commissioners* because of the "potential conflict of interest" inherent in their status as tenants. The *Court* expressly adopted the same reasoning as the *Connecticut Supreme Court* in *Housing Authority of the City of New Haven v. Dorsey*, 164 Conn. 247, 320 A.2d 820 414 U.S. 1043 (1973) used when it declared that tenants' personal interests would always directly or indirectly be involved in a vote of the *Housing Authority Commission* and therefore, tenants should be barred from serving as *Commissioners*.

In *Brown*, a public housing tenant was appointed in 1972 to the position of *Commissioner* in East St. Louis. Another public housing tenant was currently serving as a *Commissioner*. While the appointment was pending approval by the *Department of Local Government Affairs of the State of Illinois*, *The Attorney General of Illinois* issued an opinion on September 6, 1973, 7 months after the *Dorsey* decision, that no tenant of a public housing project is eligible to serve as a *Commissioner* (*Att. Gen. Op. File No. NO-612*). As a result of the *Attorney General's* opinion, the *Director of Local Governmental Affairs* refused to approve the appointment of the tenant commissioner and also determined that any tenant serving as a *Commissioner* should be discharged and replaced by a nontenant.

This reverses a lower *Court* decision that permitted tenants to serve.



New HUD Publication

The influence of Rome on Washington, D.C.,... of Northern Ireland on Philadelphia... and of London on Savannah, Georgia... are a few of the interesting examples in a new *HUD* publication, *The Influence of the Foreign Heritage on the American City*.

Produced by the *Office of International Affairs*, the 32-page booklet is illustrated with maps and sketches of American cities through the past 200 years. The booklet examines architecture and city planning in the United States from the earliest colonial settlements through the Twentieth Century... and how America put into practice and then contributed to the international urban experience... in an informative and readable manner.

The Influence of the Foreign Heritage on the American City is available from the *Superintendent of Documents*, Washington, D.C. 20402, for 85 cents. There is a minimum charge of \$1.00 for orders by mail.

Special Residences for Handicapped Designed

Small groups of handicapped persons...including the developmentally disabled...will live in specially-designed neighborhood residences under a demonstration program announced by *HUD*. The developmentally disabled are persons with such afflictions as cerebral palsy, epilepsy, and mental retardation.

The residences...designed with normal home settings...will be run by selected sponsors in a number of States.

The chief aim of the demonstration is to gain needed experience in developing such small group homes. *HUD* will acquire information needed to write regulations under which such housing will be constructed in the future. The sponsors will be breaking new ground for others to follow, from the initial application process, through construction, and operation of the homes.

Experience gained in constructing and living in the houses will be evaluated and reported by the *National Association of Housing and Redevelopment Officials*, according to the terms of a contract signed with *HUD's Office of Policy Development and Research*. The contract calls for *NAHRO* to hold conferences with small group home sponsors, to guide them through the various program requirements, and to make available to them the latest *HUD* and *Department of Health, Education and Welfare* research findings. *NAHRO* also will produce written materials to guide future sponsors and to document the experience for *HUD* policy makers.

Cost of the evaluation and demonstration portion of the program is \$231,642. Total value of all construction and rehabilitation planned by the sponsors is estimated at more than \$10 million.

The sponsors will use a variety of *HUD* programs during the course of the demonstration. Direct loans for constructing or rehabilitating the houses will be provided through *HUD's Section 202 Program* (direct loans for constructing housing for the elderly and handicapped). *The Section 8 Rental Subsidy Program* will be used to pay whatever portion of the disabled person's rent exceeds 25 percent of his income. The evaluation of the trial program and development of all information materials and aids to sponsors will be funded through *Section 815 of the Housing and Community Development Act of 1974* (special demonstrations for housing for the elderly and handicapped).



Virginia Now Covered by Crime Insurance

Effective January 1, Virginia residents and businessmen became eligible to buy burglary and robbery insurance under the *Federal Crime Insurance Program* administered by *HUD*.

The announcement was made jointly by Acting *Federal Insurance Administrator* J. Robert Hunter of *HUD* and *Virginia Governor* Mills Godwin.

Following a review with the *Governor* and other officials, Mr. Hunter concluded Federal coverage should be offered because of evidence that some Virginia residents and businessmen were having difficulty in getting affordable crime insurance coverage from other sources.

Federal policies can be purchased through any licensed Virginia property insurance agent or broker or the Servicing Company (*Safety Management Institute*).

Federal crime insurance is 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... along with Virginia.

House Banking Committee Organizes for New Session

The *House Committee on Banking, Finance, and Urban Affairs* has organized for the 95th Congress, which began business on January 4. There are 47 members of the *Committee* this session... compared to 43 in the 94th Congress.

Henry Reuss (D-Wisc.) will continue as chairman... and J. William Stanton (R-Pa.) becomes ranking minority member. There are 32 Democrats and 15 Republicans.

Of the 32 Democrats... 8 are new members: John J. Cavanaugh (Neb.)... Wesley Watkins (Okla.)... James Mattox (Texas)... Douglas Bernard, Jr. (Ga.)... Edward W. Pattison (N.Y.)... Mary Rose Okar (Ohio)... Austin J. Murphy (Penn.)... and Bruce V. Vento (Minn.).

The 15 Republicans on the *Committee* include 5 new members... James A.S. Leach (Iowa)... Newton I. Steers, Jr. (Md.)... Thomas B. Evans, Jr. (Del.)... Harold Caputo (N.Y.)... and Harold C. Hollenbeck (N.J.).

The carryover Democrats are: Thomas L. Ashley (Ohio)... William S. Moorhead (Penn.)... Fernand J. St. Germain (R.I.)... Henry B. Gonzalez (Texas)... Joseph G. Minish (N.J.)... Frank Annunzio (Ill.)... James M. Hanley (N.Y.)... Parren J. Mitchell (Md.)... Walter E. Fauntroy (D.C.)... Stephen L. Neal (N.C.)... Jerry M. Patterson (Calif.)... James J. Blanchard (Mich.)... Carroll Hubbard, Jr. (Ky.)... John J. LaFalce (N.Y.)... Gladys Noon Spellman (Md.)... Les Aucoin (Ore.)... Paul T. Tsongas (Mass.)... Butler Derrick (S.C.)... Mark W. Hannaford (Calif.)... David W. Evans (Ind.)... Clifford Alexander (Tenn.)... Norman E. D'Amours (N.H.)... and Stanley N. Lundine (N.Y.).

The Republican members who will continue to serve are: Garry Brown (Mich.)... Chalmers P. Wylie (Ohio)... John H. Rousselot (Calif.)... Stewart B. McKinney (Conn.)... George V. Hansen (Idaho)... Henry J. Hyde (Ill.)... Richard Kelly (Fla.)... Charles E. Grassley (Iowa)... and Millicent Fenwick (N.J.).

At press time... the *Senate* had not yet made its *Committee* assignments.

HUD newsletter

HUD-318-264-ASI
January 24, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. Use of funds for printing this publication approved by the Office of Management and Budget, January 9, 1973.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
HUD-401



HUD NEWSLETTER
January 24, 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



January 31, 1977

Vol. 8 No. 5

Current Trends

Housing starts in December reached the seasonally-adjusted annual rate of 1.940 million units... the highest monthly rate in more than three years. The rate for the month was 13 percent above the November level... and the highest since August 1973. The preliminary estimate of permits issued for the construction of privately-owned housing units rose to a seasonally-adjusted annual rate of 1.1513 million units... 39 percent above the rate for December 1975. Actual new home production for the year 1976 was 1.163 million units... the third highest in history... exceeded only by 1959 and 1972.

The *Commerce Department*... looking at the probable 1977 capital expenditures by U.S. businesses... estimates that an increase over 1976 of double the rate of increase from 1975 to 1976. The expected rate of rise... 6 percent in 1977... compares to 3 percent in 1976. These figures are adjusted for inflation. The projected rise is of paramount importance to the construction industry as well as to suppliers of building materials, industrial equipment, and related activities.

Canada's *Central Mortgage and Housing Corporation* has reduced the interest rate it charges for loans to home buyers to 10.5 percent... from 11.5 percent. This compares to the current *HUD/FHA-VA* maximum rate of 8 percent.

The *Conference Board*... the business-backed research organization... reports consumer confidence is sharply up... with home-buying plans of Americans at the highest level in 3 years. A bimonthly national survey... found an 11-point rise in December over October in consumer confidence... to 91.2 from 90.1... and a jump in the buying-plan index to 122.6. The *Board* attributed the heightened consumer optimism to "both economic and psychological factors." The increase also applied to plans for the purchase of major appliances... from 28.9 percent in the first half of 1976 to 31.4 percent at year's end.

The *National Association of Mutual Savings Banks* reports that a near-record inflow of savings in December... \$350 million... brought the total inflow for 1976 to \$5.3 billion... the third highest year in history. The record year to date was 1971... with \$5.7 billion... and 1972... when a \$5.5 billion level was achieved.



Supreme Court Rules in Zoning Case

In *Village of Arlington Heights, et al. v. Metropolitan Housing Development Corp., et al.*, No. 76-616, the *Supreme Court* decided that the *Village of Arlington Heights* (Illinois) did not violate the constitutional rights of minority group families to equal protection when it declined to rezone a tract of land to accommodate the construction of a low- and moderate-income multifamily project. A constitutional violation requires proof of an intent or purpose to discriminate. Although the effect of the failure to rezone the site may be considered... together with other evidence... in determining whether the *Village* had an intent or purpose to discriminate, the Court was satisfied that the record in this case was not sufficient to establish a constitutional violation. The case was remanded to the *Court of Appeals* to decide whether the action of the *Village* in denying the rezoning application amounted to a violation of *Title VIII of the Civil Rights Act of 1968*.

HUD's 1978 Budget Submitted

The *HUD* Budget for fiscal year 1978 has been submitted to *Congress*. The budget was prepared and submitted by the outgoing Administration... and is subject to revisions by the Carter Administration... along with whatever changes *Congress* makes.

The proposed Budget provides for 1978 outlays of about \$8.8 billion... about \$900 million higher than fiscal 1977. The main increase is in the housing payments appropriation... about \$708 million.

Highlights of the Budget proposals:

- An increase in the *Section 8 Program* to provide for commitment of an additional 394,000 units... bringing total under the *Program* since it began to nearly 1.1 million units.
- A continuation of the *Indian Housing Program* at the 6,000-unit annual level... bringing the cumulative total to 49,000 units.
- An increase in the *Community Development Block Grant (CDBG) Program* to \$3.5 billion... compared to \$3.24 billion in 1977.
- A recommendation for legislative changes to the formula for *CDBG* allocations, to include consideration of the age of existing housing in cities... giving more help to declining, financially hard-hit localities. *Community Development Block Grant* outlays are expected to increase by nearly \$900 million to more than \$3 billion in 1978. More than \$6.7 billion in cash disbursements will have been made under this *Program* since it began. Offsetting those increases are decreases in categorical programs and in the sale of *GNMA* mortgages.
- An increase of 100,000 units under the revised *Section 235 Program*... providing assistance to eligible single-family or mobile home purchasers.
- Release of \$750 million in loan authority... providing about 25,600 units under the direct loan *Section 202 Program for Elderly and Handicapped*.
- An appropriation of \$612 million for *Public Housing Operating Subsidies* under the *Performance Funding System*, which calculates the level of operating subsidies provided to *Public Housing Agencies*.
- A request for \$1.8 billion in supplemental appropriations to restore losses in the *Mortgage Insurance Funds*.
- The enactment of legislation to place *FHA Mortgage Insurance Funds* on a sounder basis.
- A supplemental request of \$15 million for 1977 and an additional \$15 million for 1978 for the *Urban Homesteading Program*.
- Permitting localities to elect to use *Section 8* to assure the continued stability of privately-funded insured projects within their communities. *HUD* anticipates some 55,000 existing housing units will be preserved by this means.
- Budget authority of \$105 million for *Public Housing Modernization*.
- \$948 million in budget authority to support an additional 6,000 units of *Indian Public Housing*.
- \$25 million for *Comprehensive Planning Assistance*, primarily for areawide planning agencies.
- \$108 million for *Flood Insurance* studies and surveys to assure the expeditious identification of flood hazard areas and the completion of studies to determine actuarial premium rates.
- \$60 million for *Research and Technology* to provide for studies and for the continued evaluation of major *HUD* programs... such as *FHA Mortgage Insurance*, the *Section 8 Program*, and *Community Development Block Grants* in 1978.
- \$15.3 million for administering the *Department's Fair Housing and Equal Opportunity Programs*, an increase of \$2.8 million over 1977.
- An appropriation of \$4.4 billion in housing payments as increased subsidized housing units become eligible for payments. By the end of 1978 more than 3 million units will be under subsidy payments.
- A supplemental appropriation request of \$100 million for *Disaster Relief* in 1977... bringing the total to \$200 million as a result of disaster declarations which occurred during 1976. The request for fiscal year 1978 is \$150 million.

Mobile Homes Permitted in GNMA Pools

HUD's GNMA has announced that *VA*-guaranteed mobile home loans will be accepted in pools backing the *GNMA*-guaranteed mobile home securities. In order to accommodate loans written at the maximum maturity authorized by the *VA* statute, a 20-year maturity security has been created.

GNMA will permit loans of different maturities to be mixed within the same pool. It is anticipated that the decision to accept *VA* loans in pools backing mobile home mortgage-backed securities will result in a substantial increase in the volume of securities issued and hence, an increased availability of money to finance mobile homes.

The new *GNMA FHA/VA* mobile home program has been structured differently than the old *GNMA/FHA* mobile home program. The program has been redesigned, primarily to shift revenue earned by the issuer away from marketing profits and towards long term servicing. It is anticipated that this will result in a substantial reduction in the repossession rate and the loss per repossession incurred by both *GNMA* and issuers.

Necessary revisions of the *GNMA Mortgage-Backed Security Guide* are being issued.



Solar Demonstration Funds Available

Applications for a third round of Federal grants to help builders and developers test solar equipment in single and multifamily housing are being accepted until March 29 by *HUD*.

The funds will pay for extra costs incurred by homebuilders who design and build homes featuring solar heating and hot water or cooling devices.

Both 'active systems', which are generally factory-built...and 'passive systems'...which are designed and built as part of the structure...are acceptable to *HUD*. Project awards will probably be announced in mid-May.

The competition is open to builders, developers, and operators of publicly-owned housing...but not to private homeowners. *HUD* officials explain that no equitable system has been devised for selecting individual homeowner applicants. Houses that builders have pre-sold are excluded.

The first two rounds of solar grants...awarded last year...totaled approximately \$5 million involving over 1,500 housing units. These demonstrations are conducted under provisions of the *Solar Heating and Cooling Demonstration Act of 1974*, in cooperation with the *U.S. Energy Research and Development Administration*. They are designed to give the housing industry, manufacturers, *HUD*, and the general public practical experience installing, operating, and selling residential solar systems.

Grant application forms can be requested from: *RFGA Integrated Projects, HUD Solar Staff, Room 8158, HUD, Washington, D.C. 20410.*



Nonfamily Households Grow

Although the number of households with both husband and wife present has gone up 6 percent since 1970...the number of households in which persons live alone or with nonrelatives has increased 41 percent during the same period...according to the *Census Bureau*. The report also shows that the number of families headed by women who had no husband present increased 33 percent between 1970 and 1976.

Copies of the advance report, *Households and Families by Type: March 1976, P-20, No. 296*, may be obtained for 35 cents each from the *Superintendent of Documents, Washington, D.C. 20402.*

College Housing Program Reactivated

HUD announced plans for new funding of the *College Housing Program* on a limited basis in the January 14 *Federal Register*.

Under the proposed reactivation of the *Program*... loans would be made during the current 1977 fiscal year for:

- Dormitory projects which have been started but have no, or only partial, permanent financing.
- Rehabilitation of existing dormitories to improve fuel economy and reduce operating expenses.
- New construction and acquisition of dormitories for institutions which have a severe housing shortage.

Loans will be at an interest rate of up to 3 percent and have terms of not over 40 years. Eligible institutions include public or nonprofit colleges and universities; public or nonprofit private hospitals operating nursing schools; and certain vocational institutions.

A total of \$155 million is available for the loan program. This amount comes from repayments of previous loans. Allocations will be made by the *HUD* Headquarters on the basis of *HUD* Field Office recommendations and demand for the *Program*.

Because of the limited amount of funds available, loans will not be made for student centers, central dining facilities and infirmaries, as was previously possible.

Comments on the proposal may be sent to the *Rules Docket Clerk, HUD, Room 10141, Washington, D.C. 20410*. Those received by February 14 will be considered in drafting the final regulations.

HUD newsletter

HUD-318-265-ASI
January 31, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. Use of funds for printing this publication approved by the Office of Management and Budget, January 9, 1973.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401



HUDNLDEPT0000DHDC 1024 F 1
DEPT OF HOUSING & URB DEV
LIBRARY & INFO DIV
WASHINGTON DC 20410

HUD Newsletter
January 31, 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5549



February 7, 1977

Vol. 8 No. 6

Current Trends

HUD's monthly survey of mortgage conditions showed that mortgage lenders closed \$9.4 billion of home mortgage loans in November... 49 percent greater than the \$6.3 billion originated in November 1975. This is the largest monthly year-to-year change since April 1976. *Savings and Loan Associations* made \$5.2 billion... or 56 percent of the home loans closed... compared to 53 percent last November. The share for commercial banks decreased from 19 to 18 percent... while the share for mortgage companies was 17 percent... the same as last year.

The same survey revealed that originations of long-term multifamily mortgage loans spurted to \$1.2 billion from \$.7 billion a year ago... reflecting a sharp turnaround in the market for such loans. *Savings and Loan Associations* made \$500 million of the multifamily loans... 39 percent of the market... compared to 26 percent last year. Commercial banks increased their share from 16 to 20 percent... and *Mutual Savings Banks*' share dropped from 22 to 16 percent. The mortgage market supplied \$2.2 billion of construction loans for homes in November... 64 percent above last year's \$1.3 billion. *S&Ls* accounted for 52 percent of these construction loans, down from 55 percent last year. Commercial banks increased their market share from 34 to 35 percent. Multifamily construction loans at \$400 million were up 27 percent over a year ago... the first monthly year-to-year increase in 1976.

The *FHLBB* announced member associations' November savings flow fell below the near-record pace of recent months. November net new savings receipts of *FSLIC*-insured *S&Ls* totaled \$2.4 billion. This was a 26 percent drop from the \$3.2 billion of net new savings received in October. Nevertheless... the November savings inflow represented a record for the month... 15 percent more than the prior November peak established in 1975.

The year-end mortgage market opinion survey conducted by HUD showed that nationally... the average secondary market price for immediate delivery of HUD/FHA-insured 8 percent new-home mortgages with 30-year terms and minimum downpayments increased for the second consecutive month to \$98.0 per \$100 of outstanding loan amount. The equivalent gross yield to investors at this price was 8.25 percent... a decrease of 20 basis points from December 1. The national average interest rate contracted to be paid by the borrowers on conventional first mortgages dropped five basis points for both new- and existing-home sales to 8.90 and 8.95, respectively. This is the first month since May 1976 that both national rates have been reported under 9 percent. Regionally... all new-home rates were also below 9 percent for the first time since April 1974.



New Publication

Micropolitan Development... published by the *Iowa State University Press*... answers such perennial questions as where should limited resources for rural development be focused... how can community services and welfare programs be improved... how can development targets such as eliminating under-employment and poverty be achieved at least public cost... and how can development be financed. 418 pp. \$20.00. Publisher requires payment with orders under \$25. From *Iowa State University*, Ames, Iowa 50010.

HUD Seeks Lending Data

HUD is trying to determine how local governments and neighborhoods use loan information derived from mortgage lending institutions to combat 'redlining' and neighborhood decay.

The *Department* will shortly advertise for bids for a study of especially successful use of information on lending supplied by banks and savings and loan associations since passage of the *Home Mortgage Disclosure Act* of 1975.

The *Act* was passed by the *Congress* in an effort to call public attention to the so-called practice of 'redlining'...the term used to describe the practice of lending institutions drawing a red line around a particular neighborhood on city maps where funds to buy or improve property are denied because the lender considered the risk too great.

Discrimination against such neighborhoods can also take the form of shorter loan terms, high down payments, limits on the age of a property, higher closing costs, and delayed appraisals.

To help detect whether such practices are being used...lenders are now required to reveal the loans they make by *Census* tract or *Zip Code*.

An analysis of this information will permit local governments and citizen groups to see which institutions are complying with the 'redlining' regulations and which are not. The proposed study will allow local neighborhood groups and governments to share their ideas and experiences.

Some communities have already used information resulting from this law for their neighborhood preservation programs. *Community Development Block Grant* funds can be aimed at redlined areas and private investment can be encouraged through the use of public money for seed capital, tax credits, and business loans.

The successful contractor will be asked by *HUD* to pick out 5 to 10 cases where communities have made especially good use of loan information in their preservation activities. Case studies will be written showing what groups were involved, what information they received from lending institutions, what use they made of it, what they decided to do, and the results.

In addition to the rather detailed case studies...generalized papers on each example will be prepared as guides for other communities.

HUD is asking for bids in the range of \$65-80 thousand and a completion time of 6 months. A *HUD* official explained that the short term and modest money amount of the contract make it imperative that the contractor have a good deal of the preliminary information on cities and communities in his head or in his files before he bids. Because there isn't time or money enough to scour all 50 States from ground zero...the bidding documents ask for proven prior experience in fair housing, equal opportunity, and mortgage lending practices.

The request for the proposal package should be sent to: *RFP-H-2666, HUD Office of Procurement and Contracts*, Research and Demonstration Division, Washington, D.C. 20410.

New City Hall Newsletter Launched



A new monthly newsletter...*City Hall Digest*...featuring news about innovations and new management techniques taking place in municipal government, has begun publication. Aimed at city officials and citizens interested in municipal government...the new publication emphasizes programs and projects which cities of all sizes are trying in an effort to making their cities better places in which to live. Editor of the *Digest* is Raymond L. Bancroft of Seabrook, MD., a former managing editor of *Nation's Cities* magazine in Washington and former city hall reporter and assistant city editor for the *Virginian-Pilot* in Norfolk, Va. A charter subscription rate of \$24 for the first year is being offered...a 20 percent savings over the regular \$30 annual rate. A free sample copy of the 8-page monthly newsletter is available from *City Hall Digest*, P.O. Box 309, Seabrook, Md. 20801.

FNMA Stock Purchase Requirement Changed

Holders of single-family mortgages who wish to sell them to *FNMA* are no longer required to buy stock in the *Association*. Previously... a seller had to purchase one share of *FNMA* stock for each \$10,000 of mortgages delivered.

This amount had been higher at the beginning of *FNMA's* operations... but was reduced several years ago... and has now been eliminated entirely in order to prevent the dilution of the corporation's stock. *FNMA* is raising capital for its day-to-day operations by other means.

There is no change in the requirement that lenders servicing mortgages retain one share of *FNMA* stock for each \$10,000 of single-family mortgage amount they service.



Hospital Loans Expanded

In the January 17 *Federal Register*... *HUD* published regulations covering the expansion of eligible loans provided for under the 1976 *Housing Act*.

Insurance for supplemental loans for improvements, additions, and equipment may be obtained by hospitals whose mortgages are insured by *FHA*. Insurance on the loan may cover up to 90 percent of the hospital improvement. But that amount... when added to the outstanding balance of the mortgage covering the project... may not exceed the maximum mortgage amount permitted under the *Hospital Mortgage Insurance Program (Section 242 of the National Housing Act)*.

Under the *Program*... an insurable mortgage may be in an amount of up to 90 percent of the estimated cost of the property, including equipment.

The interest rate on the supplemental loan is the maximum permissible by *FHA* when the loan is made. That limit is now 9 percent.

The original mortgage and the supplemental loans are separate obligations and are not merged. Thus, the loans may bear different amounts of interest since the original loan may have a lower or higher rate than the second loan.



Mobile Home Buyers Benefit under FHA Rule Change

Buyers of mobile homes with *FHA*-insured loans benefit under a change in *HUD* regulations governing prepayment of the loans.

The proposal... published in the January 7 *Federal Register* for comment... would change the method by which the earned financing charge is calculated when a prepayment occurs.

Under the present practice of some lenders... if there is a prepayment... or the loan is matured after default... interest due is calculated according to a special formula for small short-term loans. However, as loans grow larger, this method causes some distortion in calculating earned interest.

The proposed change would require lenders to use the actuarial method in computing the earned finance charge if there is a prepayment.

This is the same method which applies in prepayment of home mortgages and which prevails in credit union loan practice.

The amount of savings to the consumer under the proposed prepayment plan can be seen in this example. In the case of a \$10,000, 12-year, 12 percent loan prepaid at the end of the third year, the earned interest would be approximately \$500 less under the actuarial calculation than under the current special formula.

The change also would affect *HUD's* outlay in insuring loans. The *Department* would be required to pay a smaller amount on a claim upon default of a borrower under the actuarial method than under the formula method.

FYI

Committee on Federal Procurement of Architectural/Engineering Services (COFPAES). . . 5th National Federal Programs Conference. . . New Orleans, February 24-25. Details: Patricia Parker, *Federal Agency Liaison, AIA*, 1735 New York Ave., N.W., Washington, D.C. 20006.

National Housing Conference. . . Annual Convention. . . Washington, D.C., March 5-7. Details: *NHC*, 1126 16th St., N.W., Washington, D.C. 20036.

National League of Cities. . . Annual Congressional-City Conference. . . Washington, D.C., March 6-8. Details: *NLC Conference Registration Center*, P.O. Box 17413, Dulles International Airport, Washington, D.C. 20041 (703/471-6180).

National Savings & Loan League. . . Legislative Conference. . . Washington, D.C., March 6-8. Details: Jim Stang, *NSLL*, 1101 15th St., N.W., Washington, D.C. 20005 (202/331-0270).

Construction Industry National Legislative Conference. . . Washington, D.C., March 6-9. Details: Gerald Collyer, *American Subcontractors Assn.*, 815 15th St., N.W., Suite 902, Washington, D.C. 20005 (202/783-1883).

Energy Technology Conference and Exposition. . . Washington, D.C., March 14-16. Contact: Nancy Mc Nerney, *Energy Technology Conference, Government Institutes*, 4733 Bethesda Ave., N.W., Washington, D.C. 20014.

National Savings & Loan League. . . Inter-American S&L Conference. . . Washington, D.C., March 20-24. Details: Jim Stang, *NSLL*, 1101 15th St., N.W., Washington, D.C. 20005 (202/331-0270).

HUD newsletter

HUD-318-266-ASI
February 7, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development. . . Patricia Roberts Harris, Secretary. . . James C. Biller, Editor. Subscription rate \$12.50 per year, domestic. . . \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. Use of funds for printing this publication approved by the Office of Management and Budget, January 9, 1973.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401



Acquisition Section
Library
Rm 8141

HUD NEWSLETTER
February 7, 1977

Binding

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



February 14, 1977

Vol. 8 No. 7

Current Trends

In 1976... the Nation's *S&Ls* broke all records for both mortgage lending and savings inflow gains... according to the *U.S. League of Savings Associations*. Mortgage lending during the year reached \$78.5 billion... almost 43 percent higher than 1975... and the savings increase of \$51 billion was more than 18 percent higher than the previous year. For the month of December... the lending rate was 31.3 percent above December 1975... while the savings gain was almost 50 percent higher.

The mortgage interest rate picture is mixed. After months of continued drops... a number of indicators show a slight upturn in interest rates in both the short- and long-term money markets. *HUD* sold \$152 million of local Urban Renewal Agency notes in mid-January at an interest rate of 2.678 percent... up from last month's 2.40 percent. A *FNMA* auction of \$369 million in 4-month commitments to purchase both *Government*-backed and conventionally-financed mortgages also showed the upward trend. On the *FHA/VA* mortgages... the yield rate in the late-January sale was 8.494 percent... compared to 8.456 in December. For conventional mortgages... the rate climbed to 8.83 percent... from the 8.812 percent at the previous sale. And the *FHLBB* monthly report on loans closed in December on new homes rose to the highest level in nearly 2 years... while the rate on existing homes declined. The rate on new homes increased from 9.05 percent in November to 9.10 in December. This compares to 9.01 percent in December 1975... the rate on older homes dropped from 9.10 percent in November to 9.08 in December. This was down from 9.28 percent in December 1975... and the lowest since the 9.03 prevailing in July 1976.

The *FHLBB* also reported that the average effective rate of conventional loans on new homes during all of 1976 was 8.99 percent... compared to 9.01 percent for the 1975 average. For existing homes... the comparative annual figures were 9.11 in 1976 and 9.21 in 1975.

The average price of new homes sold in December reached an all-time high... \$50,800 in December... compared to \$48,600 in November. The previous record was \$50,600 in September. The December average price for existing homes was \$43,100... up from November's \$40,800.



BankAmerica Gets Approval for Housing Plan

The *Wall Street Journal* reports that *BankAmerica Corporation* has received approval from the *Federal Reserve Board* to create a new housing restoration subsidiary to provide middle-income urban housing.

The bank holding company applied for permission in November to establish the subsidiary.

The unit... to be known as *BA City Improvement & Restoration Corporation*... will concentrate its efforts initially in East Oakland, Calif., and will purchase and restore about 30 abandoned and vacant homes to be resold at a 'moderate price,' the company said.

FHLBB Names 'Borrower' Advisers

The *Federal Home Loan Bank Board* has appointed seven persons. . . representing the 'borrower viewpoint' to its 33-member advisory committee that is studying ways to improve home mortgages. *FHLBB* Chairman Garth Marston named the new members to the *Board's Alternative Mortgage Instruments Research Study Group*. . . which is composed of representatives of Savings and Loan Associations, labor, universities, and the public.

The *Group* is engaged in a year-long analysis of mortgage plans. . . including such items as graduated payments, variable rates, deferred interest, reverse annuities, price-level adjustments, and the so-called Canadian roll-over.

The consumer members are: Thomas L. Clark, deputy *New York State Superintendent of Banks for Consumer Affairs*; H. Robert Erwin, Director of the *Consumer Law Center, Baltimore Legal Aid*; Elsie Federman, professor and family economics and management specialist, *University of Connecticut*; Josephine Lawyer, family resource management specialist, *U.S. Department of Agriculture*; William R. Morris, director of housing program, *NAACP*; Kenneth J. Luchs, Washington, D.C. *REALTOR*; and Nathaniel H. Rogg, retiring executive vice president of the *NAHB*.



S&L Yields Continue High

An analysis of comparative interest rates paid by the *S&Ls* in relation to competitive savings instrumentalities appeared in the December *Savings and Loan News*.

	8/74	11/75	11/76
<u>90-DAY YIELDS</u>			
Savings association	5.25 percent	5.25 percent	5.25 percent
Treasury bills	9.00	5.40	4.70
Bankers' acceptances	10.75	6.12	4.95
Bank CDs	12.20	6.05	5.05
<u>1-YEAR YIELDS</u>			
Savings association	6.50	6.50	6.50
Treasury notes	9.40	6.25	5.15
Government agency	10.00	6.50	5.25
<u>4-YEAR YIELDS</u>			
Savings association	7.50	7.50	7.50
Treasury notes	8.75	7.50	6.50
Government agency	9.15	7.60	6.60
<u>10-YEAR YIELDS</u>			
Savings association	7.75	7.75	7.75
Treasury bonds	7.40	7.25	7.25
AA corporates	9.20	8.95	8.20
Home mortgages	9.20	9.10	9.00
GNMA securities	9.50	8.35	8.00



FYI

American National Metric Council. . . *Annual Conference and Exposition*. . . Chicago, March 21-23. Details: *ANMC*, 1625 Massachusetts Ave., N.W., Washington, D.C. 20036.

Community Associations Institute. . . *Third National Conference*. . . Chicago, March 27-30. Details: *CAI*, 1200 - 18th St., N.W., Washington, D.C. 20036 (202/223-6770).

George Washington University (Advanced Management Education Center, School of Government and Business Administration). . . Seminar: *Zero-Base Planning and Budgeting: A Powerful Management Tool*. . . Washington, D.C., March 30-April 1. Details: Seminar Administrator, *Advanced Management Education Center, School of Government and Business Administration, GWU*, Washington, D.C. 20052 (202/676-6059).

Home Warranty Program Being Studied

A warranty and inspection program for existing homes is under study at *HUD*. The basic purpose of the study is to help *HUD* and the *Congress* decide if a national system of home warranties and inspections should be added to the services offered by *FHA*.

The study was ordered by the *Congress* in the *Housing Authorization Act of 1976*. It calls on *HUD* to make recommendations "... for protecting home buyers from hidden or undisclosed defects seriously affecting the use and livability of the home. ..."

In a contract with *Mathematica Policy Research* of Princeton, N.J., the firm promises to determine the need and demand for such a program... lay out a number of alternatives and their costs... and indicate their likely impact on *FHA* and existing private warranty programs.

Complex data is being gathered in two surveys. A *Needs Survey* is exploring the experiences of home buyers within the last 2 years. It will attempt to identify defects they have encountered, the costs of repairs, and the kinds of houses most likely to contain defects.

A *Demand Survey* is being taken among people who have bought a home within the past 3 months. They are being asked questions designed to measure the demand for a national home inspection and warranty program at various costs and its likely market impact on *FHA* and private warranty programs.

Both surveys are being taken among buyers who financed their homes conventionally as well as through Federal programs.

Mathematica also is looking at some of the private home warranty programs, such as the *Certified Home Inspection Program*, the *Soundhome Assurance Policy*, the *Factfinder Inspection and Guarantee Program*, the *St. Paul Insurance Company's Home Warranty Contractual Liability* program, the *American Home Shield Warranty* program, the *Cal-West* program, and the *National Association of Home Builders' Home Owners Warranty Program*.

A report should be received from the contractor in May, and final findings and recommendations sent to the *Congress* in June. A progress report will be sent to appropriate *Senate* and *House* committee chairmen March 1.

Total cost of the survey is estimated at \$277,500.



From the States

New Jersey has taken two steps to improve the housing situation in the State. In the November election... the voters approved a \$25 million bond issue... the money to be used by the *New Jersey Housing Finance Agency* to help build apartment houses for senior citizens and low- and moderate-income families. It is expected that the \$25 million will attract \$270 million in funds (mostly Federal) to produce some 7,000 housing units. It is planned that the proceeds of the bond issue will be used for grants, second mortgages, and other financial arrangements to promote the construction of projects that otherwise would have difficulty going ahead.

Governor Brendan Byrne has signed into law a 'redlining' statute that bans discrimination by lenders in making mortgages in neighborhoods because of racial composition. Under the new law... the *State Banking Commissioner* can levy fines of up to \$5,000 for each and every instance where a lending institution refuses to grant a mortgage to an applicant because of arbitrary reasons based on geography. Lenders are required to file reports with the State on mortgages granted and refused. The law also provides for class-action suits by residents of areas that are affected by discrimination.

Rehabilitation Demonstration Cities Selected

HUD has selected 20 additional cities to receive more than \$30 million in *Rent Subsidy Funds* in a demonstration program for the rehabilitation of lower-income housing.

Two cities... Atlanta and New York... were selected earlier... from a total of 50 submitting applications... to test the workability of labor-management agreements incorporating revised work rules and wage rates in rehabilitation projects.

The new cities announced showed evidence that local labor-management agreements could substantially reduce the cost of rehabilitation. They also indicated a willingness to step up municipal services and to use *Community Development Block Grant Funds* to support the rehabilitation project in selected neighborhoods.

Several different types of agreements between unions and developers were presented by the applicants. A number will require modifications to meet programmatic requirements.

Acceptable agreements must be executed by February 10 or the locality will lose the subsidy funds.

The 20 cities named are: Oakland, Los Angeles, and Eureka, California; Boston, Brockton, Lawrence, Lowell, Newburyport, and Waltham, Massachusetts; St. Louis and Kansas City, Missouri; Omaha, Nebraska; Hoboken, Jersey City, and Newark, New Jersey; Westchester County and Yonkers, New York; Cleveland and Cincinnati, Ohio; and Philadelphia, Pennsylvania.

Ten additional cities were designated as alternate sites for the program. They will be eligible for consideration in the event that the selected localities are unable to meet the deadline for acceptable agreements.

The demonstration program was first announced in October... and Atlanta and New York were selected to receive \$19 million during the first competition in December.

No additional funds are available for the *Program* at this time.

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

HUD-318-267-ASI
February 14, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. Use of funds for printing this publication approved by the Office of Management and Budget, January 9, 1973.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401



HUD NEWSLETTER
February 14, 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



February 21, 1977

Vol. 8 No. 8

Current Trends

NOT TO BE TAKEN
FROM THE LIBRARY.

The most severe winter in many years has created a number of crises which are bound to have adverse effects on many aspects of the economy. While final reports are not yet available... early reports show that housing starts and housing activity are inevitably among the victims. A preliminary estimate by the *National Association of Home Builders*... based on a survey of its members... indicates a 45 percent drop in expected housing starts in the Northeast and North Central States. Even the South... which normally has little or no slackening in activity because of winter weather... showed a 13 percent drop. Usually the South accounts for 40 to 45 percent of winter housing activity. Only the far-West escaped the ravages of the weather... and housing starts were estimated to have been 5 percent above normal in January in that section of the country.

The survey suggests a probable drop of 16 percent nationally in housing starts for the first quarter... which represents 60,000 units. Using the commonly accepted formula of 2 man-years of labor needed for each housing unit... this means a loss (or deferment) of 120,000 man-years to the building crafts. How these developments will affect the earlier optimistic estimates of a booming housing economy in 1977 are not yet clear... but a drop below the estimated starts for 1977 reported in the story on page 2 is not likely as a probable surge in starts later in the year could wipe out the first quarter deficit.

The *Bureau of Labor Statistics'* report on December employment shows the unemployment rate in the construction trades at 13.9 percent... the lowest in 2 years. The report also shows a decline in the number of workers looking for jobs in the industry... indicating some of the unemployed have become discouraged and are no longer looking for work in the building trades.

December sales of new one-family houses reached the seasonally-adjusted rate of 748,000... 16.7 percent above the December 1975 level... according to the *Commerce Department*. Actual sales figures for new housing for the year 1976... 635,000 units... were the third highest in history... exceeded only by the 718,000 in 1972 and 656,000 in 1971.



FHLMC Secondary Market Group Formed

The first group of securities dealers has been formed to offer and make a secondary market in *Federal Home Loan Mortgage Corporation Participation Certificates*. The *Certificates* will be available through the members of the new group and *FHLMC*, subject to available inventory and market conditions.

The participating dealers are *Bache Halsey Stuart, Inc.*; *Bank of America*; *The First Boston Company*; *Lehman Brothers*; *Loeb Rhoads & Co.*; *Merrill Lynch Government Securities*; *Paine Webber, Jackson & Curtis*; and *Salomon Brothers*.



FYI

National Housing Rehabilitation Association and the *Institute for Professional & Executive Development*... Workshop on *Neighborhood Revitalization: How To Make it Work*... Washington, D.C. March 4. Registration: *IPED*, 1800 M Street, N.W., Washington, D.C. 20036 (202/466-8592).

1976 Was Good... 1977 Expected to Be Better

The *Dodge Division of McGraw-Hill*... reporting on construction activity in 1976... said that construction contracts during the year rose by 16 percent over 1975... to a total of \$107.2 billion. For the month of December... the increase was 34 percent higher than 1975. After discounting inflation... the 'real' increase came to 10 percent.

By categories... residential construction went up 40 percent over the previous year... nonresidential construction declined 5 percent... and nonbuilding construction (such as highways, sewers, etc.) rose 12 percent. The total of all construction in 1975 was \$92.7 billion.

At the recent *Annual Convention of the National Association of Home Builders* in Dallas... with 55,000 in attendance... both members and invited speakers appeared to be optimistic about 1977's probable performance. Likewise... the housing experts called together by the *Home Loan Bank Board* for the *Board's Sixth Annual Housing Forecast Conference*... were unanimous in their views that 1977 would be a good year. The forecasts of 1977 housing starts all ranged from 1.7 to 1.88 million units for the year... up to 20 percent higher than the performance in 1976 of 1.54 million units. In 1975... total starts came to 892,000.

The demand for housing is there... and with the ready availability of mortgage money likely in 1977... as the record-breaking inflow of savings into *S&Ls* indicates... it should be a good year for housing.

Home Builders Meet



At the recent *Annual Meeting of the National Association of Home Builders* in Dallas... Robert Arquilla, a Chicago builder, was elected president of the *Association*... succeeding John C. Hart of Indianapolis. First vice-president for 1977 is Ernest A. Becker, Sr., of Las Vegas, Nevada... and Vondal S. Gravlee of Birmingham, Alabama, was named vice president and treasurer. Merrill Butler of Irvine, California, was elected vice president and secretary. Also announced was the selection of David E. Stahl... formerly executive vice president of the *Urban Land Institute*... to replace Nathaniel H. Rogg as *NAHB* executive vice president. Mr. Rogg retired after 23 years in the post.

The meeting was attended by 55,000 builders, material suppliers, public officials, and others associated with the home building industry. A *Policy Statement* was adopted that called for the establishment of "a positive economic and political climate" in which private enterprise can function most effectively so that 'people of all income levels are adequately housed.' Another major theme was the *NAHB* commitment to 'solving the Nation's critical urban problems and in rebuilding of cities.'

While generally... the builders expect 1977 to be a boom year... some concern was expressed over the rapid rise of housing costs and what impact this could have on housing activity. Lumber and land costs were cited as the most volatile items.

These estimates were made before the impact of the most frigid and snowy January weather in a generation had been felt.

House Housing Subcommittee Named



The assignment of Members of the full *Housing, Banking, Finance, and Urban Affairs Committee of the House* to the *Subcommittee on Housing and Community Development* has been completed. The Democratic Members: Thomas Ashley, Ohio (Chairman); William Moorhead (Pa.); Fernand St. Germain (R.I.); Henry Gonzalez (Tex.); Parren Mitchell (Md.); James Blanchard (Mich.); Carroll Hubbard (Ky.); James Hanley (N.Y.); Walter Fauntroy (D.C.); Jerry Patterson (Calif.); John LaFalce (N.Y.); Les AuCoin (Ore.); Gladys Spellman (Md.); Paul Tsongas (Mass.); Mark Hannaford (Calif.); David Evans (Ind.); Stanley Lundine (N.Y.). The Republican Members: Garry Brown (Mich.); J. William Stanton (Ohio); John Rousselot (Calif.); Chalmers Wylie (Ohio); Stewart McKinney (Conn.); Richard Kelly (Fla.); Charles Grassley (Iowa); Thomas Evans, Jr. (Del.).

701 Regulations Published

In the February 1 *Federal Register*. . . HUD published new guidelines which offer additional guidance for applicants trying to meet the *Congressional* requirements for the land use and housing elements under HUD's *Comprehensive Planning Assistance Program* (701).

The new regulations outline the process HUD will use to review land use and housing plans. . . plus some examples of acceptable activities for States, areawide planning organizations, cities, and counties to satisfy the requirements.

The review and approval regulations require that State and local land use and housing plans be validated by the unit's chief executive, or officially designated substitute; that a summary statement and detailed supporting material be included; and that the State and areawide clearinghouses have the opportunity to review and comment on the two plans.

The new regulations and guidelines supplement previous requirements contained in earlier *Federal Register* publications.

Intent of the new guidelines is to encourage maximum use of present plans and studies consistent with sound comprehensive planning, to help recipients meet current *Congressional* requirements, and to guide HUD's *Field Staff* in making judgments required by the regulations.



Housing School Scheduled

A 1-week intensive course in all aspects of single-family home building will be held in Washington February 28-March 4. . . sponsored by the *Housing Capital Corporation*. . . a subsidiary of the *National Corporation for Housing Partnerships*. Named the *New Venture School*. . . it will provide the opportunity for 30 experienced persons selected from applicants all over the U.S. to learn how to start a business of their own. There will be 34 instructors from 9 States and the District of Columbia. . . and the sessions will be held in NAHB's National Housing Center.

The successful applications will be provided with free tuition, text materials, and meals. . . while 5 minority representatives selected for scholarships will receive in addition transportation expenses to and from Washington and lodging.

The concentrated course is designed to fill the gaps in knowledge that may exist among contractors, subcontractors, or employees of building firms who desire to become operative builders. Graduates of the course will be given the opportunity to participate in joint ventures with *Housing Capital Corporation* in single-family sales home building.

The Corporation for Housing Partnerships is located at 1133 Fifteenth Street, N.W., Washington, D.C. 20005 (202/857-5700).



New Publications

Historic Preservation in the Planning Process. . . prepared by the *State Planning Division of the Alabama Development Office* with grant assistance from HUD. The publication attempts to point out the problems involved in preservation efforts and how preservation of buildings and sites of unusual historic, architectural, or archaeological significance can be integrated into the planning process. 32 pages. . . paper. . . includes a 30"x 45" full-color wall map depicting historic places in Alabama. Price \$3.50 from the *State Planning Division*, State Capitol, Montgomery, Alabama 36130.

Solar Heated Buildings. . . A Brief Survey. . . by W.A. Shurcliff. This is the 13th . . . and marked 'final'. . . edition of this publication. . . which covers houses, schools, and commercial buildings that are partially or fully solar-heated. Includes some structures that are expected to exist in the future. Special supplement contains 79 photographs. Price \$12 if check is enclosed. . . otherwise \$13 in U.S. Outside U.S. . . \$14. . . from W.A. Shurcliff, 19 Appleton Street, Cambridge, Mass. 02138.

Youth Service Conference Held

Representatives of 18 national and international service clubs met in Washington in late January to discuss with Federal officials new ways for their 100,000 local clubs to help the country's young people in Public Housing projects.

Meeting at *HUD*. . . delegates to the *Fourth Annual HUD-Service Clubs Conference* brought *HUD* officials up-to-date on youth service activities already underway and mapped new approaches their local clubs might consider to offer more and better opportunities for the young in public housing.

Purpose of the annual sessions is to focus attention of local service clubs and national youth-serving organizations on the plight of children and youth in these projects and to their need for tutoring, recreation, work experience, and opportunities.

The representatives were welcomed by *HUD* Secretary Patricia Roberts Harris in her first official meeting with the public since she was sworn into office.

During the 2-day sessions, a panel of experts on Federal programs for youth described their activities for the service club leaders, covering welfare and day care, jobs and job training, student advocacy, recreation and volunteer resources, as well as efforts to combat delinquency.

Service clubs represented at the *Conference* included the national organizations of *Jaycees*, *Exchange Club*, and *Ruritan*, and the following international groups: *Active 20/30*, *Altrusa*, *Civitan*, *Cosmopolitan*, *Frontiers*, *Kiwanis*, *Lions*, *Optimist*, *Pilot Club*, *Quota*, *Rotary*, *Sertoma*, *Soroptimist*, *Y's Men*, and *Zonta*.

Dr. Louise R. White, *Director of HUD's Housing Consumer Program Division*, presided over the *Conference*.

HUD newsletter

HUD-318-268-ASI
February 21, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development. . . Patricia Roberts Harris, Secretary. . . James C. Biller, Editor. Subscription rate \$12.50 per year, domestic. . . \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. Use of funds for printing this publication approved by the Office of Management and Budget, January 9, 1973.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401



HUD NEWSLETTER
February 21, 1977

HUDNLDEPT00000HUG 1024 F
DEPT OF HOUSING & URB DEV
LIBRARY & INFO DIV
WASHINGTON DC 20410

in r & all staff
ad. service

ca

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



February 28, 1977

Vol. 8 No. 9

Current Trends

For the third consecutive biweekly *FNMA* auction... the early-February sale of 4-month commitments to purchase both *Government*-backed and conventional mortgages produced an increase in yields. The \$213.6 million of *Government*-backed commitments brought an average yield of 8.519 percent... compared to 8.494 in the previous sale. For conventional mortgages... for \$151.7 million of commitments... the yield was 8.848 percent... up from the 8.830 level in January.

The *Census Bureau* report on the near record-breaking level of new one-family house sales in December (see February 21 *Newsletter*)... showed that inventories of unsold homes also climbed to what could be troublesome levels in some areas. The overall inventory levels were the highest since June 1974... and in some areas of the country they were the highest ever recorded. The year-end figures were: Northeast, 54,000 in 1976... 49,000 in 1975; North Central, 85,000 in 1975... 90,000 in 1976; South, 167,000 in 1975... 196,000 in 1976... West 81,000 in 1975... 100,000 in 1976.

The year-end report of the *FHLBB*... showing the balance sheet data of all *S&Ls*... indicates significant increases in almost all items covered. Total assets of the 4,895 associations operating at the end of 1976 were \$392 billion... up from the \$389 billion a year earlier. Mortgage loans outstanding rose to \$323.4 billion from \$319.6 in 1975. Savings also increased from \$330.3 billion at the end of 1975 to \$336.6 on December 31, 1976.

As had been expected... the extremely severe weather in January (the *Weather Bureau* said it was the worst in the Northeast and Middle West in 177 years)... had an adverse effect on housing starts along with many other economic activities. Seasonally-adjusted privately-financed housing starts for the month came to 1.375 million units... down 27 percent from the December 1976 level... but 9.2 percent above the January 1976 rate. New permits for housing issued during the month also recorded a decline from December... to 1.307 million units... down 13.7 percent... but followed the same trend as did starts... totaling 13.9 percent above January 1976.



HUD Promises Speedy Flood Insurance Action

HUD has taken action... through its *Federal Insurance Administration*... to help communities that face the threat of early spring flooding. A temporary reprieve has been granted to communities which are required to take certain actions in order to retain their eligibility for coverage under the *National Flood Insurance Program*. The reprieve 'stops the clock' on the deadlines for local action required under the *Program*. Many of the communities now in the *Program*... and which are facing deadlines... have been paralyzed by snow and ice for as long as 6 weeks.

The States affected by the temporary suspension of deadlines are *Indiana, Kentucky, New York, Ohio, Pennsylvania, and West Virginia*. Applications from communities in those States wishing to join the program will be processed by *FIA* in 3 days... and the 'no suspension' rule will apply to those already in the program to keep their program status without regard to deadlines. Once the emergency has ended... the suspension 'clock' will begin again unless the required local actions have been taken.

Further details may be obtained from *FIA* in each *HUD Regional Office* (Boston, New York, Philadelphia, Atlanta, Chicago, Dallas, Seattle, San Francisco, Denver, Kansas City) or by calling toll-free 800-424-8872.

Significant Decisions

In *Rental Housing Association of Greater Lynn, Inc. v. Hills, et al.*, U.S.C.A., 1st Cir., No. 76-1388, an organization of landlords in Lynn, Massachusetts, is challenging HUD's approval of a *Section 8 Substantial Rehabilitation* application as inconsistent with the *City of Lynn's Housing Assistance Plan* and with 24 C.F.R. 883.304(b) because there is a sufficient supply of existing low-income housing in Lynn.

The *Court of Appeals* found that the organization's allegations concerning the competitive harm that would follow approval of the project are sufficient to satisfy the "injury in fact" test. The *Court* stated that the *Association* is within the zone of interests sought to be protected by the statute since the legislative history shows an intent to authorize new construction or substantial rehabilitation only if there is no adequate supply of existing housing. The *Circuit Court* therefore concluded the case merited further hearing by the *District Court*.

In *Evans, et al. v. Hills, Town of Newcastle, et al.*, U.S.C.A., 2d Cir., Docket No. 74-1793, the *Supreme Court* has declined to review the decision of the *Second Circuit* dismissing the complaint on behalf of low-income minority residents of *Westchester County, New York*.

Appellants had alleged that HUD's approval of a sewer grant and the *Department of the Interior's* approval of a recreation grant to the *Town of New Castle* amounted to support of the *Town's* primarily white, single-family housing pattern, in violation of the Federal Government's affirmative duty to eliminate discrimination and encourage fair housing. The *Second Circuit* found that appellants lacked standing, in that they had failed to allege any concrete injury to themselves: they did not reside or seek to reside in the *Town*, they did not allege that either of the challenged projects would discriminate against them, and they made no claim that the Federal funds were diverted from any actual or proposed housing project which would have been of benefit to them.

The *California Supreme Court*... in a 5-2 decision... ruled that a local ordinance passed by the San Francisco suburb of *Livermore*... prohibiting the construction of new housing until the necessary educational, sewage disposal, and water supply facilities are built... is constitutional. The *Court* said in *Associated Home Builders of the Greater Eastby, Inc. v. City of Livermore*... "that such laws are constitutional if they are reasonably related to the welfare of the region affected by the ordinance."

The ordinance was originally enacted in a 1972 referendum. A similar law passed by the *City of Petaluma, California*... limiting construction in that city to 500 new housing units a year... was also upheld in the courts.

In its opinion... the *Court* recognized the growing conflict between the efforts of suburban communities to check disorderly developments with the concomitant problems of air and water pollution and inadequate public facilities... and the increasing public need for housing opportunities.



Bank 'Lures' Employees to Central City

A *Wall Street Journal* story tells of the efforts by the *Connecticut Bank and Trust Co.* of Hartford to 'lure' its employees to purchase homes within the Hartford city limits.

Under the program... the *Bank* offers its employees a mortgage interest discount of 1 percent if they buy within the city. \$3 million has been set aside for the mortgages. Down payment loans of up to \$5,000 are also available with mortgage limited to \$40,000 in most cases.

Currently... of the *Bank's* 1,900 employees... fewer than 300 live in the city. Along with the financial inducement offered... the *Bank* also will "engage in activities to make presentations on the advantages of city living."

'Turnkey' Housing Encouraged

In one of the first actions taken since she assumed office... Secretary Patricia Harris took steps to increase the number of subsidized housing units for low- and moderate-income housing... as HUD issued regulations covering new housing developments operated by *Public Housing Authorities*. The new rules call for smaller developments to be occupied by a cross-section of moderate- and low-income families... and appeared in the January 31 *Federal Register*.

The Secretary said the revised rules will carry out a Congressional mandate which calls for the "development of economically-viable housing and the creation of a healthy social environment."

The regulations... which became effective February 7... permit *Public Housing Authorities (PHAs)* to apply for some \$120 million in HUD contract authority... which will be sufficient to finance about 33,000 additional housing units across the Nation. HUD intends to use the new program to help those communities where housing needs are not being met under other housing subsidy programs.

This effort... together with other housing assistance involving deep subsidies... are being directed to the provisions of housing opportunities for those needy families and individuals who would otherwise be denied the opportunity to live in decent, safe, and sanitary housing.

Because it generally is a faster and more efficient means of producing assisted housing... the new rules give priority to the 'turnkey' public housing production method... under which PHAs invite proposals from developers to meet specific housing needs. The *Authorities* contract to buy completed housing projects, when the developer turns over the key.

Although PHAs will be expected to give particular attention to the needs of low-income families... the *Department* intends that housing developed under the new program will house an economic and social cross-section of moderate- and low-income families. The new regulations provide that HUD will pay operating subsidies only to those PHAs which can demonstrate that they still need the subsidies after making a good faith effort to achieve a balanced income occupancy mix in their projects.



Standard Documentation Proposal Published

The use of uniform legal documents in condominium transactions has been proposed by HUD, the *Veterans Administration*, *FNMA*, and *FHLMC*. The proposals were the result of the agreement among members of a task force set up to determine a uniform policy of documentation in the purchase, insurance, or guarantee of condominium mortgages in which one or more of the four *Agencies* is involved.

The task force was set up under a *Congressional* mandate ordering a condominium study, and completed by HUD in 1975... which pointed to the problems confronting consumers, builders, lenders, and others because of the lack of consistency in legal and underwriting policies among the four *Agencies*.

The *Statement of Proposed Policies Relating to Condominium Documentation* was published in the January 25 *Federal Register*... and comments from the public invited. They should be addressed to the HUD Rules Docket Clerk, Washington, D.C. 20410.

FYI



National Savings and Loan League... *XVth Inter-American Savings and Loan Conference*... Scottsdale, Arizona, March 22-26. Details: NSLL, 1101 15th St., N.W., Washington, D.C. 20005 (202/331-0270).

Producers' Council... *Construction Marketing Workshop and Seminar*... Arlington, Virginia, March 22-25. Details: PC, 1717 Massachusetts Ave., N.W., Washington, D.C. 20036 (202/667-8727).

From the States

The *Illinois Legislature* has passed a new law called the *Tax Increment Financing Act*... which gives cities in the *State* a new tool to finance urban development. Under the *Law*... cities can use the previous powers they had under the redevelopment statutes to declare a blighted neighborhood a conservation area... condemn the properties in it... pay fair market value to the owners... and then clear the existing property and sell or lease the land for private use. Now they have an additional financing method. The cities can issue bonds to cover the local cost of the program... and retire the bonds by using the increased tax revenues derived from the higher assessed values of the redeveloped property.

The *Montana Supreme Court* has upheld the constitutionality of the 1975 *State Housing Act*. Under the *Law*... some \$75 million of low-interest mortgage money would be provided. The *Court* decision was in connection with an action brought by a Helena resident challenging the constitutionality of the law before it became operational. It went directly to the *Supreme Court* in order to permit a decision before the next session of the *Legislature*. The *Law* provides for special interest terms for low- and middle-income persons with incomes of \$16,000 or less. It calls for the sale of tax-exempt *State* bonds to raise funds to subsidize interest payments to lending institutions and also permits the repurchase of mortgages of eligible homeowners.

The *Court* found the *Law* constitutional on all seven points challenged by the plaintiff. The decision... in fact... contained some words of praise: "It is commendable that the *Montana Legislature* and the *Housing Board* chose the interest subsidy means to assist persons in attaining safe, sanitary, and healthful housing because it involves very little direct governmental interference with the individual's choice of the type of housing he wishes to live in."

The challenge was based on the contention that the *Act* violated the *State's* constitutional provision against the use of public funds for a nonpublic purpose. The *Court* stated that the determination of 'public purpose' is a legislative prerogative.

HUD newsletter

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

HUD-318-269-AS1

February 28, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. Use of funds for printing this publication approved by the Office of Management and Budget, January 9, 1973.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401



DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

MAR 02 1977

RECEIVED

MAR 10 1977

HUD NEWSLETTER
February 28, 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



March 7, 1977

Vol. 8 No. 10

Current Trends

Project notes totaling \$749 million... representing 76 *Public Housing Agencies*, were sold in mid-February at an average interest rate of 2.663 percent. The interest rate last month was 2.639 percent.

A revised budget... covering the remainder of Fiscal Year 1977 and for Fiscal Year 1978... has been submitted to Congress. The revisions... made by the Carter Administration... call for a number of significant changes from the Ford budget submission in January. See page 2 for a detailed summary of the highlights of the new budget.

Interest rates on short-term money continue upward. The rate of return on *Treasury* bills... the bellwether of short-term issues... increased to 4.633 percent from the earlier 4.625 percent on 13-week bills... while 26-week bills rose to 4.862 percent from the early February rate of 4.840 percent. At the same time... interest rates on long-term *Treasury* notes in mid-February remained unchanged from January. A \$2.5 billion 2-year issue of *Treasury* notes brought an average return of 5.98 percent.

The *FHLBB* reports that home mortgage rates declined in January... following a substantial rise in December. The average effective rate on conventional new-house loans fell to 9.05 percent... from December's 9.10. The rate had been 8.99 percent in January 1976. On existing homes... the rate continued its downward trend... 9.03 percent... compared to 9.08 in December... and 9.27 percent in January 1976.

The average purchase price of new homes in January... according to the *FHLBB*... rose to a record high of \$51,500... from the previous high in December of \$51,000. Existing home prices also rose to \$44,600 in January... up from \$43,200 in December. For new homes... the San Francisco area was the highest in the U.S. at \$65,100... while the Washington, D.C. area led the country in existing homes at \$65,200.



Senate Banking Committee Named

The *Senate* has named its *Banking, Currency, and Urban Affairs Committee*. Senator William Proxmire (Wisc.) remains Chairman... and Senator Edward W. Brooke (Mass.) becomes ranking Republican member. The new Democratic members are: Donald W. Riegle (Mich.)... and Paul Sarbanes (Md.). The Republican additions: John Heinz (Pa.)... Richard Lugar (Ind.)... and Harrison Schmitt (N. Mex.). The carryover members... in addition to Sens. Proxmire and Brooke... are: Democrats... John Sparkman (Ala.)... Harrison A. Williams (N.J.)... Thomas J. McIntyre (N.H.)... Alan Cranston (Calif.)... Robert Morgan (N.C.). Republicans: John G. Tower (Tex.)... Jake Garn (Utah).

FYI



National Graduate University... Fifteenth Institute on Federal Funding... Washington, D.C. April 12-14, 1977. Speakers from HUD, HEW, ERDA, NIH, DOT, EPA, and other Federal Agencies will discuss new and prevailing support levels. Also a series of 3-day courses on *Administration and Negotiation of Federal Grants and Contracts*, April 19-21, Boston; May 9-11, Chicago; August 3-5, San Francisco; August 8-10, Boulder, Colorado. Information from Mrs. Donna Smith, *National Graduate University*, 3408 Wisconsin Avenue, N.W., Washington, D.C. 20016 (202) 966-5100.

Revised Budget Sent to Congress

HUD Secretary Patricia Harris has announced revisions in both the fiscal 1978 **HUD** budget and the current year's budget as well. . . in order to meet the pressing and immediate needs of urban America.

The revisions in the Ford housing budget are being made by the Carter Administration. The revised budget:

- Sets aside an extra \$400 million in 1978 to help severely distressed cities.
- Boosts to 400,000 units the 1977 program level for *Section 8* housing and Indian *Public Housing*.
- Makes significant changes in a number of housing programs. . . including an extension of the *Section 312 Rehabilitation Loan Program* into 1978.

Mrs. Harris described parts of the Ford housing budget as "simply unacceptable," but she said there was not enough time to put together a new budget from scratch. But time is running out on us. We must act quickly if we are keep our national commitment to save our cities from dying on the vine.

Some highlights:

Supplemental request for \$508 million in *Section 8* contract authority for fiscal year 1977, bringing the current program level to 400,000 units, including assistance for *State Housing Agencies*.

- An increase of \$500 million in the *Community Development Block Grant Program*, including a new \$400 million initiative to aid distressed cities.
- An increase above the previous Administration budget for *Public Housing Operating Subsidies and Modernization Funds*. In addition, funds are requested to meet rising fuel consumption costs to public housing authorities.
- An extension of the *Section 312 Rehabilitation Loan Program*. . . which would have been terminated in 1978 by the former Administration.
- Restoration of the *701 Comprehensive Planning Grant Program* to 1977 levels.

To attract conventional financing, the revised budget also extends *Section 8* contract terms from 20 to 30 years for privately financed housing.

The Secretary said "the new \$400 million assistance for distressed cities, will be carried out under a new *Urban Development Action Grant Program*. This will assist not only communities that are losing people, but also areas with growth lag or on the brink of decline. . . such as some suburban areas. . . and will allow **HUD** to assist in a frontal attack on a myriad of social, economic, and developmental problems in a given city. The *Program* would be directed to the most distressed cities as a means to create discrete. . . but dramatic initiatives. . . in improving their economic base and quality of life. Through this *Program* . . . **HUD** would play a significant leadership role in urban affairs and in the *Government's* effort to revitalize our cities."

Commenting on the housing portion of the budget, the Secretary said she intends to convert the "unit reservations into construction on the ground, units which families actually can move into."

The revised budget increases outlays by only \$31.4 million in 1977. . . excluding *Disaster Relief*. . . and about \$130 million in 1978, over the previous budget.

These relatively low figures, the Secretary said, reflect, in part, the lag time from contract reservation to actual payment of the subsidy.

The Secretary said the outlays were also held down by the elimination from the prior budget of a \$200 million supplemental in 1977 for the *Bicentennial Land Heritage Program*.

"This overtly political pre-election promise by the prior Administration will not be proposed in the revised budget," she said.

On other budget matters, the Secretary said that the 1977 supplemental for the *President's Disaster Relief Fund* had been increased by \$100 million because of severe weather emergencies.

New HUD Secretary States Aims

In her first appearance before a group of citizens since becoming Secretary last month... *HUD* Secretary Patricia Roberts Harris called for "a new urban partnership" to meet the development needs of America's distressed cities.

Under this concept... she said... *HUD* will act as a catalyst in the process of re-enlisting private capital in revitalizing urban America.

The Secretary spoke at the annual meeting of *Central Atlanta Progress*... a group of prominent Atlanta citizens... including businessmen, financiers, and developers... whose announced goal is to make Atlanta 'a more livable place.'

Mrs. Harris described *HUD*'s aims as responsive to President Carter's urban policy statements, in which he said:

"The *Community Development Act* should not only be extended, but its scope should be significantly oriented to encourage financial innovation by municipalities and their private sector partners... (It) should be used to create a revolving pool of financial resources for urban development."

The Secretary explained that *HUD*'s proposal involves using a portion of the *Community Block Grant* authorization... and targeting those funds to distressed cities for specific development purposes. She said *HUD* had in mind those non-recurring development situations which pose both problems and opportunities for distressed cities.

"It is our goal," she said, "to make these development opportunities viable in the market place. We Americans suffer from too small a vision of what the American city can be. It is important to understand how devastating it is, when a city comes to be viewed by the private sector as a 'high-risk' investment area. It is the beginning of the cycle of decline which the simple expenditure of public funds cannot reverse without the significant influx of private capital."

Mrs. Harris outlined a number of steps to be taken by *HUD* in carrying out its role in the new urban partnership:

- The *Federal Government* must provide a predictable and adequate level of financial support to the cities to fund specific development opportunities consistent with national objectives.
- It must encourage innovative programming and administrative freedom at the local level of government.
- It must support the active, committed involvement of the private sector in the urban policy development and implementation.
- It must protect the individual's right to become actively engaged in this process by assuring equal housing, educational, and employment opportunity for all citizens.

"I can assure you," she told the Atlanta group, "that *HUD* will do everything in its power to make these concepts as part of a new urban policy. It is important to note, that *HUD* would require cities participating in the program to show that they have provided housing for low- and moderate-income families.

Additionally... *HUD* would require a record of proven performance in equal opportunity for both employment and housing. It is challenging to be part of this new *Administration*... for I sense that in the next four years, under the leadership of a visionary President... and with the activation of a new urban partnership... substantial progress will be made in revitalizing America's cities."

Mobile Home Shipments up in 1976

The *Manufactured Housing Institute* has reported that 1976 was a good year for the mobile home industry. Shipments for the year totaled 249,870 units... an increase of 17 percent over the 212,690 units shipped in 1975... the poorest record in recent years... and about half the level reached during the early 1970's. The *Institute* is estimating a 300,000 level for 1977... a 20 percent rise.

The sales value of the nearly quarter million units in 1976... \$3.2 billion... was 31 percent above the 1975 figure. A significant portion of the increase represented a shift to larger, 'double-wide' mobile homes.



New NAHRO Publications

The *National Association of Housing and Redevelopment Officials*... the national organization of professionals engaged in planning and administering Federal and local housing and development programs... has recently issued a series of publications. These are available from *NAHRO*... 2600 Virginia Ave., N.W., Washington, D.C. 20037.

The *NAHRO Directory*... lists the names, addresses, and information about the staffs and executives of city, county, and *State* agencies. Also lists number of units and details of housing under jurisdiction of the agency, with similar information about renewal and rehab projects being administered. Price \$25 for *NAHRO* members... \$35 for others.

Financing Techniques for Local Rehabilitation Programs... a guide for planners, officials, and practitioners involved in local rehab programs. Price \$5. Quantity discount available.

Housing Rehabilitation: A Guidebook for Municipal Programs... \$12 for members... \$15.50 for others.

Flexible Code Enforcement: A Key Ingredient in Neighborhood Preservation Programming... \$5. Quantity discount available.

HUD newsletter

HUD-318-270-ASI
March 7, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. Use of funds for printing this publication approved by the Office of Management and Budget, January 9, 1973.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401



HUD NEWSLETTER
March 7, 1977

LIBRARY
Acquisition Section
Rm. 8141

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



March 14, 1977

Vol. 8 No. 11

Current Trends

Reversing the recent trend... the interest rate dropped in *HUD's* late-February sale of 56 issues of project notes totaling \$157 million at an average interest rate of 2.623 percent. Average interest rate for the \$152.1 million of project notes sold in mid-January was 2.6876 percent.

This trend did not apply... however... in *FNMA's* auction of \$386.7 million in 4-month commitments to purchase both *Government*-backed and conventionally-financed home mortgages. The *Corporation* issued \$271.1 million in commitments on *Government*-backed mortgages at an average yield of 8.577. The average in the previous auction was 8.519. In the conventional auction... *FNMA* issued \$115.6 million in 4-month commitments at an average yield of 8.866... up from 8.848 in February.

Canada's *Central Mortgage and Housing Corporation*... Canada's counterpart of *FHA*... has reduced its interest rate on home mortgages for the third time in 4 months. The new rate is 10½ percent... down from 11¼ percent in October 1976. Current *HUD/FHA-VA* rate is 8 percent.



HUD Issues 'Bad Weather' Housing Manual

The *All Weather Home Building Manual*... has been published by *HUD*. Announcing its publication... Secretary Harris said: "In view of the dramatic drop in housing starts in the winter due to cold weather, this is a timely and important document for the construction industry."

The *Manual*... which was written by the *Research Foundation of the National Association of Home Builders*, under contract with *HUD* and the *Department of Labor*... notes that "builders in cold weather areas plan for winter construction by preparing access roads and installing utilities by late fall. They also dig and pour foundations before the heavy frost sets in."

Also explained in the *Manual* is how builders schedule important construction stages... such as excavation, foundations, and concrete pouring... without prolonged work interruptions due to bitter cold.

The *Manual* has four sections: cold weather, hot and dry weather, wet weather, and weather information sources. Written in "how-to-do-it" style, the book is illustrated with photographs and drawings depicting important all-weather procedures and practices. For sale for \$2.70 by the *Superintendent of Documents*, Washington, D.C. 20402.



Publication Available

The Time Has Come... a brochure describing the role of the *Federal National Mortgage Association* as a catalyst in encouraging private lending institutions to provide financing for the rehabilitation of housing in older neighborhoods. Copies are available free from *FNMA*, 1133 - 15th St., N.W., Washington, D.C. 20005... or *FNMA* offices in New York, Philadelphia, Atlanta, Chicago, Dallas, or Los Angeles.

Comments on Land Sales Regulations Requested

HUD's Office of Interstate Land Sales Registration is inviting comments on proposed revised regulations that govern the sales or leasing of subdivided land. . . under the provisions of the Interstate Land Sales Full Disclosure Act, a consumer protection statute. The proposed regulatory revisions are intended to simplify both the compliance process required of developers and the disclosure document which purchasers by law are entitled to receive.

The 90-day comment period will end on April 30.

Under the regulations. . . a developer is required to give to each purchaser a *Property Report*. A recent survey found that many purchasers found that document difficult to understand.

HUD is proposing a revised *Property Report* which would be simpler, less bulky, and more readable than the current version. The *Property Report*, which is prepared by the developer to *HUD* specifications, would have a cover page warning buyers to read carefully before buying, a table of contents on the second page and a third page briefly detailing the special risks which are inherent in land transactions.

The main disclosure portion of the *Property Report* would then follow and would describe the land being sold and the terms of sale in short narrative form. This differs from the current *Property Report* format which contains a number of questions and answers. Items found in the *Property Report* would not be repeated elsewhere in the developer's filing. . . which differs from past procedure.

To assure that purchasers know all expenses involved, a standardized list of one-time and recurring costs will be included at the end of the *Property Report*. This is to be filled out by the developer or his agent.

Also published for comment were a series of proposed technical changes of interest to the land sales industry. . . dealing with formal procedures and rules of practice.

Written comments should be sent to: *Rules Docket Clerk, HUD, Office of the Secretary*, Room 10140, Washington, D.C. 20410. Comments are due no later than April 30.



HUD Grant to Assist Hispanic Housing Managers

HUD has awarded a \$250,000 grant to the *National Center for Housing Management (NCHM)* of Washington, D.C. to conduct a special training course for non-Hispanic managers of selected housing projects occupied largely by Spanish-speaking tenants. The grant also provides for *NCHM* to create a career development program "designed to upgrade the qualifications of Hispanics in the housing management field."

The grant was made as the result of a recommendation of the *National Hispanic Coalition for Better Housing*. The *Coalition* will serve as an advisory group to *NCHM*.

The project. . . expected to last about 18 months. . . also grew out of recommendations made in 1971 by the *Cabinet Committee on Opportunities for Spanish-Speaking People*. The *Committee* had urged that research be conducted on behalf of their people.



Federal Aid Figures for 1975 Issued

The *Treasury Department* has issued a report showing the amount of Federal grants-in-aid paid out in 1975 to each of the 50 States. On a per capita basis. . . Alaska received the greatest amount of Federal money. . . \$903.68 per person. . . while Florida received the least. . . \$182.50 per resident.

The top 10 in per capita amounts. . . Alaska (\$903.68); Wyoming (\$445.50); Montana (\$385.64); West Virginia (\$382.31); Vermont (\$375.01); New Mexico (\$372.11); South Dakota (\$358.78); Hawaii (\$357.11); Maine (\$354.68); and New York (\$353.71).

President Recommends Flood Insurance

The President has indicated he believes it is important for the public to be aware of the availability of *Federal Flood Insurance*.

The flood threat due to thawing is great and could continue to grow particularly in March. It is important that the American public in the areas where heavy ice and snow accumulations exist be made aware that *Federal Flood Insurance* is readily available to individuals and businesses at what might be called 'bargain' rates. These 'bargain' rates are made possible by a Federal subsidy.

Any individual or business not already covered should act immediately because there is a 15-day waiting period before the policy can take effect, and failure to apply immediately could mean that the floods will take place before the insurance is in effect. To obtain information about eligibility and about procedures to be followed, call toll-free 800-424-8872.

HUD has issued a publication containing answers to the 54 most frequently asked questions about the *National Flood Insurance Program*. . . which is administered by *HUD's Federal Insurance Administration*.

Besides the Q&As. . . the publication also lists the Regional Flood Insurance specialists in each of the 10 *HUD Regional Offices*. . . names and locations of the State Coordinating officials responsible for *Flood Insurance* matters in each of the States participating in the *Program*. . . names and addresses of the *Insurance Servicing Companies* handling the insurance coverage for each area of the country.

Copies of the publication: *Questions and Answers—National Flood Insurance Program* . . . are available free from *HUD/FIA*, Washington, D.C. 20410.



Detroit Combats 'Redlining'

Mortgage lenders and city officials in Detroit have set up an organized effort to combat 'redlining.' It is hoped the new program will reduce the prevalent practice of refusing to make mortgage loans in certain neighborhoods. . . which tends to speed up deterioration in such areas.

The Detroit plan initiates a program that would judge a mortgage application on the basis of the specific residence or block and on the individual's credit status. . . rather than the condition of the area in which the property is located. Other cities. . . notably Philadelphia . . . have instituted similar plans, but none has gone as far as the Detroit effort contemplates.

Detroit has the largest stock of single-family homes in the Nation. . . some 300,000 units. . . according to a *New York Times* article describing the 'redlining' program. The city has suffered a decline in housing quality and real estate values equal to or exceeding that of any city in the country. The mortgage effort is one of the many attempts to arrest further decline.

Under the *Detroit Mortgage Plan*. . . an 'impartial' panel will be created to consider rejected mortgage applications. . . when an applicant asks for such a review. If the panel believes the mortgage should be made. . . after using the established criteria. . . a loan will be made. The criteria will be based on a clearly defined appraisal and underwriting technique which will contemplate the individual block conditions and the proposed purchaser. . . and not the neighborhood. The *Plan* is designed especially for those seeking to purchase or rehabilitate properties in older neighborhoods that have in the past suffered from deterioration and 'disinvestment.'

According to the president of one of the city's major banks. . . and one of the participants in the *Plan*. . . "This is a 'greenlining' program for Detroit. . . which we hope will make 'redlining' a thing of the past."

Senate Housing Committee Organizes

The *Senate Committee on Banking, Housing, and Urban Affairs* took an unusual step in organizing for the current session. It designated its entire membership of 15 as the *Subcommittee on Housing and Urban Affairs*. However... Senator John Sparkman (Ala.) will serve as *Subcommittee* Chairman... rather than Senator Proxmire (Wisc.), who is Chairman of the full *Committee*. Senator Brooke (Mass.) is ranking minority Member of both the full *Committee* and the *Subcommittee*. There are nine Democratic and six Republican members.



FYI

National Insulation Contractors Association... Annual Convention... Las Vegas, March 27-30. Details: *NICA*, 1120 19th St., N.W., Washington, D.C. 20036.

George Washington University (Advanced Management Education Center)... Seminar: *Managing Your Building Maintenance Dollars...* Washington D.C., April 13-14. Details: *GWU, Advanced Management Education Center, School of Government and Business Administration*, Washington, D.C. 20052 (202/676-6059).

Concrete Reinforcing Steel Institute... Annual Spring Meeting... White Sulphur Springs, W.Va., April 19-23. Details: *CRSI*, 180 No. La Salle St., Chicago, Illinois 60601.

National Association of Review Appraisers... Professional Development Seminars: Practical Procedures for Review Appraisers... Chicago, March 18... New Brunswick, N.J., and Los Angeles, March 25... Fort Lauderdale, San Francisco, and Houston, April 8. Details: *NARA*, Suite 410, Midwest Federal Building, St. Paul, Minnesota 55101 (612/227-6696).

American Society of Civil Engineers... Civil Engineering in the 21st Century... Dallas, April 25-29. Details: *ASCE*, 345 E. 47th St., New York, N.Y. 10017.

National Utility Contractors Association, Inc... Annual Convention... Hollywood, Fla., April 27-May 1. Details: *NUCA*, 815 15th St., N.W., Washington, D.C. 20005.

HUD newsletter

HUD-318-271-ASI
March 14, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. Use of funds for printing this publication approved by the Office of Management and Budget, January 9, 1973.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401



LIBRARY
Acquisition Section
Rm 8141

HUD NEWSLETTER
March 14, 1977

March 21, 1977

Vol. 8 No. 12

Current Trends

January's bad weather resulted in a record drop in actual construction spending during the month... the *Commerce Department* reports. The seasonally-adjusted annual rate of construction put in place in January... \$135.7 billion... showed the biggest drop in at least 19 years... and may have been the biggest drop of any single month in history. There are no comparable figures available for any period prior to 1958.

New construction contracts in January... according to the *F.W. Dodge Division of McGraw Hill*... rose only 3 percent above the January 1976 level. It had been expected that the increase would have been at least 10 percent higher than that... based on the trend this year, "But it was the rough weather in January that held down the potential for the month. Most of the shortfall will probably be made up in the near future," George A. Christie, vice president and chief economist for *Dodge* said. Total contracts for the month came to \$6.75 billion... of which \$2.16 billion was nonresidential and \$2.93 billion residential... with the remainder nonbuilding construction (roads, sewers, bridges, etc.).

At the same time as the January report was issued... *Dodge* also released a revised estimate of construction volume anticipated for 1977. Updating its forecast made in October 1976... the authoritative statistical organization said that instead of the 12 percent increase for 1977 it anticipated last Fall... a 15 percent rise looks more realistic now. That would result in a total of \$123 billion for the year... compared to \$102 billion actually put in place in 1976... and the October forecast of \$114.3 billion.

In 1974... according to the *Census Bureau*... there were 2,450,126 farms in the United States... occupying about 45 percent of the Nation's total land area. In 1969... when the last previous census was taken, there were 2,730,250 farms. This was a drop of 10 percent. Total U.S. cropland declined from 459 to 438 million acres during the 5-year period. The Western States showed the smallest change in the number of farms with a net loss of less than 3 percent. The South reported a 14 percent decrease... the largest among the four geographic regions. Decreases were 8 percent in the North Central States, and 10 percent in the Northeast.

A *FHLBB* report indicates that builders are having difficulty in selling townhouses although experiencing a strong demand for single-family detached houses. It is possible that some of the previously reported rise in the inventory of unsold homes reflects the townhouse situation.

HUD also reported that new commitments for long-term mortgage loans for 1-4 family homes totaled \$7.0 billion in December 1976... 63 percent more than in December 1975. At the end of 1976 total outstanding commitments for long-term home mortgage loans amounted to \$19.9 billion, 29 percent greater than at the close of 1975. In contrast, new commitments for multifamily long-term loans aggregated \$1.0 billion in December, 95 percent above the depressed levels registered a year ago. Outstanding commitments for long-term multifamily mortgage loans came to \$11.2 billion at year end 1976, 50 percent higher than the \$7.5 billion reported for December 31, 1975. The 50 percent annual growth rate in outstanding commitments for multifamily long-term loans compares with a 45 percent growth rate in November and 43 percent in October.

Mortgage Delinquencies Drop

In December... contrary to the usual pattern... mortgage loan delinquencies in the Nation's *S&Ls* dropped... and brought the rate for the year 1976 to 0.89 percent. The rate had reached a 10-year high of 1.06 percent in February of 1976.

John A. Hardin... president of the *U.S. League of Savings Associations*... said the December survey of *S&Ls*... which includes the majority of the associations in the country... showed that the rate dropped from the 90's during much of the year to the low rate in December... and that "it has been our experience that mortgage delinquencies usually rise in December, probably as a result of Christmas spending. Last December's figure offers further evidence that the economy is getting straightened around."

In January... while the rate increased from December... which is the usual pattern... it was nevertheless lower than January a year ago. The 1977 rate... 98 percent... compares to 1.03 percent in January 1976. This was true in spite of the usually severe weather conditions which increased heating costs for families... and also caused job layoffs due to natural gas shortages in some areas. It was in those parts of the country hardest hit by the cold weather that the most noticeable increases in delinquency rates occurred.



HUD Under Secretary Named

Jay Janis, currently Senior Vice President for Management and Urban Affairs of the *University of Massachusetts*, has been nominated by President Carter as Under Secretary of *HUD*. Mr. Janis was Executive Assistant to former *HUD* Secretary Robert C. Weaver from 1967 to 1969, and prior to that... from 1964 to 1967... he held a number of posts with the *U.S. Department of Commerce*. He received an AB (with honors) from *Yale* in 1954... and served in the *U.S. Army Intelligence Service* from 1954 to 1956.



Mortgage Money Remains Plentiful

Availability of money for mortgage loans remains high throughout the country... according to reports from various sources. Also... the probable rise in interest rates predicted earlier will probably not materialize this Spring... the vice president of one of the Nation's largest mortgage companies said. He reported that life insurance companies have allocated a substantial increase in mortgage lending for the first time since 1973... and a number of lenders are aggressively seeking new mortgages.

Largest source of mortgage money... the *S&Ls*... report that in January they experienced the second highest inflow of new savings in their history. New savings exceeded withdrawals during the month by \$4.82 billion... second only to the \$5.11 billion figure in January 1976. At the same time... mortgage lending declined during January... dropping 25 percent to \$5.37 billion... compared to \$7.13 billion in December 1976. While this showed a drop from December... the rate was up from the \$3.8 billion in January 1976.

The *Home Loan Bank Board* reported that commitments for future mortgage lending by the *S&Ls* rose slightly in January to \$14.88 billion... from the \$14.68 billion level in December. It was \$11 billion in January 1976. The associations used some of their large surplus cash to reduce borrowed funds... the *FHLBB* said.

At the end of February... the average rate for apartment and commercial projects was in the 9 to 9½ percent range... with some industrial projects being able to borrow at 8½ percent. The conventional residential rate remained unchanged at about 9 percent. Furthermore... the 1 percent fee that was required during most of 1976 is now being waived for high-grade commercial and apartment loans.

FYI



American Society for Public Administration... *Annual Convention*... Atlanta, March 30-April 2. Details: *ASPA*, 1225 Connecticut Ave., N.W., Suite 300, Washington, D.C. 20036 (202/785-3255).

HUD Finances Spanish Classes

Non-Hispanic managers of selected housing projects occupied largely by Spanish-speaking tenants will receive special training under the terms of a \$249,848 HUD grant to the *National Center for Housing Management (NCHM)* of Washington, D.C.

The grant also asks *NCHM* to create a career development program "designed to upgrade the qualifications of Hispanics in the housing management field."

The grant was made as the result of a recommendation of the *National Hispanic Coalition for Better Housing*. The *Coalition* will serve as an advisory group to *NCHM*.

The project... expected to last about 1½ years... also grew out of recommendations made in 1971 by the *Cabinet Committee on Opportunities for Spanish-Speaking People*. The *Committee* has urged that research be conducted on behalf of their people.

The training course for non-Hispanic housing managers will be designed to help them better understand resident Hispanics and improve their "interpersonal skills in the area of management/resident relations." Once drafted, the course will be field tested with a selected group of housing managers.

The *National Center* also will produce a training course that will help qualify Hispanics for housing management positions. The new course will go through a trial run using 75 Hispanics currently employed in the field of housing management.

Evaluations and reports on both experiences will be provided to HUD by the grantee.



GNMA Will Purchase VA Condo Mortgages

HUD's GNMA has expanded its role in the financing of multifamily housing to include the purchase of loans on condominium units guaranteed and approved by the *Veterans Administration*. To be eligible... the condos must have more than four dwelling units... mounted vertically. Townhouses and quadruplexes... for example... are not eligible.

Requests for GNMA commitments to purchase these loans under its *Program 23* may be made after the VA prior approval has been obtained, and before construction begins. Effective March 10... GNMA will accept requests for commitments under the new plan... which has been designated *Program 23C*.

Until now... only FHA-insured condominiums were eligible for financing. With the addition of the VA condo program... GNMA expects to further stimulate multifamily starts, which have been significantly lagging behind starts of single-family residences. This should result in the creation of more jobs and additional activity in the housing industry.

Between January 26 and June 30, 1976, GNMA committed to purchase \$3 billion of multifamily mortgages under *Program 23*. On September 21, 1976... GNMA made available another \$2 billion of which some \$1.8 billion now remain available.



Ethnic Center Opens

The newly-organized *National Center for Urban Ethnic Affairs*... an independent, nonprofit organization... committed to the development of reinvestment strategies for community groups living in our cities... has opened in Washington.

Two publications... beginning tools for those concerned about the revitalization of neighborhoods... have been issued. They are: *Disclosure and Neighborhood Reinvestment: A Citizen's Guide*... Price \$1.50... and *Neighborhood Reinvestment: An Annotated Bibliography*... Price \$1.00.

Checks should be made to the *National Center for Urban Ethnic Affairs*, and sent to NCUEA in care of the *Disclosure and Reinvestment Project*, 1521 16th St., N.W., Washington, D.C. 20036.

Low and Moderate Housing Approved for New Community

An agreement to build 400 rental homes for low- and moderate-income families in *The Woodlands*. . . a federally-backed new community north of Houston, has been reached. James F. Dausch. . . Administrator of *HUD's New Communities Administration*. . . announced the agreement with the *Mitchell Energy & Development Corporation*. . . builders of the fast-growing new town. . . and called it an "important step in providing everyone working in *The Woodlands* with an opportunity to live there."

This is the second move in recent months by the developers of *The Woodlands* to match jobs to homes. Last October. . . *Mitchell Energy* agreed to offer 400 single-family residential lots for sale at prices that will permit builders to sell homes in the \$29,000 to \$45,000 price range.

Under the agreement with *HUD*. . . construction of 120 apartments will be guaranteed by *Mitchell Energy* under *Section 236 Rental Housing Subsidy Program*. The proposed builder is *Landmark Properties, Inc.*, of Dallas.

Mitchell Energy also has signed a contract with the *National Housing Partnership* for an option to purchase land for 275 to 300 units of housing under *HUD's Section 221(d)(4)* program with all housing units covered by a *Housing Assistance Payment Contract* under the *HUD Section 8* subsidy program. The new town developer has agreed to offer financial backing to the *National Housing Partnership* if necessary to meet *HUD* equity requirements.

Development in *The Woodlands* is proceeding at a rapid pace. Some 825 homes have been sold in the last 2 years, and another 750 are expected to be sold this year. Some 1,700 acres of the 18,000-acre site already have been developed for residential, industrial, and commercial land uses, with about one-third of the total area devoted to parks, pathways, riding trails, a golf course, and permanent open space.

Industrial and commercial firms now employ about 1,200 people, and major firms have announced plans to build warehousing and other facilities which will employ several hundred more.

The Woodlands is the largest of the 15 federally-assisted *New Community* developments. Its developer has received \$50 million in Federal guarantee assistance.

HUD newsletter

HUD-318-272-ASI
March 21, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development. . . Patricia Roberts Harris, Secretary. . . James C. Biller, Editor. Subscription rate \$12.50 per year, domestic. . . \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. Use of funds for printing this publication approved by the Office of Management and Budget, January 9, 1973.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401



HUD-Newsletter
March 21, 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



March 28, 1977

Vol. 8 No. 13

Current Trends

For the second consecutive year... the Chicago Metropolitan area led the Nation in housing units built... according to the *F. W. Dodge Division of McGraw-Hill*. The top 10 housing areas in 1976: Chicago (34,490 units); Los Angeles-Long Beach (31,494); Anaheim/Santa Ana/Garden Grove (28,679); San Diego (28,021); Houston (27,745); Dallas (25,722); Washington (22,002); Detroit (20,120); Riverside/San Bernardino (15,987); and Seattle/Everett (15,478).

The *National Association of Home Builders*... which makes its own survey of housing starts and activity... estimates that 1977 starts will show a healthy increase (8 percent) over 1976. Its 1976 figures show essentially the same results as the *McGraw-Hill* survey of houses completed... except that it calls Houston first... rather than Chicago. For 1977... it forecasts Houston's probable performance... 41,000 units... then Chicago (35,000); Anaheim and Los Angeles (30,000 each); San Diego (30,600); Dallas-Fort Worth (31,000); Riverside (19,000); Detroit (19,100); Seattle (16,845); Washington (19,700); and San Francisco-Oakland (19,000). For all of the top 20 areas of the country... the 1977 estimate shows a 20 percent rise over 1976... 417,715 units... compared to last year's 383,241... and for the remaining SMSAs... an 8 percent rise in 1977 of 320,886 units... for a total of all metropolitan areas of 738,601.

The *Commerce Department* reports that single-family housing starts in February were the second highest for any month in history... at the seasonally-adjusted rate of 1.422 million units... exceeded only by the 1.431 million rate of January 1973. Total housing starts... including multifamily... came to 1.791 million units. The multifamily rate dropped slightly to 369,000 units... down from January's 376,000 units.

Wage increases in the building trades have leveled off. In the last quarter of 1976 the rise was one of the smallest for any comparable period in 10 years. The average for all trades at year-end was \$9.59 per hour... reflecting an increase of .7 percent during the 4th quarter... and 5.9 percent for the entire year 1976. Except for the period in 1973 and 1974 when wage controls were in effect... this was the smallest rise since 1968. By trades... plumbers and electricians received the highest wages at the end of the year... \$10.53 and \$10.62 respectively... and laborers the lowest... \$7.56 per hour.



Lumber Prices Climb

Lumber and plywood prices have gone sky-high in recent weeks. And according to a West Coast analyst... prices of prefabricated wood items such as panels, millwork, and plywood "went wild" in February. Another industry authority said "prices have gone berserk, and there is no end in sight."

With the predicted rise in housing starts this Spring... some forecasts are anticipating an increase of about 20 percent above last year... continuing pressure on lumber and other forest product prices can be expected. And inventories are below normal. At the end of January, some sample base prices levels were fir 2x4's... random length... \$177 MBF, compared to \$155 a year ago; and plywood. ½ in. thick... \$200, compared to \$160 in January 1976.

Intergovernmental Office Created in HUD

Secretary Harris has announced a new office in *HUD* to handle intergovernmental relationships. This is in line with the announced policy of President Carter. . . who is no stranger to local government. He has expressed his desire to make the Federal Government more responsive to the needs of State and local governments.

The Secretary said as a first step she would establish an *Office of Legislation and Intergovernmental Relations* within *HUD*. "This *Office* will be headed by an Assistant Secretary reporting directly to me," she said. "We genuinely desire a new era of partnership between the Federal Government and State and local governments. It is no secret that *HUD*, too often, has acted as an adversary and not an advocate for America's communities. I want you to know. . . at the outset of my tenure. . . that I intend to change this, and to do everything in my power to make the Department more responsive, cooperative, and accessible."



Farmers to be Offered Variable-Rate Mortgages

The country's largest bank. . . California's *Bank of America*. . . which has been one of the pioneers in offering *Variable-Rate* mortgages to home buyers in cities and suburbs. . . has announced that it will begin offering *VR* loans to agricultural borrowers.

The *Bank* loaned almost \$2 billion to California farmers and ranchers in 1976 at fixed-interest rates. Under the *VR* plan. . . the interest rate will be $\frac{1}{2}$ percentage point below fixed-rate loans. When such a loan is made. . . the interest rate will be determined by a formula tied to *Moody's AAA* corporate bond yield. The mortgage interest rate will be the *Moody* bond rate plus 1 percent. . . calculated to the nearest $\frac{1}{4}$ point. In early February . . . the *Moody* rate was slightly over 8 percent. . . which would convert to a *VR* mortgage rate in the 9-9 $\frac{1}{4}$ percent range.

The initial rate for each mortgage will remain unchanged for at least 6 months. . . and will be recalculated each January and July.



FHLBB Reaffirms Equal Opportunity Objectives

Federal Home Loan Bank Board Chairman Garth Marston has reaffirmed the *FHLBB's* commitment to equal opportunity in housing finance and suggested that member institutions review their current practices and undertake employee training programs whenever necessary to assure full compliance with nondiscrimination statutes and regulations.

In a letter to all member institutions. . . Marston stated, "*The Federal Home Loan Bank Board* fully supports the objectives of the *Equal Credit Opportunity Act*, as amended, and is vigorously opposed to unlawful discrimination in housing finance."

Commenting on the letter Chairman Marston said, "*The Equal Credit Opportunity Act* does not require anyone to make unsound loans and compliance will not result in unsound loans. We are living in a constantly changing world, and I suggest that all lending institutions review their underwriting standards regularly to assure that they are not inadvertently excluding economically sound loans. Equal opportunity in housing financing is clearly the law of the land. But more importantly, equal opportunity is simply a matter of good business."

New Publication



Managing Chicago's Urban Dollar. . . published by *TRUST, Inc.* . . a nonprofit, nonpartisan Chicago organization. . . which serves as a catalyst in stimulating citizens participation in Chicago's problems. The book covers neighborhood revitalization, tax-base stabilization, and related subjects. Price \$5.50 per copy; \$4 each for 5 or more, postpaid. Special prices for students and nonprofit organizations. . . from *TRUST, Inc.*, 53 West Jackson Street, Chicago 60604.

Estimates for Construction Capital Spending Raised

McGraw-Hill has updated its estimate of probable construction volume for the year 1977. The new figures reflect the view of the *Company's* analysts that the earlier forecast made last October was on the low side... and that this applies not only to the residential segment of construction activity. Basing the new forecasts on recent surveys made of business and industrial firms regarding their capital spending plans in 1977... *McGraw-Hill* expects that 1977 capital spending by all business firms will exceed 1976 by 15 percent... reaching over \$139 billion... compared to last year's \$123.2 billion.

A *Department of Commerce* survey conducted in late-January early-February... when the worst winter weather in history was at its height... confirms the *McGraw-Hill* overall estimate. The *Commerce* survey indicates a likely 11.7 percent increase in 1977 capital spending over 1976... compared to an earlier estimate... made in December of a 1977 spending rate rise of 11.3 percent over 1976. And *Commerce Department* analysts believe the figure could go even higher than the current estimates indicate.

The *McGraw-Hill* survey shows the largest single area of increase... spending on manufacturing facilities... is likely to increase 17 percent... with the makers of automobiles, trucks, and automotive parts climbing most... 60 percent... in the durable goods portion. Among nondurable goods manufacturers... rubber product companies are planning a 68 percent increase over 1976.

In the nonmanufacturing category... which includes mining, railroads, utilities, and communications... a 13 percent improvement over last year is anticipated.

This large volume of nonresidential construction could have a direct bearing on residential construction... and costs... as both areas use many of the same sources of labor, materials, and design skills in their activities.

New Mortgage Application Published



The *Federal Home Loan Mortgage Corporation (The Mortgage Corporation)* and *FNMA* have jointly announced publication of a revised *Residential Loan Application* which complies with the *Equal Credit Opportunity Act* and *Regulation B* issued by the *Federal Reserve Board*.

The *Act* prohibits discrimination in lending based on race, color, religion, national origin, sex, marital status, or age. In addition, it provides that credit may not be denied because a borrower's income is derived totally or in part from public assistance.

The forms involved are the *FHLMC 65/FNMA 1003 (Rev. 3/77)* and supporting schedule *FHLMC 65A/FNMA 1003A (Rev. 3/77)*. The *Federal Reserve Board* has said that use of these forms by mortgage loan originators will constitute full compliance with the *Board's* new regulations concerning credit applications. The new joint *FHLMC/FNMA* forms must be used for all loan applications taken on and after July 1, 1977. The revised or existing forms may be used prior to this date.

Lenders participating in *FHLMC*, *FNMA*, or *GNMA* programs will receive a copy of the *FHLMC/FNMA Residential Loan Form* in the near future. The form may be printed unchanged under a company's name or logogram.

April 23 is Keep America Beautiful Day



Keep America Beautiful Day 1977 will be Saturday, April 23. This annual national observance is sponsored by *Keep America Beautiful, Inc.*, the nonprofit, public service organization symbolized worldwide by Iron Eyes Cody, the "crying Indian." *KAB Day '77* will highlight what all Americans, working together, can accomplish to improve the environment.

It is hoped that the *Day* will not be limited to just token cleanup, fixup, paintup efforts... although these are a necessary part of activities to spark individual commitment for the environment. Local government agencies, scouts, and other youth groups, men's and women's civic clubs, and companies are among those which can work to sustain... and build upon... the environmental improvements already made in cities across the Nation.

Ford Foundation Grants

The *Ford Foundation* has recently made a number of grants in connection with housing, neighborhood development, and related fields. Further information regarding any grant may be obtained from the grantee.

The Washington Center for Metropolitan Studies, 1717 Massachusetts Avenue, N.W., Washington, D.C. 20036...\$200,000. Founded in 1959...the *Center* was one of the Nation's first to concentrate on regional problems of fragmented jurisdictions, housing, transportation, etc. The new grant is for continuation of activities for 3 years.

Flatbush Development Corporation, 15 Waldorf Court, Brooklyn, N.Y. 11230...\$30,000; *Hyde Park-Kenwood Community Conference*, 1400 East 53rd Street, Chicago 60615, \$7,953; *Sherman Park Community Association*, 4634 W. Burleigh Street, Milwaukee, Wisc. 53210...\$15,000; *City Planning Department Fund*, 2 Lafayette Street, New York 10007...\$7,500. All four programs to help multiracial urban neighborhoods achieve and maintain stability.

Neighborhood Housing Services of Chicago, Ill. West Washington Street, Room 1828, Chicago 60602...\$25,000 for partial support of a neighborhood conservation program, the first phase of which will be rehabilitation of *HUD*-foreclosed houses.

Office of Urban Metropolitan Development, Ford Foundation, 320 East 43rd Street, New York 10017...\$88,500 for a 2-year *Foundation*-managed project for training and program development assistance for public housing tenants in a local tenant organization in Massachusetts.

Southeast Development, Inc., 10 South Wolfe Street, Baltimore, Md. 21231...\$92,000 for a 3-year experiment in prepaid housing maintenance in southeast Baltimore. The aim is to prevent a new cycle of deterioration of houses that have been brought up to standard under neighborhood conservation programs.

HUD newsletter

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

HUD-318-273-ASI
March 28, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic...\$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. Use of funds for printing this publication approved by the Office of Management and Budget, January 9, 1973.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401



HUD NEWSLETTER
March 28, 1977



April 4, 1977

Vol. 8 No. 14

Current Trends

HUD's survey of mortgage conditions at the beginning of March showed that nationally... the average secondary market price for immediate delivery of HUD/FHA-insured 8 percent new-home mortgages with 30-year terms and minimum downpayments decreased 7/10 of a point... to \$96.1 per \$1000 of outstanding loan amount. The FHLBB report for February indicates a continuing decline in interest rates for conventional mortgages... to a rate of 8.98 percent... down from January's 9.05. The February rate was the lowest since July 1974.

The FHLBB also reported new home prices rose again in February. Highest average price of new homes in the Nation reached \$86,600 in New York City.

As already reported... housing starts in February reached the second highest level for any month in history. This was of particular significance in view of the sharp reduction in housing activity in January as a result of the extreme weather conditions in much of the country. Biggest gain in starts was in the North Central region. Compared to February 1976... the rate of starts was 21 percent higher. Also building permits... an indicator of future housing construction activity... rose 16 percent above January's rate and 30 percent above February 1976.

While mobile home shipments rose 2 percent in February above January's rate... the seasonally-adjusted rate of 264,000 units for the month fell 8 percent below the February 1976 level... according to the *Manufactured Housing Institute*.

The *National Association of Mutual Savings Banks* reports that savings inflows in February showed a net gain of \$600 million. The *Association* called the month 'about average'... and 'roughly comparable' to January.

Project notes totaling \$832.9 million... representing 80 *Public Housing Agencies*... were sold in mid-March at an average interest rate of 2.748 percent. The interest rate last month was 2.663 percent.

Sales of *Series E* and *Series H Savings Bonds* in the fourth quarter reached the highest level of any quarter since 1946... the *Treasury* reported. Combined sales of the two *Series* totaled \$1.82 billion. This compares to \$1.66 billion for the same quarter of 1975. Fourth quarter sales exceeded redemptions by \$536 million... and for the entire year 1976... purchases exceeded sales by \$2.27 billion. At the end of 1976... total value of all *Savings Bonds* and *Freedom Shares* outstanding was \$72.26 billion.



1976 Houses Were Bigger and Better

A joint HUD-Census Bureau study shows that single-family houses completed during 1976 were "larger and better equipped" than those built in 1975. Reporting on the more than 1 million houses completed during 1976 (compared to 866,000 in 1975)... the summary showed the following percentages... with 1975 figures in parentheses:

1,600 square feet or more... 49 percent (45).

Central air conditioning... 49 (46).

Two-or-more baths... 67 (59).

Fireplaces... 58 (52).

National Trust Announces Main Street Project Competition

The towns of Madison, Indiana; Hot Springs, South Dakota; and Galesburg, Illinois, have been selected as demonstration towns for downtown rehabilitation under the *Main Street Project* of the *National Trust for Historic Preservation*.

The *Main Street Project* is a 3-year program designed to encourage small municipalities to restore the economic, social and aesthetic integrity of their central business districts. Each of the three *Main Street* model communities... chosen from among 69 which entered a 10-State competition... will be studied by a team of professional consultants and *National Trust Main Street* staff members. The consulting team will recommend a master plan for the revitalization of each town's central business district. Their recommendations will cover town planning, architecture, public relations, and merchandising/marketing.

Historic preservation techniques will be employed to enhance each town's appearance, and to attract the downtown customers each must have to prosper.

In addition to helping the demonstration communities, the *Main Street Project* will ultimately include a practical handbook spelling out the practices followed, costs incurred, and benefits accruing in each community. A film will be produced and three annual workshops on downtown revitalization will be held.

Each of the three demonstration towns presents different downtown problems. It is hoped that this will insure the widest possible applicability of techniques used during the revitalization of the demonstration communities.

Galesburg, Illinois... population 37,100... is the largest of the three. A major industrial and rail center in west central Illinois, it has a half-dozen outstanding historic buildings, an excellent historic residential area and a sound economy.

Madison, Indiana, is an Ohio River market and industrial town with a population of 13,600. The downtown area—built almost entirely in the Italianate style... during the late 19th century... is one of the most exceptional architectural resources in the Midwestern U.S. The downtown district is graced by a handsome courthouse and surrounded by residential districts containing Federal and Greek Revival-style houses, providing an interesting mix of architectural styles throughout the town.

Hot Springs, South Dakota, a town of 5,000 which physically evokes the West... has no industry. Although it is a regional retail and marketing center, the town has always had tourism and recreation as its major economic base. Most of the downtown buildings are constructed of native Lakota sandstone, the same color as the canyon walls which hem in the small downtown area.

Each of the demonstration towns will pay one-third of the cost of consulting services rendered in the town. Remaining costs will be borne by the *National Trust*, under a \$20,000 grant from the *National Endowment for the Arts*, a \$125,000 grant from *Bird and Sons, Inc.*, Walpole, Massachusetts, and other donations. Total budget for the project will exceed \$250,000.



Neighborhood Stabilization Publication Available

The First Year: A Status Report to the Community on the Bronx Neighborhood Stabilization Program... a 25-page report summarized the Program's aims and structure, reviews accomplishments since the program began operations in the Bronx in January 1976, and identifies strategies and plans for the second year. The report is available free to individuals and groups involved in neighborhood stabilization and preservation, \$2.00 to others, from either the *Commission on Human Rights, Research and Information Division*, 52 Duane Street, New York, N.Y. 10007, or the *Bronx Neighborhood Stabilization Program Office*, 4101 White Plains Road, Bronx, N.Y. 10467.

Flood-Threatened Contents Can Be Moved

Property owners covered by *Federal Flood Insurance* who pay to have the contents of their homes or businesses moved when a flood threatens their property are eligible for reimbursement.

An agreement has been reached between *HUD's Federal Insurance Administration (FIA)* and the *National Flood Insurers Association (NFIA)*. . . the group of private insurers who market policies and process claims. . . which will honor such claims. Clarifying language reflecting this becomes part of the standard flood policy.

It was also agreed, that the new action would not deprive policy holders who previously were denied claims for moving costs from resubmitting those claims if they are otherwise enforceable.

To be applicable. . . the insured structure must be in imminent danger of a "flood" as defined by the policy. . . even though the building itself in which the contents are located does not sustain damage. The standard deductible. . . usually \$200. . . will apply to all claims.

The agreement provides coverage, subject to the policy's limits, for "reasonable" expenses in moving the contents to a safe area and temporary storage not exceeding 45 days. For the coverage to apply. . . the policy holder must submit evidence that out of pocket costs were incurred to rent the needed equipment or pay to have the work done by a third party.



Washington to Process Section 202 Applications

Secretary Harris has announced that *HUD's Central Office* will handle the selection of sponsors for fund reservations under *Section 202 of the Housing Act of 1959 for Fiscal Year 1977*. *Section 202* provides direct Government financing to private nonprofit sponsors for the construction or rehabilitation of housing for the elderly or handicapped.

The decision to retain the sponsor selection process in the *Central Office* was made to assure that available *Section 202* funds are fully obligated by September 30, 1977. . . in order to prevent the loss of appropriations not reserved by that time. Some proposed rules published in January by the *Department* resulted in extensive comments. Rather than delay the *Program* until the questions raised by the comments were resolved. . . it was decided to proceed with the *202* funding under existing regulations.

Comments received as a result of publishing the proposed new regulations are being studied carefully. After the analysis of these comments is complete. . . final regulations will be published to be effective in Fiscal Year 1978.

Approximately \$600 million of *Section 202* borrowing authority remains available for new applications this fiscal year.



Rural Housing Slides Available

The *Rural Housing Alliance* has issued two sets of slides for distribution:

Farm Labor Housing — An introduction to the *FmHA Farm Labor Housing Program* for groups interested in providing better housing for farm workers. Major steps in preparing *Section 514/516 Loan and Grant Applications* are reviewed. 80 slides plus five page script. . . \$35.

Rural Rental Housing — An introduction to the *FmHA Rental Housing Program* from groups interested in providing better housing for low-income families. Major steps in preparing a *Section 515 Loan Application* are reviewed. 72 slides plus cassette that has both audible signal and inaudible pulsed signal. . . \$35.

Available from the *Alliance*, 1346 Connecticut Ave., N.W., Washington, D.C. 20036.

December Mortgage Loans Up

HUD has released final figures for December 1976 showing that a total of \$10.2 billion of home mortgage loans was closed that month... up from the \$9.4 billion in November and 45 percent greater than in December 1975 when originations aggregated \$7.0 billion. Savings and loan associations accounted for \$5.6 billion or 55 percent of the home loans closed... compared to 54 percent last December. Commercial banks increased their market share from 19 to 20 percent... while the share for mortgage companies dropped from 18 to 16 percent. For the third consecutive month originations of long-term multifamily loans were higher than a year ago... with the volume reaching \$1.3 billion... or 24 percent higher than in December 1975. S&Ls made \$600 million... 47 percent of the market compared to 40 percent last year. The market share for life insurance companies expanded from 8 to 12 percent... for *Mutual Savings Banks* it went up from 11 to 12 percent and for commercial banks from 6 to 10 percent. Total construction loans for homes amounted to \$2.3 billion in December, 64 percent above the volume a year ago. S&Ls accounted for 53 percent... compared to 54 percent last year. Commercial banks increased their market share from 33 to 36 percent. Multifamily construction loans at \$.5 billion were 10 percent greater than in December 1975.



FYI

Municipal Finance Officers Association of the U.S. and Canada... Annual Convention... Atlanta, April 17-21. Details: MFOA, 1313 E. 60th St., Chicago, Illinois 60637 (312/324-3400).

National Leased Housing Association... 1-day workshops: *Owning A Section 8 Project: Tax Aspects and Equity Syndication...* San Diego, April 22... New York City, April 29. The *Section 8 Program* is the Federal Government's major subsidized housing effort. Details: NLHA, 1800 M St., N.W. Washington, D.C. 20036 (202/785-8888).

American Society of Planning Officials... Annual Convention... San Diego, April 23-28. Details: ASPO, 1313 E. 60th St., Chicago, Illinois 60637 (312/947-2560).

HUD newsletter

HUD-318-274-ASI
April 4, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. Use of funds for printing this publication approved by the Office of Management and Budget, January 9, 1973.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401



HUD NEWSLETTER
April 4, 1977



April 11, 1977

Vol. 8 No. 15

Current Trends

The *Veterans Administration* reports that nearly 100,000 veterans obtained new *GI*-home loans during the past 2 years after once using their entitlement and then having it restored. Under a law effective January 1, 1975... restoration of home loan eligibility could be obtained if the loan had been satisfied and the home sold. Since 1944... more than 9½ million veterans have borrowed \$129 billion under the *VA Loan Guaranty Program*. Most veterans who served since September 1940 are still potentially eligible for a *GI* loan.

Urban renewal project notes totaling \$160 million representing 55 *Local Agencies*, were sold in late March at an average interest rate of 2.77 percent. Average interest rate for the \$156 million of project notes sold in late February was 2.623.

The *Federal Home Loan Mortgage Corporation* has announced that it will initiate monthly auctions of 6-month commitments to purchase conventional home mortgages. This is the first time the *Corporation* will auction 'forward commitments' for non-*HUD/FHA/VA* mortgages.

Auction yields increased as *FNMA* issued \$402 million in 4-month commitments to purchase both *Government*-backed and conventionally-financed home mortgages. Of the total... \$287 million in *HUD/FHA/VA* mortgages were sold at an average yield of 8.703 percent... up from 8.661 at the previous sale. The conventional mortgages... totaling \$115 million... were sold at an average yield of 8.924 percent... compared to 8.896 percent two weeks earlier.

Government borrowing costs increased at the latest sale of *Treasury* bills... compared to the previous auction. On \$2.3 billion of 91-day bills... the latest rate averaged 4.609 percent... up from the earlier 4.553 percent. On \$3.4 billion of 182-day bills... the rate averaged 4.870 percent... up from 4.826 percent.



More HUD Officials Confirmed

The *Senate* has confirmed two more of President Carter's nominations of *HUD* Assistant Secretaries. They are:

Lawrence B. Simons, as Assistant Secretary for Housing-Federal Housing Commissioner. Formerly head of his own home building firm in Long Island, New York... the *LBS Construction Company*... he also served as a member of the Board of Directors of the *New York State Urban Development Corporation*.

Robert C. Embry, Jr., as Assistant Secretary for Community Planning and Development. Since 1968, Mr. Embry has been Commissioner of *Housing and Development* for the City of Baltimore.

Several additional vacancies have not yet been submitted for *Senate* approval.

Section 8 Amendments Published

HUD has published proposed amended regulations designed to facilitate the financing of *Section 8 Low-Income Housing Projects* through issuance of tax-exempt bonds or other obligations by *Public Housing Agencies* or their agencies or instrumentalities.

The *Section 8 Program* calls for lower-income tenants to pay 15 to 25 percent of their income for rent and for Federal subsidies to owners to bring total monthly payments up to the approved total rent of the unit.

These regulations will safeguard the interests of the bond holders... particularly by requiring that the proceeds of the obligations be held in escrow until after completion of the project and execution of the *HUD Section 8 Housing Assistance Payments Contract*. Prior use of the proceeds would be permitted only for bond issuance expenses and capitalized interest.

Upon completion of the project and execution of the *Housing Assistance Payments Contract*... the bond proceeds would be used to discharge the short-term construction loan. The bond proceeds would also provide for a reserve equal to one year's debt service on the bonds, to be deposited in an interest bearing account. This fund and its interest income would be used only for the purpose of debt service on the bonds.

These amended regulations are expected to make the securities much more attractive to investors and to greatly facilitate HUD processing. They should have a substantial impact on the backlog of *Section 8* projects in the HUD pipeline which are awaiting the availability of financing.



Uniform Mortgage Instruments Adopted

The *Federal Home Loan Mortgage Corporation (The Mortgage Corporation)* and the *Federal National Mortgage Association (FNMA)* have announced that their uniform mortgage documents are now acceptable for use in connection with home mortgage loans guaranteed by the *Veterans Administration*. The move... they said... is aimed at facilitating the sale of VA-backed loans to permanent investors, thereby improving the flow of funds into that sector of the housing market.

Until now... the uniform instruments... notes, deeds of trust, and mortgage forms... have been used only for conventional mortgages, those financed without *Government* backing.

Lenders who sell mortgages to the *Government National Mortgage Association* are also being notified of the acceptability of the documents for this purpose.

Use of the mortgage documents, the provisions of which are uniform for all States except for minor variations to comply with certain State laws... greatly facilitates the sale of housing loans by originating lenders to permanent investors in the national secondary mortgage market. The improved marketability of mortgage loans increases the availability of funds for housing in all sections of the country.



Cabinet-Level Urban Group Appointed

The President has designated HUD Secretary Harris as chairman of a 5-member Cabinet-level policy group on regional and urban development. In addition to Mrs. Harris... the members will include the Secretaries of *Treasury; Commerce; Labor; and Health, Education, and Welfare*. It is expected that the officials will conduct a comprehensive review of all Federal programs that affect urban and regional matters.

A similar group... the *Committee on Urban Development and Neighborhood Revitalization* had been set up by the previous *Administration*. This *Committee* made a preliminary report before the Election, but no recommendations were made. The new group is expected to take up the uncompleted survey.

Appalachian Housing Program to Begin

A technical services contract has been awarded to the *Housing Assistance Council of Washington*. . . financed by grants from the *Appalachian Regional Commission*. . . which permit new housing programs in Kentucky, Mississippi, and Pennsylvania. The contract provides for the *Council* to help the States establish operating procedures and guidelines for the *Program*, conduct technical training for selected State and local housing personnel, and provide direct on-site technical assistance in the initial implementation phases of the States' programs.

The State-administered housing programs include predevelopment loans and land writedowns through site development and off-site improvement grants. The funds may be used for the development of low- to moderate-income subsidized housing that is located in the Appalachian counties of the States. As a result of the 1975 *Amendments to ARC's* legislation. . . all subsidy programs may be used with *ARC* housing funds, including those of the *Farmers Home Administration*, *State Housing Finance Agencies*, *HUD's Section 8 Rental Assistance* payments, and the traditional *Public Housing Program*. In addition to administering the *ARC* funds, the States will provide technical assistance to successful applicants to help insure the ultimate success of their housing projects.

The *Housing Assistance Council (HAC)*, is a federally-funded nonprofit corporation that operates a national predevelopment loan fund for developers of subsidized housing for rural low-income people. . . and also conducts technical assistance programs, research and demonstration projects, housing policy analyses, and training and information services to nonprofit, public and private organizations nationwide.

The contract calls for *HAC* to:

- Develop operating procedures
- Organize and conduct technical training workshops
- Provide additional on-site assistance.

Additional information may be obtained from:

Lynn Luallen, Executive Director
Kentucky Housing Corporation
1121 Louisville Road
Frankfort, Kentucky 40601

Mr. William Smallwood, Director
Division of Housing Coordination
Office of Appalachian Development
Tupelo, Mississippi 38801

Mr. David Chittister, Chief
Housing Division
Bureau of Housing Development
Department of Community Affairs
212 South Office Building
Harrisburg, Pennsylvania 17120

or

William Powers, Director
Government Services
Housing Assistance Council, Inc.
1601 Connecticut Avenue, N.W.,
Washington, D.C. 20009
(202-483-1426).

FYI

National Association of Regional Councils... Annual Convention... San Antonio, May 1-3. Details: *NARC*, 1700 K St., N.W., Washington, D.C. 20006 (202/296-5253).

Chamber of Commerce of the United States... Annual Convention... Washington, D.C., May 1-3. Details: *CofC of the U.S.*, 1615 H St., N.W., Washington, D.C. 20062 (202/659-6203).

National Association of Home Builders... Spring Board Meeting and Builders Conference... Washington, D.C., May 5-10. Details: *NAHB Convention and Meetings Department*, 15th & M Sts., N.W., Washington, D.C. 20005 (202/452-0420).

International Masonry Institute... 7th Annual Promotion Meeting... Chicago, May 8-11. Details: *IMI*, 823 Fifteenth St., N.W., Washington, D.C. 20005 (202/783-3908).

American Water Works Association... Annual Convention... Anaheim, May 8-13. Details: *AWWA*, 6666 W. Quincy Ave., Denver, Colorado 80235 (303/794-7711).

Mortgage Insurance Companies of America... Annual Meeting... Washington, D.C., May 11-12. Details: John Williamson, *MICA*, 1825 K St., N.W., Suite 604, Washington, D.C. 20006 (202/785-0767).

Federation of Canadian Municipalities... Annual Conference... Toronto, May 15-18. Details: *FCM*, 600-220 Laurier Ave., W., Ottawa, Ontario, Canada (613/237-5221).

National Fire Protection Association... Annual Convention... Washington, D.C., May 16-20. Details: *NFPA*, 470 Atlantic Ave., Boston, Mass. 02210 (617/482-8755).



New Publication

The Municipal Year Book 77... for over 40 years the authoritative research tool of city and county officials, researchers, etc. 416 pages...over 100 tables. Price: \$27.50 postpaid; \$26.00 if payment accompanies the order. Available from *ICMA*, 1140 Connecticut Ave., N.W., Washington, D.C. 20036 (202/293-2200).

HUD newsletter

HUD-318-275-ASI
April 11, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. Use of funds for printing this publication approved by the Office of Management and Budget, January 9, 1973.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
HUD-401



HUD NEWSLETTER
April 11, 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



April 18, 1977

Vol. 8 No. 16

Current Trends

New construction contracts in February... according to the *F.W. Dodge Division of McGraw-Hill*... rose 14 percent above the February 1976 level. Residential construction was the best performer... increasing 34 percent over a year earlier... with apartment construction continuing the strong rate of recent months. The first disbursements under the *Federal Public Works Act of 1976*... were responsible to a significant degree for the rise in nonbuilding construction activity... such as water lines, highways, sewers, etc. Industrial construction showed a drop of 3 percent from 1976. Construction contracts for the first 2 months of 1977 were \$14.2 billion... 8 percent higher than the same period of 1976.

In January... mortgage loan closings for residences increased 40 percent over the same month a year ago. *HUD's* survey shows the total at \$8.5 billion... with S&Ls accounting for 53 percent of home loans... compared to a share of 51 percent in 1976. Commercial banks represented only 19 percent of home mortgages in January 1977... down from 24 percent in January 1976... and mortgage companies also declined:... from 16 to 13 percent. Construction loans for the month came to \$1.8 billion... 48 percent higher than last year. Apartment house loans rose 4 percent over 1976... but in this category... it was commercial banks that led... 40 percent of such loans... while S&Ls represented 30 percent.

The *U.S. League of Savings Associations* reports mortgage loan delinquencies at S&Ls have dropped from their 10-year high a year ago. The rate in both January and February was below 1 percent... compared to the high in February 1976 of 1.06 percent. The *Mortgage Bankers Association* confirms the trend in a report on delinquencies which places the rate of foreclosure actions taken in 1976 at .69 percent. The *MBA* survey reports that there was a short, temporary bulge this winter because of exceptionally high heating bills... but the tapering-off of delinquencies looks like it will continue.

Savings inflow of S&Ls declined in February from the near-record January volume... but were still very large... while mortgage lending activity of associations increased slightly... the *FHLBB* reports. February net new savings receipts of FSLIC-insured savings and loan associations totaled \$3.2 billion. This was \$1.8 billion less than in January. A large portion of this decline reflected the typical seasonal pattern... but this was the second largest February volume on record... being exceeded only by the \$3.7 billion received in February 1976. January inflow had also been less than the year earlier volume. Preliminary reports indicate mortgage loans closed by federally-insured associations totaled \$5.5 billion in February. This was \$200 million more than in January... and 35 percent more than the prior February record set a year earlier. The month-to-month rise in lending volume... nevertheless... was smaller than the typical increase from January to February. Future mortgage lending commitments showed more than seasonal strength. Outstanding commitments rose by \$1.8 billion to total \$16.7 billion. This was 31 percent higher than a year earlier.



1976 Homes Sales a Record

Sales of existing single-family homes rose to a record 3 million last year... the *National Association of REALTORS* said. The previous record was 2.45 million in 1975.

The increase was attributed to "the ample supply of mortgage funds at interest rates that were the lowest in recent years, bright employment prospects, and a substantial rise in personal income."

Significant Decision

In *Chester C. Thompson et al. v. Walter E. Washington* (Mayor of Washington, D.C.) *et al.*, U.S. Circuit Court of Appeals, District of Columbia Circuit, No. 75-1789; *Elizabeth Marshall, et al. v. Patricia Roberts Harris, et al.*, U.S. C.A. (D.C. Circuit), No. 75-1910, the Court of Appeals for the D.C. Circuit... in a consolidated decision... refused to require the mortgagor or the National Capital Housing Authority (NCHA) to refund increases in rents which were approved in 1970 without tenant participation. After weighing the equities, the Court in *Marshall* stated that there was no need to require the reprocessing of the 1970 rent increase application because subsidized tenants were provided an opportunity to participate in the approval of a subsequent rent increase application in 1974. In *Thompson*... however... the Court stated that the NCHA had to provide Public Housing tenants with an opportunity to comment on the 1970 rental increase application "to ensure that current rents and rents paid in the foreseeable future are not excessive." The Court suggested that it would not have required a reexamination of the existing rent schedule if an application for a rent increase had been approved subsequent to the 1970 application, and tenants had been provided with the right to participate in the decision-making process leading to approval of that rent increase.



HUD Joins Restoration Effort

History and housing are sharing equal billing in a Federal-corporate agreement to restore and revitalize Glen Gardens... a rundown housing project adjoining the historic Frederick Douglass Home in Washington, D.C.

The 152-unit Douglass Glen Gardens in the Anacostia section of Washington will be sold to the nonprofit *Frederick Douglass Housing Corporation (FDHC)*. HUD acquired the property through foreclosure in January 1975.

The Glen Gardens site contains 16 three-story buildings and is part of a 14-acre tract that includes the imposing last residence of Frederick Douglass... former slave, abolitionist, writer, civil servant, and diplomat. It was his home from about 1878 until his death in 1895.

HUD Secretary Harris said the sale will enable the *Frederick Douglass Memorial and Historical Association*... FDHC's parent organization... to carry out restoration of the entire 14-acre area, originally known as Cedar Hill.

The Association was chartered by Congress in 1900 and organized to carry out the wishes of Douglass' widow, Mrs. Helen Pitts Douglass, that Cedar Hill, after her death, be preserved as an example of the contributions of black Americans to the history and culture of the United States.

Secretary Harris said the Douglass Glen project itself will be rehabilitated for tenant use under HUD's Section 8 Rent Subsidy Program for lower-income families... and that this innovative approach to property disposition can upgrade the declining area now surrounding the historic Douglass Home site.



Lot and House Size Continue Increase

The living area and lot size of new homes insured by NAHB's HOW (Home Owners Warranty Program) increased in February... continuing the recent trend. The median sales price of new homes insured under the Program... however... declined during the month from \$44,950 in January to \$44,100. The increase in living area was .6 percent and the lot size went up 8.9 percent.

The average sales price of new homes covered by HOW in February was \$47,041... compared to the median of \$44,100. Median lot value was \$8,500 for 9,800 square feet... and median living space area was 1,610 square feet. Median square foot cost of construction for the month was \$28.20.

A year earlier... in February 1976... the comparable figures were: average sales price \$43,519... median sales price, \$40,450... median lot size 8,750... median lot value \$8,000... median cost per square foot of house, \$27.40.

Local Taxes Vary Widely

A *Census Bureau* study of State and local taxes shows a wide discrepancy between the tax burden of the country's largest cities. The combined State and local taxes for the major cities show New York City having the highest taxes. . . with San Antonio the lowest. Washington, D.C. is not included in the tabulation. . . as it is not part of a State. The combined State and local tax burden for the various cities: San Antonio - \$387; Houston - \$431; Indianapolis - \$474; Dallas - \$490; Cleveland - \$503; San Diego - \$532; Chicago - \$580; Los Angeles - \$619; Milwaukee - \$632; Philadelphia - \$717; Detroit - \$731; Baltimore - \$813; San Francisco - \$936; Boston - \$1,007; and New York - \$1,216.



Growth in South Slowing

In a *Wall Street Journal* article. . . Juan de Torres. . . economist for the *Conference Board*. . . the nonprofit research organization supported by the American business community. . . said the "explosive growth of the 'New South' seems to be slowing slightly."

Between 1940 and 1969. . . he says. . . the South had a large excess rural population, largely because mechanization was displacing farm workers. Many rural people migrated to Northern and Western cities, as well as to Southern cities. This migration essentially ended about 1969.

Since that time Southern-State population has been growing faster. This reflects primarily the end of the rural-population decline, not a faster growth of the metropolitan areas, according to the analysis.

In metropolitan areas, wage rates have risen so much that the North-South wage gap is almost closed. Currently, Mr. de Torres says, there are few signs that jobs are being lured from other parts of the country by low wages.

Mr. de Torres emphasizes that he expects the metropolitan South to continue to experience strong growth. If current trends continue, he says, the metropolitan South will account for about 16 percent of the country's personal income by 1990, up from 12 percent in 1974. But this won't equal the rapid growth rate of the period between 1940 and 1969.

FYI



University of Kansas (Graduate Program in Urban Planning). . . *Symposium on the Convergence of Urban Planning and Urban Administration*. . . Kansas City, Mo., May 5-7. Details: Thomas D. Galloway, 111 Marvin Hall, *Univ. of Kansas*, Lawrence, Ks. 66045 (913/864-4184).

National Center for Housing Management. . . *3rd Annual National Housing Management Conference and Educational Exposition*. . . Washington, D.C., May 10-13. Details: Registrar, *NCHM*, 1133 15th St., N.W., Washington, D.C. 20005 (202/872-1717).

National Conference on Social Welfare. . . *Conference*. . . Theme—*The Public, Private and Consumer Partnership: Sighting for the Third Century*. . . Chicago, May 15-18. Details: *NCSW*, 22 West Gay St., Columbus, Ohio 43215.

National Solid Wastes Management Association. . . *Annual Convention*. . . New Orleans, May 18-21. Details: *NSWMA*, 1120 Connecticut Ave., N.W., Suite 930, Washington, D.C. 20036.

Urban Land Institute. . . *Semiannual Convention*. . . Phoenix, May 22-24. Details: *ULI*, 1200 18th St., N.W., Washington, D.C. 20036 (202/331-8500).

International Institute of Municipal Clerks. . . *Annual Convention*. . . Kansas City, Mo., May 22-25. Details: *IIMC*, 160 N. Altadena Dr., Pasadena, Calif. 91107 (213/795-6153).

American Bankers Association. . . *National Conference on Real Estate Finance*. . . San Francisco, May 22-25. Details: *ABA*, 1120 Connecticut Ave., N.W., Washington, D.C. 20036.

Architectural Medal to Go to Writer

Ada Louise Huxtable... the noted architectural critic of the *New York Times*... is the first non-practicing architect to be awarded the prestigious *Thomas Jefferson Medal in Architecture* awarded by the *University of Virginia*. Previous awards have gone to Lewis Mumford, Ludwig Mies van der Rohe, and I.M. Pei.

The award... on *Founder's Day*... celebrated by the *University* and the *Thomas Jefferson Memorial Foundation*... is a replica of the medal given Jefferson by *Congress* on the 25th anniversary of the signing of the *Declaration of Independence*.



Residential Maintenance and Repair Rises

The *Census Bureau* reports that 1976 expenditures for upkeep and improvement of residential properties rose 15 percent over 1975. The 1976 total was \$29.1 billion... compared to \$25.2 billion the previous year.

Of the total... 70 percent was spent by owner-occupants of properties with 1- to 4-housing units, and the remainder by nonresident owners of 1-4 unit properties and by owners of all multifamily properties.

Maintenance and upkeep accounted for \$11.4 billion of the total... including \$4.5 billion for painting, \$1.1 billion for plumbing, \$777 million for roofing, \$578 million for heating and central air conditioning, and \$263 million for siding.

Construction improvements came to \$17.7 billion... which included \$3.5 billion for additions to structures and \$2.5 billion for additions and alterations outside the structures... \$6.4 billion on alterations within the structures, and \$5.3 billion for major replacements and improvements.

In the fourth quarter of 1976 expenditures for upkeep and construction improvements of residential properties were at the rate of \$7.3 billion... which converts to a \$30.2 billion seasonally-adjusted annual rate.

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

HUD-318-276-ASI
April 18, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. Use of funds for printing this publication approved by the Office of Management and Budget, January 9, 1973.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
HUD-401



HUD NEWSLETTER
April 18, 1977

Acquisition Section
Library - RM 8141

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



April 25, 1977

Vol. 8 No. 17

Current Trends

The *FHLBB* reports that interest rates on existing home mortgages declined in March... for the sixth consecutive month... to 8.95 percent... from February's 9 percent. Rates on new homes also declined during the month to 8.97 percent. Financial analysts... however... are pretty well agreed that the current low rates will not continue for long. Among other indications of a probable rise in rates... the analysts point to the yield rates at the latest sale of *FNMA* 4-month commitments (mortgages for future delivery) which continued upward for both conventional and *Government*-backed mortgages. In the *Government*-backed sale... \$201.9 million of commitments were sold at 8.716 percent... compared to 8.703 in the previous sale... and the recent low of 8.385 at the end of 1976. In the conventional sale... \$158.3 million of mortgages were sold at an average yield of 8.973 percent. The previous sale was at 8.924... and the year-end rate was 8.795.

There was one bit of good news in the *Bank Board* report. The average price of existing homes sold during March held steady for the third consecutive month... at \$45,900. This steadiness comes after a series of sharp rises during late 1976 which resulted in the March 1977 average being \$5,800... or 15 percent... ahead of the March 1976 average. For new homes... however... the upward trend continued. The average price of new homes purchased during March rose to a record \$53,800... compared to the previous record of \$53,100 in February. The highest price for new homes for the month was in the Washington, D.C. area... \$71,800... and for existing homes Los Angeles was highest... with an average of \$66,700.

Congress has passed and sent to the President a bill restoring to the *FHLBB* the authority to set maximum interest rates for *S&L* deposits. The earlier authorization expired on March 1... and the new legislation reinstates the authorization through December 15, 1977. The existing quarter-point spread between *S&L* interest rates and that paid by savings banks is preserved.

Also... *House* and *Senate* conferees have agreed on a supplemental appropriations bill that includes \$200 million for a program that will help poor persons pay for home heating. The bill has gone to the President for approval. The *White House* has indicated the President will sign the bill. Under the legislation... the \$200 million will be allocated to the States according to severity of cold, the cost of fuel in the State, and the number of persons requiring help. The States will make the disbursement, with an allowable maximum of \$250 per household.

The *Department of Commerce* report on construction put in place in February shows a seasonally-adjusted annual rate of \$150.5 billion... up 10 percent over the January level... and 8 percent above February 1976. The rate was 2 percent below that of the fourth quarter of 1976... however. Both public and private construction showed gains. New residential construction showed considerable strength... rising 13 percent above January... and a very healthy 34 percent higher than February 1976. Multifamily housing was even stronger... showing a 16 percent increase over January and 66 percent above February a year ago.

Three More Assistant Secretaries Confirmed

The *Senate* has confirmed three more of President Carter's nominees for HUD. Harry K. Schwartz as *Assistant Secretary for Legislation and Intergovernmental Relations*. . . Geno C. Baroni as *Assistant Secretary for Neighborhood and Non-Governmental Organizations and Consumer Protection*. . . and Donna E. Shalala as *Assistant Secretary for Policy Development and Research*.



Housing Cost Imperiling 'American Dream'

Testifying before the *Senate Appropriations Committee*. . . HUD Secretary Harris described the sharp rise in housing costs along with the current lag in housing construction as "creating a serious housing crisis" unless the *Federal Government* takes quick and dramatic action. "We must conclude," she said, "that the time has come to stop the pain, the suffering, the humiliation, and the indignity caused by poverty-housing conditions."

Mrs. Harris cited a recent study by the *MIT-Harvard Joint Center for Urban Studies*. . . which predicted that the average new house will cost \$78,000 by 1982. . . and that at the current cost. . . \$48,200. . . of an average new house. . . only about 25 percent of American families can afford the 'American dream' of owning a house.

The *MIT-Harvard* study also included these statistics: The median family income in the U.S. has risen 47 percent since 1970. . . the median price of new homes has increased 89 percent. . . and the cost of homeownership has gone up 102.5 percent.

Concluding. . . the report says that the U.S. is neglecting the housing needs of the American people. . . and that the inability of the average family to afford decent housing is "a new form of housing deprivation."



Section 202 Applications Being Received

HUD is inviting eligible applicants. . . such as private, nonprofit corporations and consumer cooperatives. . . to submit requests for Fiscal Year 1977 fund reservations to construct or substantially rehabilitate specially-designed *Housing for the Elderly or Handicapped* under the *Section 202 Direct Loan Program*.

Generally. . . the same requirements and procedures applicable to requests for fund reservations in Fiscal Year 1976 will again be used this year.

It is anticipated that *Section 202* projects also will make use of the *Section 8 Housing Assistance Payments Program* which provides rental subsidies on behalf of eligible lower-income residents of such projects.

It is possible that there may not be sufficient *Section 8* contract authority available before the end of the current fiscal year. . . so that it may not be possible to make immediate *Section 8* allocations to applicants selected for reservations as a result of this invitation.

A proposed supplemental appropriation bill providing additional *Section 8* contract authority has passed the *House* and *Senate*.

However. . . while awaiting the availability of *Section 8* contract authority. . . *Section 202* applicants who are selected will be expected to submit the additional information required under the *Section 8* program. . . and it is intended that they will receive *Section 8* contract authority when it does become available.

Announcement of the availability of these *Section 202* loans was made in the *Federal Register* on April 1. Application forms and other related materials are available from HUD's *Regional, Area, and Insuring Offices* throughout the country, or from Room 9276, HUD, Washington, D.C. 20410.

Requests for fund reservations will be accepted under this invitation until May 31. Applicants should file their requests with the *Assistant Secretary for Housing/Federal Housing Commissioner, HUD*, Attention: Correspondence Unit, Room 9108, Washington, D.C. 20410.

Joint Rural Housing Program Begins

Almost 30 States have asked to be permitted to submit proposals in a joint demonstration program, sponsored by *HUD* and the *Department of Agriculture*. The program is designed to find better methods of helping rural, 'hard to reach' lower-income people participate in community development and housing assistance programs.

Four States will be jointly selected by *HUD* and *USDA* about June 1... to receive areawide grants to develop programs for delivering housing and community development assistance at the local level... using Federal and other resources.

The program will be funded with \$2.5 million of *HUD* discretionary funds under its *Community Development Block Grant Program*, and with an additional \$500,000 from *HUD's Research and Demonstration* funds to cover the State's administrative costs.

The *USDA* has also set aside up to \$35 million in *Rural Housing Loan and Grant* authority, and up to \$5 million in *Community Program* funds, for the demonstration. These grants are in addition to the selected States' allocation for the target areas.

Program regulations were published in the *Federal Register*, September 29, 1976.

The States which have filed Letters of Intent are Alaska, California, Colorado, Connecticut, Georgia, Idaho, Illinois, Iowa, Kentucky, Maine, Maryland, Massachusetts, Michigan, Montana, Nevada, New York, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, Texas, Vermont, Virginia, West Virginia, and Wisconsin.



First Graduated Mortgage Issued

HUD has made the first loan under a new program which was designed primarily to enable young families to meet their mortgage payments more easily.

The loan... in the form of an *FHA*-insured mortgage... was made to a young couple in San Antonio... and was arranged under *HUD's Graduated Payment Mortgage Plan (GPM)* which permits home buyers to make small monthly payments in the early years of a loan. The payments become gradually larger in later years until they level off at fixed amounts.

The first home buyers under the *GPM* plan are George Castillo, 28, and his wife, Virginia, 25, who have a 1-year-old child. Mr. Castillo's monthly take-home pay of \$1,100 would have been insufficient to meet monthly payment requirements under a regular *HUD-FHA Section 203(b)* home mortgage.

The *GPM* plan... however... makes possible smaller monthly payments in the early years of the loan thus enabling the Castillos to meet *FHA* minimum repayment guidelines.

Under the plan... \$350 a month goes for housing outlays, including principal, interest, and utilities on the \$32,800 loan for the \$37,500 home. Corresponding monthly payments would amount to \$410 under the regular *FHA* insurance program. The main difference results from the larger monthly payments of \$60 for principal and interest required by the regular program.

The *GPM* plan falls under the experimental financing authority of *Section 245* of the *National Housing Act*. Some 3,000 units may be insured this fiscal year under allocations made to *HUD Field Offices*.



New Publication

The Housing of Nations: Analysis and Policy in a Comparative Framework... by Leland S. Burns and Leo Grebler, both of the *University of California, Los Angeles*. This is the first book dealing with housing in an international, comparative framework and providing analytical materials and policy recommendations for countries at various stages of development. Price: \$22.50 from *Halsted Press*, 605 Third Avenue, New York, N.Y. 10016.

New Mobile Home Guidelines Published

Mobile home manufacturers now have the necessary guidelines to assist them in developing consumer manuals for homes they produce under Federal standards.

The final regulations creating the guidelines have been announced by HUD... in compliance with the *National Mobile Home Construction and Safety Standards Act of 1974*... which requires manufacturers to prepare and distribute a consumer manual to all purchasers. Under the new regulations the manufacturer must put a manual in every mobile home going into production on or after June 30 before it leaves the manufacturing plant.

While the regulations do not specify a format for the manuals... they explicitly describe the subjects manufacturers should include in their booklets.

Manufacturers should explain the *1974 Act* to consumers, including instructions for submitting complaints about mobile homes.

The consumer manual regulations were published in the *Federal Register* March 31.

☆

FYI

Water Resources Council... Annual Conference... St. Louis, Mo., May 23-25. Details: WRC, 2120 L St., N.W., Washington, D.C. 20037 (202/254-6303).

Building Officials and Code Administrators (BOCA) International and the Canadian Building Officials Association (CBOA)... First Joint Annual Conference... Toronto, Canada, May 29-June 3. This is the *26th Annual Conference* for *BOCA International*, the Nation's oldest association of professional regulatory code officials, and, since its founding in 1915, dedicated to the protection of public health, safety, and welfare. Details: Joan Parker, Staff Secretary, *BOCA International*, 1313 East 60th St., Chicago, Illinois 60637 (312/947-2501).

National Association of Tax Administrators... Annual Convention... Williamsburg, Va., May 30-June 3. Details: NATA, 1313 E. 60th St., Chicago, Illinois 60637 (312/947-2015).

HUD newsletter

HUD-318-277-ASI
April 25, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. Use of funds for printing this publication approved by the Office of Management and Budget, January 9, 1973.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401
FIRST-CLASS



HUD NEWSLETTER
April 25, 1977

May 2, 1977

Vol. 8 No. 18

March Housing Activity Breaks Record

March turned out to be the best single-family housing production month since this country began keeping housing-start records in 1959. Single-family starts for the month were at the seasonally-adjusted annual rate of 1.525 million units... the all-time record. Total housing starts (single and multifamily) came to 2.127 million units... the highest monthly performance since May 1973... and almost 50 percent above the March 1976 rate. The rate in February 1977 was 1.815 million units.

New permits issued during March for single-family homes also broke all records... 1.205 million units... and all housing permits for the month reached 1.708 million units... the highest since August 1973's rate.

Both permits and starts are undoubtedly reflecting the record sales of both new and used housing in recent months. These figures had been reported in earlier issues of the *Newsletter*.

Current Trends



HUD's April 1 survey of mortgage market conditions showed nationally... the average secondary market price for immediate delivery of HUD/FHA-insured 8 percent new-home mortgages with 30-year terms and minimum downpayments decreased 7/10 of a point to \$95.4 per \$100 of outstanding loan amount. This increased the equivalent gross yield to investors to 8.58 percent... a gain of 8 basis points from a month earlier and a total gain of 33 basis points in the past 3 months.

At the end of the third quarter... construction costs were up 9.4 percent over a year earlier... according to the *Dodge Building Cost Index*. The largest increase was in Los Angeles... 18.3 percent... followed by Columbus, Ohio... 17.4 percent. Smallest rises were in Memphis (.4 percent) and Baltimore (.6 percent).

Interest on *Treasury* bills declined again at the latest weekly auction. On \$2.4 billion of 91-day bills... the rate average 4.561 percent... compared to 4.585 in March. The rate for \$3.4 billion of 182-day notes was the lowest since January... 4.767 percent. The January rate was 4.555 percent.

Project notes totaling \$745.3 million... representing 94 *Public Housing Agencies*... were sold in mid-April at an average interest rate of 2.706 percent. The interest rate last month was 2.748 percent.



BOCA Basic Energy Conservation Code Published

BOCA International... the Nation's oldest professional association of regulatory code officials... has issued the *BOCA Basic Energy Conservation Code/1977*. This *Code* consolidates into one volume the energy conservation provisions contained in the nationally recognized *BOCA Basic Code* series. Available at \$5.00 from *BOCA International, Publications Order Department*, 1313 East 60th Street, Chicago, Illinois 60637.

Southern Floods Worst Disaster in 5 Years

HUD Secretary Harris reported that the floods and tornadoes which struck Kentucky, West Virginia, Virginia, and Alabama in early April are the worst disasters suffered in the Nation since Hurricane Agnes hit the East Coast in June 1972.

A major commitment of **HUD** resources and personnel (more than 500 **HUD** employees) has been made to provide temporary housing for the more than 12,000 homeless families in the four States.

The Secretary said that the housing mission will be difficult because of rugged terrain, the amount of preparation necessary for housing sites, and the shortage of existing housing resources. These conditions mean that two forms of temporary housing will be used primarily in these disasters. . . mobile homes and the *Minimal Repair Program*.

More than 5,300 mobile homes are on hand at several storage areas and will be made available to disaster victims. The *Minimal Repair Program*. . . which calls for provision of essential repairs to damaged homes to make them habitable, is expected to alleviate the housing problem somewhat. **HUD** may purchase additional mobile homes if they are required.

Nearly 3,300 applications have been received so far for temporary housing at 23 *Disaster Assistance Centers* in the four-State area.

More than 21,600 persons have registered in the *Disaster Assistance Centers* for the many specialized forms of assistance offered by other Federal and State agencies, including disaster loans, unemployment benefits, and individual and family grants.

Another area of the country is experiencing a disaster of a different type. President Carter has declared the State of Arizona as a disaster area due to the drought that has affected portions of that State. The declaration qualifies the State for Federal assistance.



New US-USSR Studies Announced

The United States and the Soviet Union will exchange technical experts on new town planning and construction under terms of a new protocol signed by representatives of the two nations.

William J. White. . . currently *Executive Director of the Massachusetts Housing Finance Agency*. . . and the newly-designated *General Manager of HUD's New Community Development Corporation*. . . is the U.S. co-chairman of the *Working Group on New Towns* under the *U.S. - U.S.S.R. Agreement on Housing and Construction*. . . said this will be the first exchange of experts for on-site studies of new towns in the two nations.

"There have been short visits to new towns in the Soviet Union and the United States by members of the *Working Group*," said White. "But this will be the first time that in-depth studies will be made by each Nation into the methods and the techniques used by the other to plan and build new towns and other large-scale development."

"The Soviets have had a great deal of experience in building new towns in remote parts of their Nation for energy and mineral resource development under extremely severe climatic conditions," said White. "We face the same problems, particularly in Alaska and the West, as we begin to exploit our energy resources located in similar areas."

"On the other hand," said White, "I think the Soviets could benefit from an examination of some of the techniques and management systems which U.S. developers use in planning and building new towns and other large-scale developments."

The protocol. . . which was recently signed following a visit by the Soviet delegation to new town developments in the Midwest and East. . . also calls for publication of a joint report on new town experience in the U.S. and the U.S.S.R. in early 1978.

Ford Foundation Grants

The *Ford Foundation* has made a number of recent grants in the fields of housing and urban affairs. More details may be obtained from the grantee at the address shown for each.

Cuyahoga Metropolitan Housing Authority. . . \$25,000, to help qualified applicants for Federal rent subsidies find apartments in diversified neighborhoods. Robert J. Fitzgerald, Director, 1441 West 25th Street, Cleveland, Ohio 44113.

Flatbush Committee for Youth, Inc.. . . \$20,000, for a program to involve youth organizations and parents' groups in community development activities in the Flatbush section of Brooklyn. Hazel Weeks, Executive Director, 446 East 4th Street, Brooklyn, New York 11218.

Home Education Livelihood Program. . . \$50,000 supplement, for rural community development activities among Mexican Americans in New Mexico. Jose Rivera, 933 San Pedro, S.E., Albuquerque, New Mexico 87108.

Massachusetts Union of Public Housing Tenants. . . \$48,500, for training and program development assistance for tenant organization in Massachusetts. John Keane, Executive Director, 33 Broad Street, Boston, Massachusetts 02109.

National Rural Center. . . \$20,000, for preparation of a final report on the work of the *Rural Development Task Force*, previously administered by the *Southern Regional Council*. Jack Kornman, 1200 18th Street, N.W., Washington, D.C. 20036.

Urban Institute. . . \$1 million 1-year supplement, for policy-oriented research aimed at finding more effective remedies for city problems, including public-housing management, urban land use, and rising municipal costs. William Gorham, President, 2100 M Street, N.W., Washington, D.C. 20037.

Village of Oak Park. . . \$29,050, for a program to protect homeowners against major losses in the event of a drop in real estate values in racially mixed neighborhoods. Jack Gruber, 1 Village Hall Plaza, Oak Park, Illinois 60302.



AIA Announces Energy Goals

The *American Institute of Architects* has taken a leading role in the advocacy of fuel conservation in buildings. The *AIA Policy on Energy* has been issued in a pamphlet: *Saving Energy in the Built Environment*. . . which is available on request from the *Institute* at 1735 New York Ave., N.W., Washington, D.C. 20006 (202/785-7261).

Based on *AIA* research. . . the publication lists some pertinent data:

- As of 1970, buildings consumed about 33 percent of U.S. energy.
- Conservatively, fossil fuel consumption could be reduced 30 percent in existing buildings and 60 percent in new buildings.
- If applied to all buildings, new and old, by 1990 these savings would be equivalent to 12.5 million barrels of oil daily.
- These total savings would be as much as the projected 1990 production of any one of the prime energy industries. . . domestic oil, nuclear fission, or coal.
- Full-scale energy-efficient buildings program would stimulate the creation of more than 2 million jobs and sustain them for 15 years.
- The net cost of a full-scale effort over 15 years would be over \$1 billion.
- The value of the energy saved during the 15 years would be up to \$1.5 billion. . . significantly more than the investment necessary to conserve the same amount of energy.

Fair Housing Conference Scheduled

HUD's Office of Voluntary Compliance of Fair Housing and Equal Opportunity has announced a National Conference on Fair Housing—An American Right/Right for America . . . to be held in Arlington, Virginia, June 1-3.

Agenda will include plenary session and workshops on various aspects of fair housing and civil rights. . . such as a *New Horizons Program for Cities, Counties, and Planning Agencies*; *Affirmative Marketing for Housing Industry Groups*; *New Concepts in Voluntary Compliance*; *Federal Involvement in Fair Housing*; and *Financing Fair Housing*.

The Conference is open to all who wish to attend. . . and there is no registration fee. Further details may be obtained from HUD's Office of Voluntary Compliance, Room 5228, Washington, D.C. 20410 (202/755-6848).



FYI

Apartment Builder/Developer . . . Annual Conference/Exposition . . . Las Vegas, May 23-25. Details: Wes Wise, *Multi Housing News*, 1515 Broadway, New York, New York (212/869-1300).

Urban Land Institute . . . Spring Meeting . . . Atlanta, May 29-31. Details: ULI, 1200 18th St., N.W., Washington, D.C. 20036.

American Institute of Banking . . . Annual Convention . . . Phoenix, May 29-June 1. Details: ABA, 1120 Connecticut Ave., N.W., Washington, D.C. 20036.

American Institute of Architects . . . 109th National Convention . . . San Diego, June 5-8. Theme: *TOMORROW!* Details: AIA, 1735 New York Ave., N.W., Washington, D.C. 20006 (202/785-7300).

HUD newsletter

HUD-318-278-ASI
May 2, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development. . . Patricia Roberts Harris, Secretary. . . James C. Biller, Editor. Subscription rate \$12.50 per year, domestic. . . \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. Use of funds for printing this publication approved by the Office of Management and Budget, January 9, 1973.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401
FIRST-CLASS



HUD NEWSLETTER
May 2, 1977

Acquisition section
Library
Am. 8/41

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



May 9, 1977

Vol. 8 No. 19

Current Trends

Urban renewal project notes totaling \$177.6 million... representing 58 local issuing agencies... were sold in mid-April at an average interest rate of 2.729... down from the 2.77 percent interest rate for the \$160.2 million of project notes sold in March.

The latest survey of the *Mortgage Bankers Association* indicates that mortgage delinquencies on conventional and *VA* housing dropped for the second consecutive quarter in the first quarter of 1977. The delinquency rate on conventional loans was 0.34 percent... down from 0.36... and the *VA* rate was down from 0.55 to 0.54 percent. At the same time... the delinquency rate of *FHA*-insured mortgages increased... as was expected... following the decision by *HUD* to treat borrowers more leniently due to the sharp rise in heating costs. The rate of delinquencies rose from 0.55 percent on December 31, 1976 to 0.60 percent on March 31.

The *Federal Home Loan Bank Board* report of selling prices of new and existing homes for year-end 1976... showed national average prices for new homes of \$48,400 and existing homes \$41,200. For metropolitan areas... which are traditionally higher priced than the nonmetropolitan areas... only St. Louis... with a \$47,200 average fell below the national average for new homes... while Los Angeles-Long Beach (\$66,000)... San Francisco-Oakland (\$64,700)... and Washington (\$59,100) exceeded the national level. For existing homes... Detroit (\$40,100)... and Seattle (\$40,300) fell below the national norm... with Washington (\$61,800)... San Francisco (\$61,100)... and Los Angeles-Long Beach (\$59,900) being the highest.

The *Labor Department* has amended the guidelines used in determining the poverty level of individuals and families. The guidelines are used in determining eligibility for various Federal programs... including rent subsidies. The new levels... for urban families of four persons... an increase from \$5,500 to \$5,850. For single individuals... a rise to \$2,970 from \$2,800.

Effective interest rates on *FHA* and *VA* home loans increased slightly during March... according to *HUD's* latest survey. *FHA-VA* home buyers paid an average effective interest rate of 8.58 percent on loans made during the first week of March... compared to 8.55 percent for the previous 2 months. The effective interest rate for new commitments remained at 8.55 percent for the first 7 business days of March. Rates on new properties were 8.53 percent... while rates on existing properties were 8.56 percent.

Yields were mixed at the *FNMA* mid-April auction of \$190.3 million in 4-month commitments to purchase both *Government*-backed and conventionally financed home mortgages. Issued were \$67.9 million in commitments on *Government*-backed mortgages at an average yield of 8.620... which converts to an average price of 95.62 for 8 percent *FHA-VA* mortgages. (The average in the previous auction was 8.716.) For conventional mortgages... *FNMA* issued \$122.4 million in commitments at an average yield of 8.973... the same as the average accepted yield in the early-April auction.

Among the winners of the 1977 *National Magazine Awards* was *The Architectural Record*. This is the 12th year the *Awards* have been given. The program is administered by *Columbia University* under a grant from the *Magazine Publishers Association*.

President Proposes Housing Energy Savings

Among the major elements of President Carter's proposals in his *Energy Message* is a *Conservation Program for Existing Housing*. . . which includes tax credits to homeowners for upgrading the insulation in their homes, for the installation of solar energy equipment, installation of storm doors and windows, weatherstripping, etc. This program will apply to both urban and rural housing.

Other measures in the President's proposals include mandatory standards for more efficient use of energy in new buildings. . . both residential and nonresidential. . . more efficient heating equipment, appliances, and household equipment.

More details will be available as specific legislative recommendations are made and Congressional hearings begin.



Mortgage Participation Sales Break Record

In mid-April. . . as the result of an unprecedented sell-out of \$200 million in *Mortgage Participation Certificates (PCs)* in the first 3 hours of the offering. . . the *Federal Home Loan Mortgage Corporation (The Mortgage Corporation)* topped \$1 billion in 1977 PC sales.

The *Mortgage Corporation* is the only institution which had ever previously sold \$1 billion in conventional residential mortgage securities from a single issuer in a single year. That was in 1976. . . but the billion-dollar mark was not reached until mid-October.

Executives of the *Corporation* attributed the volume of mortgage securities sold to a rebounding U.S. housing market and a dynamic U.S. money market. They said one effect of the sales volume is to provide a substantial new source of funds for the Nation's housing industry.

Victor H. Indiek, president of the *Corporation*, said, "This development also results from a tremendous broadening of investor acceptance of our securities and from the participation since January of a group of eight prominent securities dealers in our PC sales program."

The record year for PC sales before 1976. . . when it reached \$1.5 billion, was 1975. . . with \$454 million sold. Sales for the month of March this year were \$321 million with yields to investors ranging from 8.098 to 8.36 percent.

The *Mortgage Corporation* was chartered by *Congress* in 1970 to increase the supply of funds available for housing by developing an active, nationwide secondary market in conventional residential mortgages.



Governor Urges Banks to Increase Mortgage Lending

Speaking to the *Annual Meeting of the Savings Banks Association of New York State*. . . Governor Hugh Carey told the bankers they should invest more heavily in residential mortgages. He added that the banks were entitled to an extension of the maximum allowable mortgage interest rate now pending in the Legislature. . . and that he would sign it "promptly" if adopted. However. . . he will monitor the performance of the banks for a year. . . and will attempt to rescind the increase if the banks do not eliminate 'redlining' and "improve the flow of housing finances into the inner city."

The Governor said that while *Savings Banks* assets in the State increased more than \$21 billion from 1970-75. . . only \$4 billion of that went into residential mortgages in N.Y. State. . . while \$5 billion went into residential mortgages outside the State. . . \$1 billion into nonresidential mortgages in the State. . . and \$11 billion in other investments.

The legislation pending will continue the current 8½ percent interest maximum . . . which would otherwise expire on April 30. . . and the maximum rate revert to 6 percent.

Rural Home Loans Again Available

Farmers Home Administration Section 504 loans and grants for repair and winterizing of rural homes owned by senior citizens are once again available. These loans... discontinued since 1964... are obtainable for such items as storm windows and doors; insulation; screens; heating systems; repairing roofs; repairing or providing structural supports; sanitary water and waste disposal systems; and similar items. Dwellings to be eligible for either loans or grants must be located in the open countryside or in a town of less than 10,000 (except in some instances in towns between 10,000 and 20,000).

To be eligible for a loan... the person must be the owner-occupant of the dwelling; and be without sufficient income to qualify for a regular *FmHA* homeownership loan; but have sufficient income (including welfare payments) to repay the *Section 504* loan. The dwelling must need repairs or improvements to make it safe and sanitary... and remove hazards to the health of the applicant, the applicant's family, or the community.

To be eligible for a grant... the owner-occupant must have an income so low that he/she cannot repay any part of a *Section 504* loan; but whose dwelling requires repair or improvements to make it safe and sanitary and remove hazards to the health of the applicant, the applicant's family, or the community.

A combined loan and grant is available for some over-62-year-old applicants.

Full details and application forms are available at any of the 1,700 *Department of Agriculture County Agent Offices* in the 50 States, Puerto Rico, and the Virgin Islands.



Local Agencies to Assist Flood Victims

An agreement has been signed between *HUD* and the *National Association of Housing and Redevelopment Officials (NAHRO)*... the organization of housing agency professionals... to augment the assistance provided to flood victims by the *Federal Government* with staff members of *Local Public Housing Agencies*. *NAHRO* will act in a liaison capacity in the cooperative effort between *HUD*... which has the responsibility to provide housing... and *Public Housing Agencies*... to obtain the use of *PHA* professional and technical employees to assist in the temporary housing program.

A dozen categories of experienced personnel are assigned to the *HUD Disaster Assistance Offices* in Kentucky, Virginia, and West Virginia. About 60 *PHA* employees have begun work in these *Offices*... with more to be added as soon as possible. Some 500 *HUD* employees from all over the Nation have been moved into the disaster area to perform the operations necessary to process the victims of flooding who require temporary housing. The stricken families are being placed in existing, vacant housing... where available... and there is a *Minimal Repair Program* providing assistance to homes that can be made livable quickly.

In addition... travel trailers are being used in adjacent existing trailer parks and mobile homes are being moved to staging areas for placement on either existing sites or appropriate sites being prepared. The *Army Corps of Engineers* is playing a major role in assisting *HUD* in the preparation of mobile home sites.



Community Block Grant Publication Published

Block Grants for Community Development... the first report on a 2-year study of the political and social impacts of the *Community Development Block Grant Program* established by the *Housing Act of 1974* is available. The report was prepared by the *Brookings Institution* under contract with *HUD*.

Copies may be obtained at no charge from John Gardner, *Office of Policy Development and Research*, Room 8114, *HUD*, Washington, D.C. 20410.

Housing Management Conference and Exhibition Scheduled

The *Third National Housing Management Conference and Educational Exposition* ... cosponsored by HUD, the *National Center for Housing Management*, the *Federal National Mortgage Association*, and the *National Corporation for Housing Partnerships* will be held in Washington this week. The *Conference*... recognized as one of the major national working conferences for those involved in the management of subsidized housing... will open on May 10 and run through the 13th.

Specialized workshops and informational sessions will be held... along with ceremonies recognizing those who have completed all requirements for the designation of Certified Housing Manager.

Registration information: *National Center for Housing Management*, 1133 - 15th Street, N.W., Washington, D.C. 20005 (202/872-1717).



Credit Unions Get Mortgage Powers

The President has signed into law legislation that grants new powers to *Credit Unions*. Among the major items in the new legislation is authorization for the *Credit Unions* to make mortgage loans for up to 30 years. Previously... there was a 10-year maximum on such loans. While these new powers apply to those *Credit Unions* that are federally-chartered... a number of States grant the institutions chartered under State law parity with Federal institutions.

While *Credit Unions* generally are not large (average assets under \$1 million)... and even collectively represent no great competitive factor in the mortgage-lending field... they are growing quite rapidly... and in some areas might take a more aggressive posture in going after new business.

Details about the implementation of the new law will be published in the *Federal Register* as issued by the *National Credit Union Administration*.

HUD newsletter

HUD-318-279-ASI
May 9, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. Use of funds for printing this publication approved by the Office of Management and Budget, January 9, 1973.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
HUD-401
FIRST-CLASS



Acquisition Section - Library
Rm. 8141

HUD NEWSLETTER
May 9, 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



May 16, 1977

Vol. 8 No. 20

Current Trends

Americans purchased almost \$2.6 billion of *Savings Bonds* in the first quarter... the largest amount sold during any first quarter since World War II.

The U.S. League of Savings Associations report for March shows all-time highs in *S&L* savings flow and mortgage activity for the month. The gain in savings for the month... estimated at \$8 billion... was the highest in the 146 years *S&Ls* have been in operation. Even more significant was the rise in mortgage lending... \$8.1 billion... almost 40 percent higher than the March 1976 level. For the first quarter... mortgage closings came to an estimated \$19.2 billion... compared to \$13.9 billion in the first 3 months of 1976.

Mutual Savings Banks also enjoyed a good month in March. New deposits rose by \$650 million... compared to \$585 million increase in February. While the rate was below the \$866 million savings in March 1976... the total of deposits at the end of March 1977 was \$126.8 billion... \$12 billion greater than March 1976.

The vacancy rate for rental housing in the first quarter of 1977 dropped to its lowest level in the 21 years that the *Census Bureau* has been collecting these data. The latest rate... 5.1 percent... compares to 5.8 percent in the second quarter of 1976... and a range of from 6 percent to 6.3 percent during most of 1974 and 1975. The 5.1 percent low had been recorded once before... in the fourth quarter of 1969.

An *Urban Reconstruction Bank*... referred to as *URBank*... has been suggested as a vehicle for assisting cities with financial problems to borrow money in the bond market. Following the general lines of the *Reconstruction Finance Corporation*... created by the *Federal Government* in the early 30's to help failing businesses and industrial firms in obtaining loans not available to them through the usual lending sources... *URBank* would... according to *Treasury Secretary* Michael W. Blumenthal... "create resources available to the cities that would otherwise not be available to help them reverse the cycle of economic decline and higher tax rates that drive businesses and residents into the suburbs."

The *Dodge Division of McGraw-Hill* reports total new construction contracts in March rose 9 percent over March 1976... and residential construction contracts increased 42 percent over the 1976 level. Total contract value was \$9.94 billion for the month... and residential contracts \$5.4 billion. Nonresidential construction (office and commercial buildings, schools, hospitals, and factories) also was strong... rising 22 percent over a year earlier... to \$3 billion. For the first quarter... new contracts for all types of construction were 8 percent above 1976... totaling \$24.1 billion.

Congress has passed and sent to the *White House* additional authorization for \$358 million of housing subsidy payments. The supplemental funds will increase the eligible housing units covered by the program from 263,000 to 400,000. Among the other provisions of the legislation is the establishment of a *National Commission on Neighborhoods*... a 20-member group to study current Federal programs relating to neighborhood revitalization and to recommend ways to preserve and restore urban neighborhoods.

HUD to Conduct Citizen Forums

HUD Secretary Harris has announced that a series of *Citizen Forums* has been scheduled nationwide during May and June. The *Forums* will be conducted in 10 cities ...and will give the public an opportunity to comment on urban growth issues. The testimony will later be incorporated into President Carter's 1978 *Urban Growth Report* and serve as a basis for a Federal urban growth policy.

Participants will discuss four themes that will become the major topics of the President's Report. They are:

- Revitalization of older American cities and communities
- Urban decline and new growth from a metropolitan perspective
- Emerging urban growth in rural America
- Shifting urban patterns among regions

The two-day *Forums* are open to the public...and invitations will be sent to Governors and other State and local elected officials, and to representatives of business, finance, neighborhood organizations, land development groups, planning agencies, public interest groups, labor unions, universities, and chambers of commerce.

An Assistant Secretary from HUD, one from the *U.S. Department of Commerce*, and members of the local *Federal Regional Councils* will attend each *Forum*.

The comments and ideas from the *Forums* and the findings in the report will be used in planning a *White House Conference on Balanced National Growth and Economic Development* to be called by the President during the first half of next year.

There are three ways to participate in the *Forums*:

- Present oral testimony or comment on any issue related to the forum themes
- Listen to the oral statements and then join small groups to discuss presentations
- Submit written comments on any of the themes and related issues or on the *Forum* itself

Speakers will be scheduled on a first-come, first-served basis. Presentations are limited to 5 minutes. Requests to speak must be submitted at least 10 days in advance of the *Forum* and should be sent to the *HUD Urban Growth Division*, Room 7233, Washington, D.C. 20410, or telephoned to (202) 472-3980.

Written statements will be accepted in advance...at the meeting...and for 10 days following each *Forum*. Comments may be sent to *HUD's Urban Growth Division*.

Written suggestions on growth issues and topics for the *White House Conference on Balanced National Growth and Economic Development* may be sent to: Director, *The White House Conference, U.S. Department of Commerce*, Washington, D.C. 20230.

The schedule follows: May 23/24-Boston; 24/25-New York; and 26/27-Philadelphia; June 6/7-Chicago; 7/8-Kansas City (Mo.); 8/9-Dallas; 16/17-Atlanta; 20/21-Denver; 21/22-Seattle; and 22/23-San Francisco.

Time schedule: 8:30 a.m.—Registration; 9:00 a.m.—5:00 p.m. (One evening session—6:30—9:00 p.m. is scheduled the first day of each *Forum* except in Denver.)

HUD Under Secretary Jay Janis... making his first public appearance since assuming office... addressed a meeting of the *National Housing Conference* in Miami. He told the group that he is optimistic America's urban centers will be saved if there is strong Federal and local leadership and new initiatives are taken to meet urgent city problems... and that many cities are in serious difficulty today "largely because of a lack of a truly responsive and coordinated national urban policy by the *Federal Government* over the past several decades."

He pointed out that Federal policies had led to suburbs being built at the expense of inner cities, fostered highways instead of mass transit, and allowed a disproportionate sharing of the welfare burden among the States, among other things.

"Federal policies have indeed shaped urban growth," he said, "sometimes in a way not intended, sometimes haphazardly, and always without a clear vision of what the urban places of America should become."

The Under Secretary pointed out that it was necessary to do something about the cities "not only from a humanitarian point of view, not merely because millions of lives are at stake, but because also it is good business. It's absolutely essential that our cities not be permitted to go down the drain... that they remain fiscally sound and... where they are beyond that point, that they make a comeback."

He said that there are signs a number of cities are already on the road back. Despite the urban riots of 1968 and a number of serious problems, Washington, D.C. "has made a comeback. Old neighborhoods are blossoming under rehabilitation and revitalization. Middle-income families are moving back, and there is a fantastic boom in real estate."

He called attention to Boston where, he said, "the same rebirth is occurring... It will survive because it has going for it a combination of governmental activity—Federal, State, and local... along with the private sector and neighborhood and community groups really interested in reviving the inner city.

"There are some similar outstanding developments in other areas... in New Haven, in San Antonio on the waterfront, in San Francisco's Ghirardelli Square, in Baltimore's efforts at preservation and urban conservation and in other places where special projects have rekindled the latent dynamism of the inner city, inducing great numbers of suburbanites to relocate and providing housing for lower-income urban dwellers.

"There is reason for optimism, that with new housing initiatives, combined with economic development and private sector investment, an increase in the social services supplied by city agencies, and strong neighborhood involvement, our urban centers will be saved."



HUD Gives Minority Award

A Silver Spring, Md. construction firm has been honored by **HUD** for "conspicuous and effective" support of the *Department's* commitment to full use of minority contractors.

The firm... *Construction General, Inc.*, headed by Bernard Lubscher... was presented **HUD's Certificate of Minority Business Enterprise Achievement**. This certificate is presented annually during *Fair Housing Month*.

To be considered for the award... an organization engaged in minority business enterprise... must have used minority prime contractors and subcontractors for at least a year and must have demonstrated that the minority contractor received substantial contracts, including counseling and other assistance.

Participants in the award ceremony included Chester C. McGuire, Jr., *HUD Assistant Secretary for Fair Housing and Equal Opportunity*; Harry Staller, *Acting Administrator of HUD's Regional Office in Philadelphia*; James E. Clay, *Director of HUD's Washington, D.C. Area Office*; and Edward Pelle, Jr., *Assistant Regional Administrator for Equal Opportunity*.

FYI

National Leased Housing Association... Annual Convention... Washington, D.C., June 8-10. Details: NLHA, 1800 M St., N.W., Washington, D.C. 20036 (202/785-8888).

American Society of Mechanical Engineers... Annual Summer Meeting... Tampa, June 12-16. Details: ASME, 345 East 47th St., New York, N.Y. 10017.

Cornell University and National Trust for Historic Preservation... 15th Annual Summer Institute on Historic Preservation Planning... Ithaca, June 12-17. Details: Michael Tomlan, Program Coordinator, Program in Urban and Regional Studies, Cornell University, 726 University Avenue, Ithaca, New York 14853.

American Public Power Association... Annual Convention... Toronto, June 13-15. Details: APPA, 2600 Virginia Ave., N.W., Washington, D.C. 20037 (202/333-9200).

Mason Contractors Association of America... Summer Executive Board Meeting... Mackinac Island, Michigan, June 15-18. Details: MCAA, 17W601 14th St., Oakbrook Terrace, Illinois 60181.

Air Pollution Control Association... Annual Convention... Toronto, June 19-23. Details: APCA, 4400 Fifth Avenue, Pittsburgh, Pa. 15213 (412/621-1090).

Harvard University (Graduate School of Design)... 6-day course: Designing for Solar Energy... Cambridge, June 19-25. The course will provide a general overview of solar technology and its effect on the design of buildings in an effort to extend solar expertise into the mainstream of design education. Details: Lisa Underkoffler, Continuing Education Program, Harvard Graduate School of Design, Gund Hall L-36, Cambridge, Mass. 02138 (617/495-2578).

University of California, Berkeley... Third Annual Summer Institute in Environmental Design and Community Development... Berkeley, June 20-July 28. The Institute is jointly sponsored by the College of Environmental Design and Continuing Education in Environmental Design, University Extension, UC, and offers 13 courses. Details: Continuing Education in Environmental Design, UC Extension, 2223 Fulton Street, Berkeley, CA 94720 (415/642-4811).

HUD newsletter

HUD-318-280-ASI
May 16, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. Use of funds for printing this publication approved by the Office of Management and Budget, January 9, 1973.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401
FIRST-CLASS



*Acquisition Section - Library
Rm. 8141*

HUD NEWSLETTER
May 16, 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



May 23, 1977

Vol. 8 No. 21

Current Trends

The *Federal Home Loan Bank Board* reports mortgage rates declined slightly in April...for both new and existing homes...to an average of 8.94 percent. The March average was 8.95 percent. This was the fourth consecutive month that interest rates declined...and loans on existing homes were down from 9.12 percent in April 1976...while the movement on new houses was slightly above the year earlier figure of 8.92 percent.

The *FHLBB* also reported new home prices in April receded slightly from the record highs reached in March. New home prices were \$53,500 in April...compared to \$53,800 in March...and existing home prices fell to \$45,600 from \$46,100.

A drop in mortgage interest rates for apartment and commercial projects was reported by *Citicorp Real Estate, Inc.* At the end of April...new apartment rates were from 9¼ to 9 7/8 percent...the lowest in three years. The report also said there is an 'abundant' supply of mortgage money.

Auction yields were up as *FNMA* issued a record \$677.3 million in 4-month commitments to purchase both *Government*-backed and conventionally-financed home mortgages. The issuance covered a record \$422.2 million in *Government*-backed mortgages at an average yield of 8.703...which converts to an average price of 95.06 for 8 percent *HUD-FHA/VA* mortgages. The average in the previous auction was 8.620. In the conventional auction...*FNMA* issued \$225.1 million...also a record...at an average yield of 9.030...up from 8.973 on April 18.

Mortgage bankers think long-term home mortgage interest rates are likely to go higher. Kennon V. Rothchild, president of the *Mortgage Bankers Association of America (MBA)* in a talk before the *California Mortgage Bankers Association* in San Diego said: "The next major move will be up, but no one knows the exact timing." Rothchild, who is also president of *H. & Val J. Rothschild*, a St. Paul mortgage banking firm, said, "This would appear, then, an excellent time for home buyers to make their choice."

The *F.W. Dodge Division of McGraw-Hill* estimates that 1977 capital spending for new plant and equipment will be 18 percent ahead of 1976. The current year's expected expenditures will be about \$141.6 billion...compared to \$120.5 billion last year. Adjusting for inflation...this will mean a 'real' growth of about 11 percent. Major areas of expansion...the survey finds: manufacturers, up 19 percent...nonmanufacturers, up 16 percent...durable goods, 27 percent...automotive (the largest percentage rise), 80 percent...and nondurable goods manufacturers, 13 percent. Looking ahead to 1978...the *Dodge* figures anticipate a 'relatively weak' year...probably only about 5 percent above the 1977 rate.



Census Reports Available

The *Census Bureau* has issued a listing of its construction statistics available as of the end of March 1977. *Guide to Construction Statistics*...a brief description of statistical series produced by the *Construction Statistics Division* can be obtained on request. Order BC-539, from *Bureau of the Census*, Washington, D.C. 20233.

Mayors Task Force Appointed

Secretary Harris has appointed an 18-member *Mayors Task Force* to provide HUD with advice and policy recommendations on upcoming housing and urban legislative proposals...and to insure that the *Department's* initiatives are responsive to the problems faced by local governments.

In naming the *Task Force*... the Secretary said:

"Too often in the past the *Federal Government* in general, and this *Department* in particular, have formulated new approaches, or new twists on old programs, and then gone out to explain their purposes to local governments. The result has often been programs that won't work, solutions to problems that don't exist, or programs and policies that operate at cross-purposes. This group of 18 mayors... chosen from around the country, has been appointed by me to provide the *Department* with advice, criticism, and policy recommendations as we move toward formalizing our housing initiatives for fiscal year 1979."

The Secretary pointed out that the *U.S. Conference of Mayors* had over the last nine months conducted a series of nine regional meetings under contract to HUD on the subject of housing.

"Many of the issues which this *Task Force* will be discussing with me and my chief deputies were aired and developed through these highly successful conferences," she said.

The group... under the chairmanship of Mayor Neil Goldschmidt of Portland, Oregon... held its first meeting in Washington on May 10... the first of three meetings to be held in the next three months. The next session will be in July during the *U.S. Conference of Mayors'* annual meeting in Tucson. "At that time I expect that my staff will have moved sufficiently along in the policy development process to be able to share with the mayors some of our own solutions and recommendations," the Secretary said.

A third meeting will be held later in July to go over draft recommendations for administrative and legislative initiatives... which will then be presented to the President and the *Cabinet* for their consideration.

The *Task Force* consists of:

Neil Goldschmidt (Chairman); Nathaniel Bates, Richmond, Calif.; Michael A. Bilandic, Chicago; Gabriel Cezares, Clearwater, Fla.; Richard J. Davis, Portsmouth, Va.; Maurice A. Ferre, Miami; Kenneth Gibson, Newark; Richard G. Hatcher, Gary, Ind.; Janet Gray Hayes, San Jose; Lawrence F. Kramer, Paterson, N.J.; Dennis M. Lynch, Pawtucket, R.I.; Tom Moody, Columbus, Ohio; Lewis C. Murphy, Tucson; Mary Newhauser, Iowa City, Iowa; Paul R. Soglin, Madison; David J. Vann, Birmingham; Coleman A. Young, Detroit; and Kevin White, Boston.



Voluntary Compliance Agreement Being Completed

HUD's *Office of Voluntary Compliance*... which is a part of the *Office of the Assistant Secretary for Fair Housing and Equal Opportunity*... is in the process of completing negotiations with the *National Association of Real Estate Law Officials (NARELO)*. NARELO's Board of Directors has recommended to its membership that favorable action be taken at the *Association's* general meeting in November affirming a proposed national voluntary compliance agreement covering *Fair Housing*.

The proposed agreement covers NARELO's acceptance of a two-pronged voluntary agreement providing that *State Real Estate License Commissions* will use both their regulatory functions and responsibilities... and their educational function (which includes licensing examinations and training) to further the cause of *Affirmative Action* among its members in promoting *Equal Housing Opportunity*.

The *Office of Voluntary Compliance* now has similar marketing agreements with the *National Association of REALTORS*, the *National Association of Home Builders*, and the *National Association of Real Estate Brokers*.

HUD Secretary Reassures New York City

Secretary Harris told New Yorkers not to drop dead, but to stand tall. "New York is unique and one of the Nation's greatest assets," she said. "The Carter Administration believes that a healthy, vibrant, New York City is necessary to the overall economic and social well being of this Nation."

The Secretary... speaking to the *Citizens Housing and Planning Council of New York*, said that while the city's economic crisis was caused to some degree by short-term borrowing, "to a larger extent... the fiscal plight of this city was shaped by economic and social forces beyond local control."

She reminded her audience of the response in 1975 "which gave New Yorkers the succinct Federal message 'Drop Dead.' As the *Secretary of Housing and Urban Development*... I am here today to tell you once again that the Carter Administration has no such message for New Yorkers."

She pointed out that while the city borrowed more than other cities, it also did more for its people than other cities. "The scope of the public services provided is broader and more complex than any other American city."

Secretary Harris outlined five specific *HUD* actions and proposals that would respond to New York's needs in ways that reflect the city's unique problems.

Also... *HUD* has proposed to the *Congress* a 3-year, \$1.2 billion *Urban Development Action Grant Program*... to meet the specific, nonrecurring development needs of distressed cities. "Although we are making no advance commitments," she said, "New York is the kind of city that could benefit dramatically from this proposal."



'Average' House Passes \$100,000 in California

A recent *Harvard-MIT* study found that the national average new house cost was \$48,200 at the end of 1976. Latest figures from Orange County, California... just south of Los Angeles... show the average cost of a new home has reached more than twice the national average... \$107,000. The rate of increase in the county was 24 percent in 9 months... the average was \$81,000 in July 1976.

The rush for homes is so great in the area that builders have elected to operate a lottery as a means of choosing which homeseeker to sell. The 'winners' are picked from a hat. In one development of 500 houses... 8,000 potential buyers turned up... and qualified for the units. Many developers feel that the demand is, at least partly, due to speculative fever. Some buyers have bought houses and immediately put them on sale for \$10,000 or more higher than they paid. This practice has become so prevalent that a number of S&Ls have refused to make mortgage loans to borrowers unless they certify they intend to occupy the house, and not immediately resell it.



AIP Names Executive Director

John E. Hirten, 52, has been named *Executive Director of the American Institute of Planners*... the Nation's 12,000-member professional society of urban and regional planners headquartered in Washington, D.C. He will assume his new position effective June 15, 1977.

Hirten was *Assistant Secretary for Environment and Urban Systems of the U.S. Department of Transportation* from 1973 to 1975. Before joining *DOT*... Hirten was executive vice president of *San Diegans, Inc.*, a private nonprofit business development corporation for the planning and rebuilding of the center city and from 1959-1969, he was executive director of *SPUR, the San Francisco Planning and Urban Renewal Association*. From 1957-1959, Hirten was executive director of the *Stockton, California, Redevelopment Agency* and from 1955-1957, he was *Assistant Director for Urban Renewal, Little Rock, Arkansas, Housing Authority*.

New Publication

Rural Poverty and the Policy Crisis... published by the *Iowa State University Press*... based on a symposium at the *University of Florida*... the book brings together the opinions of economists, anthropologists, sociologists, and administrators on the contributions and assumptions of the social sciences in understanding rural poverty. Available at bookstores or from the *Iowa State University Press*, Ames, Iowa 50010. 235 pp. \$9.50 (Publisher requires payment with orders of less than \$25.)



FYI

New York University (School of Continuing Education)... *Public Relations Management Seminar: Trends and Challenges in Community Relations*... New York, June 9-10. Details: *NYU Business and Management Programs*, Room 1517, 310 Madison Avenue, New York, NY 10017 (212/682-1435).

Construction Specifications Institute... *Annual Convention/Exhibit*... Denver, June 20-22. Details: Sandy Humphries, *CSI*, 1150 17th St., N.W., Washington, D.C. 20036 (202/833-2160).

American Association of Cost Engineers... *Annual Meeting*... Milwaukee, June 26-29. Details: *AACE*, 308 Monongahela Bldg., Morgantown, W. Va. 26505.

American Society of Heating, Refrigerating and Air-Conditioning Engineers, Inc.... *Annual Meeting*... Halifax, Nova Scotia, June 26-30. Details: *ASHRAE*, 345 East 47th St., New York, N.Y. 10017.

New York University... in association with the *International Institute for Real Estate Studies*... *Seminar on How to do Real Estate Business Abroad*... New York City, June 27-30. Details: *NYU School of Continuing Education*, 326 Shimkin Hall, Washington Square, New York, N.Y. 10003.

HUD newsletter

HUD-318-281-ASI
May 23, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. Use of funds for printing this publication approved by the Office of Management and Budget, January 9, 1973.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401

FIRST-CLASS



LIBRARY
Acquisition Section
Rm 8141

HUD NEWSLETTER
May 23, 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



May 30, 1977

Vol. 8 No. 22

Current Trends

Housing starts in April were the second highest this year... at a seasonally-adjusted rate of 1.875 million units... down from the March record high of 2.127 million units... but 35 percent higher than April 1976. Permits issued for new housing were also at the second highest rate for the year... 1.534 million units... 42 percent above the 1976 rate... but 10 percent below March. Actual housing starts for the first four months of 1977 came to 551,600 units. The continuation of the high starts and permits rate indicates the earlier industry predictions of a more-than-1.75 million-unit total housing production for the year is very likely to be attained.

Analysts have been predicting a tightening of money supply and higher interest rates for some weeks... and so it was not unexpected when a number of major banks raised their prime rate from 6 to 6¼ percent. Leaders in the housing field are anticipating that this money-market development will have a significant effect on housing and other construction activity.

One group... the *National Association of Home Builders* expects housing starts to decline in 1978 after setting a record in 1977. Citing tighter mortgage credit as the reason... Robert Arquilla, *NAHB* President, said, "Given today's uncertain climate, we don't know how long the money supply will last. Furthermore... sales are bound to suffer if inflation continues to push up prices beyond the reach of young families." The *Association's* current forecast is a drop from this year's 1.4 million single-family starts to a probable 1.25 million in 1978.

The *Senate* has joined the *House* in approving an increase in maximum limits for *FHA* insurance... from the current \$55,000 to \$60,000.

President Carter signed into law two bills that are expected to have a major impact on construction activity and building trades employment in the near future. The two bills are part of the *Administration's* economic recovery package... and some \$20 billion is involved. About \$4 billion is for direct construction expenditure... such as public works, libraries, schools, municipal buildings, etc. About 4,000 individual construction projects are expected to be the result of the legislation. Priority is to be given to high unemployment areas... particularly in the Northeast.

The *Labor Department* report on building trades union wages for the first quarter shows a .4 percent rise in major urban areas for the 3-month period and 5.8 percent for the 12 months ending March 31. The increase for the April 1975-76 period was 8 percent. The 1976-77 rise was the smallest for a first quarter since the period of wage controls in 1973-74. On April 1... the average wage for all building trades in cities of 100,000 or more was \$9.63 an hour... and with added fringe benefits... \$11.60 per hour.



HUD Signage Forum Transcript Available

The Proceedings of the Urban Signage Forum... sponsored by *HUD*... and held in Chicago in April 1976, has been published. It is available from the *Superintendent of Documents*, Washington, D.C. 20402 at \$6.40.

Homesteading Program Expanded

The *Federal Urban Homesteading Demonstration Program* has been expanded to 15 more cities. . . bringing the total to 38.

Under the *Homesteading Program*. . . HUD transfers to communities structurally-sound homes for conveyance for \$1 to people who agree to put their muscle and money into fixing them up.

HUD Secretary Harris said the *Homesteading Program* has been successful in generating local public and private support to rescue neighborhoods from destructive decline. "Progress reports for the 23 cities already in the *Demonstration* amply justify enlargement of this unique test of government and private resources to aid urban neighborhoods and their residents in need of housing. . . and this action confirms our commitment to the position that housing and community development cannot be separated in our attack on urban decline."

The 15 additional cities. . . selected from among 28 applicants. . . submitted the most innovative and comprehensive plans for involving both the public and private sectors in concrete actions to reclaim troubled urban neighborhoods.

They will receive about 450 homes, worth about \$2.5 million, from HUD's inventory of foreclosed, one- to four-family properties. In addition. . . HUD will provide \$3.5 million that the cities can use for low-cost loans to homesteaders for repairs to the properties. The cities may also use community development block grant funds received from HUD to improve the homestead neighborhoods.

Qualifications for persons seeking the homestead homes will be set by the cities. HUD requires that a homesteaded property meet local code standards in 18 months and that the owner agree to live in the home for at least 3 years.

"According to the cities' estimates, the \$6 million in property and rehabilitation loans from HUD will generate about \$25 million in public and private funds to revitalize the homesteading neighborhoods," said Assistant Secretary Donna E. Shalala, *Office of Policy Development and Research*, which administers the *Urban Homesteading Demonstration Program*.

Following are the 15 additional cities: Phoenix; Compton, California; Los Angeles; East St. Louis and Joliet, Ill.; Springfield, Massachusetts; St. Louis; Omaha; Newark and Plainfield, N.J.; Nassau County and Rochester, N.Y.; Cleveland, Dayton, and Toledo, Ohio.



'Livable Cities' Program Announced

The *National Endowment for the Arts*. . . the Federal Agency charged with responsibility for the growth and development of the arts in this country, and the preservation and enrichment of the Nation's cultural resources. . . has announced a new *'Livable Cities' Program*. The *Program* involves matching grants for a broad range of community projects.

The new *Program* consolidates past NEA programs. . . such as *City Options*, *City Scale*, and *American Architectural Heritage*. Emphasis is on urban design. . . within a very broad scope. . . so that the different needs and priorities of cities and towns across the country can be provided for. Matching grants have a maximum of \$30,000.

Such local activities as neighborhood conservation, enhancement of rural landscapes, open space and recreational facilities, commercial district revitalization, and other worthwhile local enterprises are eligible. Three groups of awards will be made: June 14, October 14, and February 2, 1978.

State and local government; nonprofit, tax-exempt organizations; universities; etc., may apply. Full information and application data are available from the *National Endowment for the Arts, Architecture + Environmental Arts*, Washington, D.C. 20506 (202/634-4276).

New Rent Schedule Approved

A new schedule of rents covering existing subsidized housing units was published in the *Federal Register* on May 4. More lower-income families would be eligible to move into such subsidized privately-owned housing under the new and higher schedule of fair market rents proposed.

Last month similar increases were proposed for rented units in newly-constructed or substantially rehabilitated housing under *HUD's Section 8 Program*.

The new schedule which is required annually by law applies to housing in communities across the Nation, but the rents would vary according to local economic conditions and prevailing rents in the area.

Generally. . . the proposed schedule reflects increased utilities costs and higher rents in comparable housing.

It is expected that the boost in rental assistance will have the effect of making more privately-owned housing available and thus enable more families to occupy them.



GNMA Sale Scheduled

GNMA. . . a corporation within *HUD*. . . has announced it will offer for sale by auction about \$464 million in conventional home mortgages on Thursday, June 23.

Approximately \$360 million of the mortgages to be offered were purchased by *GNMA* through *FNMA*. The remaining \$104 million of the mortgages to be offered were purchased by *GNMA* through the *Federal Home Loan Mortgage Corporation (FHLMC)*. These purchases were authorized by the *Emergency Home Purchase Assistance Act of 1974*, as amended.

The loans offered for sale meet the documentation, credit, appraisal, and underwriting standards established by *FNMA* and *FHLMC* for their respective conventional home mortgage purchase programs.

The procedures, terms, and conditions of the sale will be contained in a bidding invitation to be issued the first week in June.



Programs of HUD

Just off the press is a newly-revised issue of *Programs of HUD*. . . describing the various activities of the *Department*. . . with details about the nature of each Program. Listed for each Program: *Legal Authority*, *Applicant Eligibility*, *Information Source*, and *Scope of Program*. It is available without charge from *Publications Service Center*, Room B-258, *HUD*, Washington, D.C. 20410, or from any *HUD Field Office*.



New Publication

Good Neighborhood: The Challenge of Open Housing. . . by Morris Milgrim. Mr. Milgrim was one of the pioneers in developing integrated housing communities, beginning in Philadelphia in 1954. The book. . . published by *W.W. Norton*. . . is priced at \$10.95 but may be purchased at a special discount price of \$7.95 postpaid from *The Fund for an OPEN Society*. 9803 Roosevelt Blvd., Philadelphia, Pa. 19114.



FYI

New York University School of Continuing Education. . . 2-day seminars: *Understanding and Obtaining Federal Grants*. . . Cleveland, June 20-21; Washington, D.C., July 25-26; Minneapolis, August 8-9; San Francisco, August 22-23; Chicago, September 26-27; New York City, October 3-4; and Phoenix, October 17-18. Details: Ms. Heidi E. Kaplan, Information Services Manager, Dept. 14NR, *New York Management Center*, 360 Lexington Avenue, New York, N.Y. 10017 (212/953-7262).

NAHB 'Housing Hall of Fame' Dedicated

On May 10... Secretary Harris participated in the dedication of the *National Association of Home Builders'* newly-created *Housing Hall of Fame*... set up to honor the men and women who have led this Nation to the highest standard of housing in the world. The 'Hall of Fame' is located in the *National Housing Center*... NAHB's headquarters in Washington. The ceremonies were part of the *Association's* annual Spring meeting of the *Board of Directors*.

The first group of selectees... 18 in all... are persons who distinguished themselves as leaders in housing during the 1940's. Those of the group being honored posthumously are marked with an asterisk.

Builders and community developers—David Bohannon, San Mateo, California; *Milton J. Brock, Laguna Hills, California; Franklin Burns, Denver; Fritz Burns, Los Angeles; *Edward Carr, Sr., Springfield, Virginia; Harry J. Durbin, Detroit; Robert P. Gerholz, Flint, Michigan; Kimball Hill, Rolling Meadows, Illinois; Rodney M. Lockwood, Birmingham, Michigan; *Joseph E. Merrion, Chicago; Joseph Meyerhoff, Baltimore; *George G. Nixon, Chicago; and Andrew S. Place, South Bend, Indiana.

Housing support—*Ed Gaven, Denver; and Paul Shoemaker, Evanston, Illinois.

Governmental—Senator John J. Sparkman, formerly Chairman, Senate Banking, Housing, and Urban Affairs Committee (1967-74); J. Stanley Baughman, formerly president, FNMA (1950-66).

Special—Frank Cortright, Carmel, California, long-time executive vice president of NAHB.

For the next 3 years... selections will be made from among the leaders of later decades... the 50's, 60's, and 70's... and then selections will be made from any period in U.S. housing history.

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

HUD-318-282-ASI
May 30, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. Use of funds for printing this publication approved by the Office of Management and Budget, January 9, 1973.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
HUD-401



FIRST-CLASS

HUD NEWSLETTER
May 30, 1977



June 6, 1977

Vol. 8 No. 23

Current Trends

Auction yields were up as *FNMA* issued \$563.5 million in 4-month commitments to purchase both *Government*-backed and conventionally-financed home mortgages. Commitments issued totaled \$285.5 million on *Government*-backed mortgages at an average yield of 8.738. The average in the previous auction was 8.703. In the auction for conventional mortgages... *FNMA* issued \$278.0 million in 4-month commitments at an average yield of 9.081... up from 9.030 in early May.

Project notes totaling \$747.6 million... representing 85 *Public Housing Agencies* ... were sold in mid-May at an average interest rate of 2.925 percent. The interest rate last month was 2.706 percent.

Savings in *Mutual Savings Banks* in the U.S. decreased by \$100 million in April ... according to the *National Association of Mutual Savings Banks*. Commenting on this outflow... the *Association's* president... Grover W. Ensley... pointed out that April is typically an erratic month in savings banks deposits... as income tax payments fall due and result in withdrawals. April has had a net deposit outflow in 6 of the past 10 years. The total of deposits in the banks did not decrease... however... as a result of the outflow. The crediting of quarterly interest to depositors' accounts... a total of \$250 million... raised deposits by \$150 million. By comparison... there was a \$623 million inflow in March 1977... and an atypical April increase in April 1976... when an inflow of \$352 million was experienced.



Solar Heating Experiment Expanded

A \$4.6 million program to put solar-heated hot water systems in 10,000 homes and to induce manufacturers to step up sales of the equipment has been announced by *HUD*.

"This is a major expansion of the *Solar Heating and Cooling Demonstration Program* to encourage rapid and widespread use of solar energy to cool and warm our homes and heat our hot water," *HUD* Secretary Harris said.

The funds will be allocated to 10 States where homeowners paid high electric heating bills in 1976... as documented by *Federal Power Commission* records. The States will then distribute the funds to homeowners and builder-developers who want to install the solar-heated hot water systems.

The States and their allocations are: Connecticut—750; Massachusetts—1,375; New Hampshire—200; Rhode Island—250; Vermont—150; Delaware—150; Maryland—950; New Jersey—1,725; Pennsylvania—2,800; and Florida—1,650.

Under the *HUD* program... the States are authorized to pay \$400 per unit... about half the cost... to homeowners and builder-developers for the solar-heated hot water hardware, usually consisting of one or two collector panels, tank for pre-heating water, and pumps and controls.

Installation cost is not included in the payment.

Secretary Outlines FY '79 Goals

In a letter to both houses of *Congress*. . . Secretary Harris has outlined the *Administration* targets and goals for *HUD's* housing and community assistance programs through the end of Fiscal Year 1979. The 1979 Fiscal Year begins on October 1, 1978. Generally. . . the levels are about the same as those for FY '77 and '78.

For FY '79. . . the Secretary anticipates a need of \$1.2 billion in contract authority for 400,000 new units of *Public Housing* and *Section 8* leased housing. For *Public Housing Operating Subsidies*. . . \$749 million will be needed. . . an increase of \$84 million over FY '78. The increase is necessary because of rising costs and the greater number of units which will be occupied. For *Section 701 Planning Assistance Grants*. . . \$62.5 million will be needed. . . and the *Urban Homesteading Program* will take \$15 million. . . both at the same level as for FY '78.

In addition to these items. . . the Secretary asked the *Congress* to open-end the dollar authorization for appropriations to cover the losses in the *FHA General Insurance Fund*. The current authorization provides a maximum of \$1.3 billion for losses to date.

Not included in the Secretary's request was the authorization for the *Community Block Grant Program*. . . inasmuch as this *Program* is covered by another bill now pending in *Congress*. . . which provides for a \$4 billion annual authorization for each of the next 3 Fiscal Years.

Earlier bills had authorized the 400,000-unit level of assisted housing (in the 1977 *Supplemental Act*). . . and the appropriations for FY '78 are now awaiting final *Congressional* action.

The advance estimates for FY '79 were submitted by the Secretary at this time to comply with the new *Congressional Budget Act*. . . which requires advance estimates for 3 years into the future.



Mortgage Insurance Companies Elect

William L. Hemphill. . . president of *United Guaranty Corporation*, Greensboro, N.C. . . has been elected president of the *Mortgage Insurance Companies of America (MICA)* for 1977-78. Other officers chosen at the *Association's* annual meeting are vice president, Preston Martin, president of *PMI Mortgage Insurance Company*, San Francisco; secretary, Leon T. Kendall, president of *Mortgage Guaranty Insurance Corporation*, Milwaukee; and treasurer, John E. Horne, chairman of *Investors Mortgage Insurance Company*, Boston.

MICA members insure the top 20 or 25 percent of a conventional mortgage . . . enabling lenders to make loans to home purchasers with downpayments as low as 5 percent. . . an increasingly important factor as the price of housing continues to zoom upward. Members of *MICA* now have more than \$51 billion of insurance in force. . . having passed the historic benchmark of \$50 billion with a record \$14.6 billion of new insurance in 1976. . . a jump of 46.6 percent over 1975.



FmHA Head Named

President Carter has nominated Gordon Cavanaugh as Administrator of the *Farmers Home Administration*. . . the Nation's major rural housing agency. *FmHA*. . . an agency of the *Department of Agriculture*. . . operates a \$3 billion housing program annually, in small towns and rural areas.

Since 1971 Cavanaugh has been the Executive Director of the *Housing Assistance Council*. . . a federally-funded, national rural housing organization which supports low-income and minority housing development efforts in rural areas. The *Council's* headquarters are in Washington, D.C.

Recent HUD Publications

The *Department* has recently issued a number of publications. The following are available from the *Superintendent of Documents*, Washington, D.C. 20402, at the prices shown. When ordering... please indicate stock number.

Footnotes... Numbers 1 to 4... issued jointly by HUD, the *National Endowment for the Arts*, and the *President's Council on Environmental Quality*.

No. 1... *A Handbook for Pedestrian Action*... Price \$2.00 (023-000-00373-2).

No. 2... *The Rediscovery of the Pedestrian in 12 European Cities*... Price \$1.80 (023-000-00374-4).

No. 3... *Banning the Car in Downtown in Selected American Cities*... Price \$2.00 (023-000-00375-9).

No. 4... *American Urban Malls*... Price \$2.10 (023-000-00376-7).

1976 Annual Report of HUD. Covers activities for calendar year 1976. Price \$1.35 (023-000-00386-4).

Community Planning and Development Evaluation Series... A-95... Project Notification and Review System: An Evaluation Related to Community Development Entitlement Block Grants. Price \$1.00 (023-000-00384-8).

The publications listed below are available from the *HUD Office of Policy Development and Research*, Room 8126, Washington, D.C. 20410... at no charge.

Remedial Measures for Houses Damaged by Expansive Clay... prepared for HUD by the *Construction Research Center of the University of Texas at Arlington*.

Report on Research Workshop on Progressive Collapse of Building Structures... sponsored by HUD, the *National Bureau of Standards*, and the *National Science Foundation*.

Survey of User Acceptance of the Solid Waste Removal Systems at Operation Breakthrough Sites... and Evaluation of the Refuse Management Systems of the Operation Breakthrough Sites.



Mortgage Statistics Available

HUD has released a series of tables to facilitate assessments of mortgage market developments. The tables show mortgage loan commitments by the principal groups of mortgage lenders for the first 11 months of 1976. Separate statistics are presented for commitments to make construction loans and commitments to make long-term mortgage loans in addition to the figures heretofore published on total commitments.

Two kinds of commitment data are tabulated for each property category: (1) new commitments made during the month, which are still outstanding at the end of the month and (2) total outstanding commitments, including these new commitments plus those outstanding at the beginning of the month that were neither used nor cancelled during the month.

These monthly statistics reflect updating of the 1976 commitment data previously published to take account of new benchmarks and late reports from survey participants. Figures for commercial banks and mutual savings banks are subject to further revisions following availability of 1976 benchmarks. For savings and loan associations the commitments for construction loans and for long-term loans, respectively, represent estimates by HUD staff.

The statistics are obtained from reports filed by about 1,700 lending institutions and agencies that are compiled by the *FDIC*, *FHLBB*, *SEC*, *Census Bureau*, *Institute of Life Insurance*, *American Council of Life Insurance*, *Mortgage Bankers Association of America*, and HUD under a cooperative arrangement.

Copies are available from HUD's *Office of Public Affairs*, Washington, D.C. 20410.

Variable Mortgages Succeed

Speaking before a San Francisco meeting of the *National Association of Mutual Savings Banks*... one of the leaders in the *Savings and Loan* field... Stuart Davis... chairman of the *Great Western Financial Corporation* of Beverly Hills, California... said that by the end of 1977... the *S&Ls* he heads will have converted more than half its nearly \$6 billion portfolio to *Variable Rate Mortgages*.

The *VR* plan... which is authorized for all State-chartered *S&Ls* in California... provides for a sliding rate on interest for home loans... by tying the interest-rate to the *Cost-of-Money Index*. Under the plan... the interest rate can be reviewed no oftener than semiannually... and if money market conditions have changed... the rate can be increased from a minimum of 1/10 of 1 percent up to 1/4 percent. There is no limit on the amount of decrease permitted. Over the life of a mortgage... no increase of over an aggregate 2½ percent is allowed.

There has been a greater acceptance of the *VR* plan in California than elsewhere in the country... which may be accounted for by the fact that more housing is being built and sold in that State than anywhere else in the Nation. Mr. Davis said that 12 *S&Ls* and 2 banks in California are making *VR* loans. The program was authorized in the State in 1975.



FYI

The Federal Bar Association, the *Institute for Professional and Executive Development*, and the *Bureau of National Affairs* (cosponsors)... *Seminar on President Carter's Energy Plan*... Washington, June 23-24. Representatives of both the *Executive* and *Legislative Branches* of the *Federal Government*, key corporate executives, energy experts and consultants, members of the bar, utility industry leaders, etc., will participate. Details: Marjorie Buren, *IPED*, 1800 K St., N.W., Washington, D.C. 20036 (202/466-8592).

HUD newsletter

HUD-318-283-ASI
June 6, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. Use of funds for printing this publication approved by the Office of Management and Budget, January 9, 1973.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401
FIRST-CLASS



HUD NEWSLETTER
June 6, 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



June 13, 1977

Vol. 8 No. 24

Current Trends

The latest *National Association of Home Builders Expectation Survey* shows that 76 percent of the builders who responded expect a generally good outlook in their local markets in the next 6 months... 22 percent expect it to be fair... and only 2 percent poor. Single-family housing is seen as the strongest element in the picture... as 77 percent foresee good single-family sales... and 22 percent look forward to good townhouse and condominium sales. In apartment activity... 68 percent look for a strong market in the immediate future.

The *Advance Mortgage Corporation's* quarterly survey *U.S. Housing Markets* reports that there are virtually no depressed local markets in single-family housing... only degrees of "hotness." The *Advance* report confirms predictions from other sources of a 'lot-crunch'... but possibly not until next year.

Construction contracts in April... according to the *F.W. Dodge Division of McGraw-Hill*... increased 20 percent over the April 1976 rate... to \$12.1 billion from last year's \$10.1 billion. The increase showed up in all categories of construction... commercial, industrial, housing, highways, sewer and water facilities, and electric power plants. For the first 4 months of 1977... apartment construction... which had been lagging badly... represented 26 percent of all residential construction activity... an improvement over last year's performance... but still short of the 40 percent rate in the early '70s. Total residential construction gained 30 percent over April 1976... and 36 percent over last year for the 4 months ending April 30.

Urban renewal project notes... totaling \$172 million... representing 56 local issuing agencies... were sold in late May at an average interest rate of 2.99 percent. Average interest rate for the \$177 million of project notes sold in mid-April was 2.729.

The increase in interest rates... which money experts have been predicting for some weeks... brought about another rise in the prime rate... to 6½ percent. Also... Secretary Harris announced an increase in the maximum allowable interest rate for HUD/FHA-insured single-family mortgage insurance to 8½ percent... effective May 31. The previous rate was 8 percent. The new rate was arrived at after consultation with Max Cleland, Administrator of VA... who simultaneously announced a similar change in the maximum rate of VA home mortgage loans. The change was necessary to bring FHA/VA rates into line with competitive mortgage market rates. The allowable rate on multifamily mortgage loans remains 9 percent.

HUD's report on mortgage activity for March showed that \$11.1 billion of home mortgage loans were closed during the month... 38 percent greater than the \$8.1 billion in March 1976. S&Ls made 57 percent of these loans... up from 55 percent a year ago... commercial banks originated 18 percent... down from last year's 22 percent... and mortgage companies handled 17 percent this year... compared to 15 percent a year ago. Multifamily mortgage loans totaled \$1.1 billion in March... 29 percent above a year ago. Construction loans for homes totaled \$2.5 billion... 30 percent above 1976. For the fifth consecutive month... multifamily construction loans were higher than the comparable month of 1976... this time by 19 percent.

Significant Decision

On May 23. . . the *U.S. Supreme Court* in *Harris, et al. v. Ross, et al. (76-1234)* and *Harris, et al. vs. Abrams, et al. (76-1262)* granted certiorari and agreed to review the question as to whether the Secretary of *HUD* is required to implement the tax and utility cost subsidy program enacted as *Section 236(f)(3) and (g) of the National Housing Act*, as amended. In *Ross*. . . an earlier decision by the *Fourth Circuit* held that the Secretary must implement the operating subsidy program on a prospective basis. In *Abrams*. . . an earlier decision by the *Ninth Circuit* held that the Secretary must implement the operating subsidy program retroactively to February 18, 1975. . . the date by which the program should have been implemented by the Secretary.



HUD Creates Office to Help Handicapped

Effective June 6. . . a newly-created *Office of Independent Living for the Disabled* was established within *HUD* under the Assistant Secretary for Housing. David Williamson. . . a disabled career employee of the *Department*. . . is head of the new *Office*, reporting directly to Assistant Secretary Simons. The announcement of this action was made by Secretary Harris when she spoke to the *White House Conference on Handicapped Individuals* in Washington in late May.



Rental Assistance Extended to 134,000 More Families

Secretary Harris has announced the allocation of \$413 million in *Rental Assistance* funds. . . which will benefit an additional 134,000 lower-income families. This was made possible by the passage of the *Supplemental Appropriations Act of 1977*. The Secretary noted that the funds involved in the Program were allocated by *HUD* to its *Regional Offices* within 24 hours after the *Office of Management and Budget* had cleared the funds following the signing of the legislation by the President.

At the same time. . . Secretary Harris declared that active efforts are being made to accelerate the channeling of funds from *Field Offices* to communities so as to make speedier occupancy possible for needy families.

"The speedup in allocating the funds demonstrates the Department's commitment to prompt action in providing housing assistance to lower-income families," she said.

The current and previous allocations for this fiscal year bring to more than \$1 billion the funds made available under *HUD's Section 8 Housing Assistance Payments Program*. The funds will assist in the housing of 322,000 families.

The formula for the allocation of the funds to the 10 *HUD Regional Offices*. . . for reallocation to individual communities in each *Region* is based on the provisions of *Section 213(d) of the Housing and Community Development Act of 1974*. . . which directs the Secretary to consider:

"So far as practicable. . . the relative needs of different areas and communities as reflected in data as to population, poverty, housing overcrowding, housing vacancies, amount of substandard housing, or other objectively measurable conditions, subject to such adjustments as may be necessary to assist in carrying out activities designed to meet lower-income housing needs. . ."

The distribution specifically takes into account differences in housing costs among housing markets so that the number of households assisted would be proportionate to housing needs.

Part of the allocated funds will be set aside to assist in payment of rents for those who will occupy apartments under *HUD's Section 202 Program for the Elderly and Handicapped*.

There also will be a 'set aside' for rental assistance of housing financed by *State Housing Finance and Development Agencies*.

HUD to Study Rising Home Costs

HUD is undertaking action to investigate ways to curb the escalating costs of building a home. . . *HUD* Under Secretary Jay Janis announced. At a round table discussion with the *National Association of Home Builders*, Mr. Janis said the matter of soaring costs is a problem for everyone involved. . . manufacturers, builders, labor unions, State and local governments, environmentalists, local building code enforcement agencies, *HUD*. . . and the rest of the *Federal Government*.

He said that there is no way to press a magic button which will set the escalator in reverse, or any easy decisions as to what levers the *Federal Government*. . . and *HUD* in particular. . . can pull to slow its acceleration.

The Under Secretary announced the appointment of a *HUD Task Force* to examine all the building and marketing components which. . . when added together. . . help to increase housing costs. Chairman of the task force is William White, General Manager of *HUD's New Community Development Corporation*; other *HUD* members are Lawrence Simons, Assistant Secretary for Housing/*FHA* Commissioner; and Donna Shalala, Assistant Secretary for Policy Development and Research. Representatives of the home building industry, architects, engineers, and others who can contribute toward solving the problem will be asked to participate in the studies.

In this way. . . said the Under Secretary. . . we can arrive at workable solutions if we learn to cooperate and have the courage and foresight to do what needs to be done.



Workshop Reports on HUD Grant

Representatives of *Housing Authorities* in eight U.S. cities and two officials of the *Greater London Council (GLC)* in England, recently participated in a workshop in Miami to explore the most effective ways of raising productivity in *Public Housing Agencies*.

Herbert Graham, *GLC's* Director of Housing Maintenance. . . and Roy Dickens, Director of Work Study. . . who oversee more than 225,000 units of London housing . . . reported on the currently successful *Work/Incentive Program* which operates in the London area.

Kent Watkins. . . president of *Kent Watkins & Associates*. . . urban management consultants. . . coordinated the conference as part of the productivity demonstration program under a \$2 million *HUD* grant to test bonus incentive programs in *Public Housing Agencies* in the U.S.

Watkins (a former staff assistant to the Secretary of *HUD*). . . spent 6 weeks observing the British system during 1975. . . and on his return to the United States briefed *HUD* officials on its effectiveness. . . is now National Program Coordinator for the project underway in Albany; Bridgeport; Columbus, Ohio; Denver; Newark; Newport News; St. Louis; and Savannah.

Basically. . . the work incentive program is designed to increase productivity by offering bonuses to employees for the quantity and quality of work assigned. It was initiated in this country about a year ago. The bonus is calculated on the actual time taken as compared to an estimated time standard. The bonus scheme also produces detailed management control information which shows how effectively each tradesman is working and the unit cost of the work.

In London. . . savings resulted from improved management disciplines in all phases of work. . . from carpentry, to painting, to gardening.

In the U.S., enthusiasm for the plan and tenants' concern for the day-to-day operations of the complexes has increased since the bonus program was introduced. One *Housing Agency* director noted that the turn-around time on vacant apartments has decreased from as high as 13 days to as low as 5 days.

Task Force on FHA Future Announced

Dr. Robert C. Weaver... the first *Secretary of HUD* (1966-1969)... has been named by Secretary Harris to be chairman of a *Task Force on the Future of FHA*. The establishment of the *Task Force* was published in the May 31 *Federal Register*... and its function will be to make recommendations on the future of the *Federal Housing Administration*. The total membership of the group will not exceed 30... and it will have representatives from consumer interests, organized labor, private mortgage insurers, minority groups, women, savings and loan associations, mortgage bankers, commercial and savings banks, State, county, and municipal officers, the academic world, the legal profession, homebuilders, developers, and *HUD* employees.

The remaining members of the *Task Force* will be selected before the first meeting of the *Force*... scheduled for 9 a.m. Wednesday, June 15, in Room 10233 of the *HUD* Building. The meeting is open to the public.

Further information about the *Task Force* and the scheduled meeting may be obtained from Donald K. McLain (202/755-5333) or Douglas C. Brooks, Management Officer, Room 3260, *HUD* Building, Washington, D.C. 20410 (202/755-9086).



Rural Groups Merge

The two major national groups concerned with rural housing and development have voted to merge. *Rural America* and the *Rural Housing Alliance Board* have voted to unite into one organization... to be known as *Rural America, Inc.* The effective date of the merger will be June 1.

The *Housing Alliance* was organized in 1966 as the *International Self-Help Housing Association*... and changed its name to *RHA* in 1969.

HUD newsletter

HUD-318-284-ASI
June 13, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. Use of funds for printing this publication approved by the Office of Management and Budget, January 9, 1973.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401



FIRST-CLASS

HUD NEWSLETTER
June 13, 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



June 20, 1977

Vol. 8 No. 25

Current Trends

FNMA's latest auction of 4 month commitments to buy home loans showed the fourth consecutive increase in yields... indicating continued upward movement in mortgage interest rates in months to come. The yields on commitments to buy *FHA/VA* loans rose to 8.788 percent from the 8.738 percent at the last sale. For conventional loans... those not backed by *Government*-insurance or guarantees... the rate increased to 9.130 percent from the earlier sale's 9.081 percent... the highest since the 9.069 percent in October 1976. The sale included \$319 million of *Government*-backed and \$218.6 million of conventional mortgages.

The *FHLBB* report on *S&L* activity in April showed that net savings receipts declined seasonally in April... while mortgage lending rose sharply. New savings totaled \$1.7 billion less than March. Federally-insured associations closed \$8.8 billion in mortgages in April... 9 percent more than in March... and 37 percent higher than April 1976. Outstanding commitments for future mortgage lending rose to a new alltime high in April... both before and after seasonal adjustment. The actual rise was \$1.9 billion to a total of \$21 billion at monthend.

While overall unemployment dropped slightly in May... according to the *Labor Department*... unemployment in the building trades rose to 13 percent in May... compared to 12 percent in April. It was 14.5 percent in May 1976. Employment in contract construction increased for the month... however... by 15,000... bringing the total to 3.8 million... up 250,000 from January, 1977... and 200,000 above the April 1976 level.



Cities are Healthier

Back in the 18th century... Thomas Jefferson said that the rural life was healthier for men's minds than city life. Now... Dr. Leo Srole... an anthropologist at *Columbia University* says that a study he has completed does not bear out this conclusion. "The widely-held view that urban mental health is on a one-way slide downward has not been documented," the doctor said.

Speaking to the *American Psychiatric Association*... Dr. Srole said that contrary to the usually-accepted belief... New Yorkers appear to be in better mental health than 20 years ago. "We've got to realize that urban life does an awful lot of good through the cultural and other resources it provides and that many people thrive on it."

Citing the results of a *National Center for Health Statistics* survey of 15 years ago... and a Canadian survey... and comparing them with the figures available for Midtown Manhattan... the doctor said that people in rural areas and small cities reported 20 percent more symptoms of psychological disturbance than did big city residents. The Midtown Manhattan study indicated that 23 percent of those interviewed in New York needed psychiatric care... while the Canadian rural area study showed the mental morbidity rate there is higher than Midtown's 'by a wide margin.'

Fair Housing Conference Held

Secretary Harris gave the keynote address at the opening of the 3-day *National Conference on Voluntary Programs in Support of Fair Housing and Equal Opportunity* in Arlington, Virginia.

Other featured speakers included Jack Valenti, president of the *Motion Picture Association of America, Inc.*; Larry Bailey, *Deputy Assistant to President Carter for International Affairs*; Joseph P. Kennedy, II, of the *John F. Kennedy Memorial Library, Harvard University*; and Chester C. McGuire, Jr., *HUD Assistant Secretary for Fair Housing and Equal Opportunity*.

Topics discussed at the plenary sessions covered such subjects as the status of fair housing in America, national voluntary compliance agreements and programs with housing industry groups, comparability of law enforcement and voluntary compliance, and innovative approaches to voluntary compliance in fair housing and citizen groups.

Participants in these discussions included Edward Holmgren, executive director, *National Committee Against Discrimination in Housing*; Carlton B. Goodlett, president, *National Newspaper Publishers Association*; Dr. Arthur S. Flemming, chairman, *U.S. Commission on Civil Rights*; William Oliver, president, *National Housing Corporation of the National Association for the Advancement of Colored People*; and Drew Days, *Assistant Attorney General for Civil Rights, U.S. Department of Justice*.

Also, Congressman Parren Mitchell of Maryland; Betty Adams, chairperson, *Housing Task Force, Leadership Conference on Civil Rights*; Tom Gale, director of Housing, *National Urban League*; H. Jackson Pontius, executive vice-president, *National Association of REALTORS*; Vondale S. Gravlee, vice president-treasurer, *National Association of Home Builders*; Donald R. McVay, senior vice-president, *National Newspaper Publishers Association*; Glendora Putnam, former *HUD Deputy Assistant Secretary for Fair Housing and Equal Opportunity*; and Morton A. Baruch, *HUD General Deputy Assistant Secretary for Housing, and Deputy Federal Housing Commissioner*.

A reception and HUD award ceremony honoring supporters for fair housing and equal opportunity sponsored by the *National Association of REALTORS* was part of the *Conference* activities.

Assistant Secretary McGuire presented awards to the following: Leon N. Weiner, Wilmington, Del., past president, *National Association of Home Builders*; James W. Rouse, chairman of the Board, *The Rouse Company*, Columbia, Md.; Sargent Shriver, former U.S. Ambassador to France; William R. Morris, national director of Housing Programs, *National Association for the Advancement of Colored People*; Senator John Glenn, Jr., Ohio; Senator Charles McC. Mathias, Jr., Maryland; Congressman Don Edwards, California; Congresswoman Gladys Spellman, Maryland; Congressman Robert F. Drinan, S.J., Massachusetts; Morris Milgram, president, *Fund for an Open Society*, Philadelphia, Pa.; Aileen C. Hernandez, *Hernandez Associates*, San Francisco, Calif.; Celia Zager, executive director, *San Fernando Valley Fair Housing Council*, Los Angeles, Calif.; Arthur S. Leitch, past president, *National Association of REALTORS*, San Diego, Calif.; Dorothy Height, president, *National Council of Negro Women*, Washington, D.C.; and Major General James A. Johnson, Commander, *U.S. Army Engineer Center and Fort Belvoir*, Va.

Energy-Conserving Seminars Begin



The first of a series of 2-day seminars in 10 cities, sponsored jointly by HUD, the *American Gas Association*, the *Edison Electric Institute*, and the *National Association of Home Builders* begins this week in Washington. The second seminar is to be held in Atlanta June 27-28...to be followed by others in October and November in Boston, Chicago, Denver, New Orleans, Columbus (Ohio), Oklahoma City, Phoenix, and San Francisco.

The Seminars...titled *DESIGNING, BUILDING, AND SELLING ENERGY-CONSERVING HOMES* are intended for homebuilders, architects, engineers, and others involved in the design and construction of housing.

Details on the upcoming sessions are available from the *Department of Training and Education of NAHB*, 15th & M Streets, N.W. Washington, D.C. 20005 (202/452-0353).

Census Profiles U.S. Population

A 1976 population profile of the people of the U.S. has been released by the *Census Bureau*. This is an annual report bringing together in one publication the highlights of the *Bureau's 1976 Current Population Survey* and related statistics.

An important bit of information in the study is the impact of the Nation's declining birth rate on school enrollment. Nursery school enrollment dropped 13 percent between 1975 and 1976 after increasing 60 percent from 1970 to 1975. In addition... the number of children under 14 years of age declined by 5.5 million between 1970 and 1976. One consequence is that over 10 percent of the population is now 65 or over.

One reason for the declining birth rate is that women are marrying later. According to the report... 43 percent of the women in their early twenties were still single in 1976 compared to 28 percent in 1960.

There were also 1,077,000 divorces in 1976 or 5.0 divorces for every 1,000 persons, the report notes. The *Bureau* estimates that if recent trends continue... one in every three married persons between 25 and 35 years of age may end their first marriage in divorce.

Some other key findings include:

- Nonfamily households increased by 41 percent since 1970 but family households grew by 9 percent during 1970-76. Families with a female head increased by one-third during the same period.

- Blacks made up 11 percent of the U.S. population in 1976 and totaled 24.2 million; the 11.1 million persons of Spanish origin comprised 5 percent of the 1976 population.

- The 1976 unemployment rate was 7.7 percent... a somewhat lower figure than the 8.5 percent recorded in 1975.

- Almost 95 million persons were in the labor force in 1976... an increase of 12 million since 1970. The largest increases occurred in professional service industries like finance, insurance, and real estate. Fewer workers were employed in manufacturing in 1976 than in 1974.

- While approximately 45 percent of all wives were working in 1976... the labor force participation rate for male family heads declined from 85.8 percent in 1970 to 82.2 percent in 1976.

Between 1970 and 1976... the population in metropolitan areas increased by 4 percent while the population in nonmetropolitan areas increased by 8 percent. Among the States... the largest numerical gains occurred in Florida (1.6 million); California (1.5 million); and Texas (1.3 million).

- College enrollment increased the most among persons over 25 years of age. In 1976, one-fourth of all college students were 25 or older.

- Median family income was \$13,720 in 1975... 3 percent... or \$360 below the 1975 level in dollars of constant purchasing power.

- The Nation's population grew by only 0.7 percent in 1976... reaching an estimated 216.0 million on January 1, 1977.

Copies of the report, *Population Profile of the United States: 1976, Series P20, No. 307*, are available for \$1.05 each from the *Superintendent of Documents*, Washington, D.C. 20422.

More Solar Demonstration Awards Announced

HUD has awarded \$6 million in grants to buy and install solar heating, cooling, and hot water equipment in 3,468 single and multifamily dwelling units.

The grants... representing the third of a scheduled five cycles of residential solar demonstration awards... involves 169 projects in 44 States. None of the money goes to individuals homeowners.

HUD has responsibility for the residential part of the *National Solar Heating and Cooling of Buildings Program* under the leadership of the *Energy Research and Development Administration (ERDA)*.

In the first cycle... announced January 1976... \$1 million was awarded, involving 55 projects; \$4 million for 102 projects was allocated in the second cycle... October 1976.

The third cycle projects were selected from 700 applications *HUD* received in response to formal invitations issued in January.

In making the selections... *HUD* evaluated the type of solar system being used, the completeness of the technical information, quality of the housing project where the system would be installed, and the usefulness of the projects in the *HUD* Solar Demonstration Program.

The fourth cycle of demonstration grants is tentatively scheduled for the Fall of 1977.

Additional information on the *ERDA* and *HUD* Solar Heating and Cooling Demonstrations is available from *Solar Heating*, P.O. Box 1607, Rockville, MD 20850.

HUD newsletter

HUD-318-285-ASI
June 20, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. Use of funds for printing this publication approved by the Office of Management and Budget, January 9, 1973.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401
FIRST-CLASS



HUD NEWSLETTER
June 20, 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



June 27, 1977

Vol. 8 No. 26

Current Trends

Private housing starts in May continued the upward trend of recent months...reaching a seasonally-adjusted rate of 1.929 million units...1.6 percent above the April rate...and more than 34 percent higher than the 1.435 million unit-rate in May 1976. Both the single-family and multifamily rate went up...the single-family at 1.461 million units...compared to 1.433 million in April and 1.091 million in May 1976...and the multifamily reaching 361,000 units...up from April's 348,000 figure...and May 1976's 256,000. Permits granted likewise accelerated over the April rate...to 1.606 million units from 1.563 in April...and 1.158 million in May 1976.

Project notes...totaling \$684 million...representing 86 Public Housing Agencies...were sold in mid-June by HUD at an average interest rate of 2.876 percent. The interest rate last month was 2.925 percent.

A *Labor Department* report on consumer spending shows that family expenditures on housing and food did not rise as fast as transportation costs during the 1960s and 1970s. In the 1960 to 1973 period...transportation expenditures increased over 40 percent...from 15.2 percent of total consumption to 21.4 percent...while food costs dropped from 24.4 to 20.1 percent...clothing and upkeep decreased from 10.9 to 7.8 percent...health care dipped from 6.7 to 6.4 percent...recreation and personal care and education went from 12.2 to 11.4 percent. Housing costs meanwhile...moved up from 28.4 to 31.3 percent...a lesser percentage rise (10 percent) than for transportation...with the shelter segment going from 5.3 to 6.9 percent for renters...and owner costs went from 6.9 to 8.7 percent. Utility costs remained steady at 4.9 percent...and household operations and home furnishings remained virtually unchanged...at about 5 percent each.

The *Census Bureau* reports that total public and private construction put in place in April was at a seasonally-adjusted annual rate of \$163.4 billion...3 percent higher than the previous peak reached in March...and 20 percent above the winter's low in January. It was 13 percent above April 1976. The 3 percent increase in April compared to a 6 percent rise in March and a 10 percent increase in February from the January low. The major month-over-month gain in April was in public works...primarily federally-aided construction. Private construction at the annual rate of \$128.3 billion...was up 2 percent in April and was 20 percent higher than a year earlier...while public construction...at a \$35.1 billion rate...was up 4 percent for the month but off 7 percent from a year ago. In the private sector...new housing units accounted for \$63.5 billion of the total with increases of 2 percent over March and 44 percent over April 1976. Nonresidential building was unchanged in April at \$27.2 billion but 7 percent over April 1976. April increases in public construction were greatest in highways, military facilities, conservation, sewer systems, and water supply facilities.

Total U.S. population (including Armed Forces overseas) was about 216,376,000 on April 1, 1977...according to estimates released by the *Census Bureau*. This represents an increase of 1,620,000...or 0.8 percent...over the estimate for the corresponding month a year ago...and an increase of 138,000 over the March 1977 figure. The monthly gain was the result of a natural increase of 110,000 (excess of births over deaths), and estimated net civilian immigration of 29,000.

Energy Data Released

A joint *HUD-Census Bureau* report...citing the *1975 Annual Housing Survey* ... indicates that the North Central States led the Nation in attic or roof insulation... with 85 percent of the homes protected. This compares to 80 percent in the Northeast and 69 percent in both the South and the West.

The North Central and Northeast States led in the proportion of single-family homes with storm doors and coverings such as storm windows over some or all windows.

In each of these two regions... 92 percent of the homes had storm doors and 92 percent had storm windows. In the South... 40 percent had storm doors and 30 percent storm windows. In the West... 20 percent had storm doors and 20 percent storm windows.

Of 72.5 million housing units occupied in 1975... utility-piped gas heated 56 percent, oil (fuel oil, kerosene, etc.) 23 percent, and electricity 13 percent.

Nearly one-half of year-round housing units in 1975 had air conditioning... 20 percent had a central system... while 29 percent had room units.

Another report relating to energy has been issued by the *Federal Power Commission* which shows that owners of all-electric homes used less electricity on the average in 1975 than in 1974... but there was no way of determining if it was in response to the 'turn down the thermostat' energy-saving campaign or to rising electric costs.

The average annual energy consumption for all-electric homes decreased from 20,326 kilowatt-hours in 1974 to 19,040 in 1975. The average annual consumption for heating purposes dropped from 8,093 kilowatt-hours in 1974 to 7,251 in 1975. Average bills for all-electric homes... nationally... increased 9 percent in 1975 compared to the explosive 30 percent rise in 1974.

Approximately 59 percent of the utilities surveyed increased their base rates to all-electric customers during 1975... while 4 percent decreased their rates.

Average annual bills increased in 70 percent of the cities surveyed, ranging from \$2 to \$260... with decreases... from \$2 to \$162, in 25 percent of the cities.

During 1975... there were 5,416,223 customers in all-electric homes... a net increase of 669,128... or approximately 14 percent over 1974.



HUD Publications Available

Two new publications... prepared for *HUD's Office of the Assistant Secretary for Fair Housing and Equal Opportunity*... are available free from that Office. They are:

Registry of Private Fair Housing Organizations/Groups... prepared for *HUD* by the *National Newspaper Publishers Association*. The *Registry* provides uniform data about organizations involved in fair housing activities... covering such items as specific activities of each, program areas, structure, services rendered.

Title VIII Legal Procedure Manual... prepared for *HUD* by the *National Bar Association*. *Title VIII* of the *Civil Rights Act of 1968* states that: "It is the policy of the United States to provide, within constitutional limitations, for fair housing throughout the U.S." *HUD* is the enforcement agency for this legislation, and this publication describes the role of the *Federal Government* and others in implementing the Congressional mandate expressed in *Title VIII*. The publication covers such items as *Development of the Law*; *Federal Enforcement Role*; the *Role of the Private Attorney*; *Investigations*; *Pre-Trial and Trial Procedures*; *Court Case Reference Matrix*.

Both are available on request from the *HUD Office of Fair Housing and Equal Opportunity*, Room 5282, Washington, D.C. 20410.

Residential Sales Decline

Two reports... one from the *National Association of REALTORS*... and the other from the *Census Bureau*... indicate a counter-seasonal drop in home sales. Following an all-time high seasonally-adjusted rate of sales in February... and another high rate in March... the *Census* report showed a rate of sales in April of 726,000 units... down 12 percent from March and 18 percent below the February rate. The April 1977 rate was... however... 20 percent above the April 1976 rate.

The *REALTORS* report showed April sales at the seasonally-adjusted annual rate of 3.3 million units... down from the exceptionally high rate of the past few months... but substantially... 17 percent... higher than April a year ago.

Both reports point to the extremely high rate of increases in home prices in the West... particularly in California... the Nation's most active housing market... as a major contributing factor in the decline in sales. The *REALTORS* report on median prices of homes showed the national increase in the April 1976-April 1977 period of 11.4 percent... while the median increase in the West was 27.1 percent.

The national median sales prices on new 1-family homes... according to the *Census Bureau*... followed an unusually erratic pattern. The figures were \$45,500 in January... \$47,400 in February... \$46,000 in March... and \$48,900 in April. In 1976... the April figure was \$43,300. The average price in April 1977... the *Census Bureau* report shows... was \$55,100... up from \$52,400 in March. It was \$46,800 in April 1976.

In a later report... covering sales activity for May... the *FHLBB* showed a decline in the average cost of new houses for the second consecutive month... from the April level... to \$52,100 from \$53,400. The average for existing homes rose to a new high... \$47,000... up from the April level of \$45,700... and \$40,200 in May 1976. Most expensive area for new homes last month was San Francisco... \$69,800 average. For existing homes... Los Angeles was the highest... \$73,600.



MBA Issues 'Redlining' Report

The *Mortgage Bankers Association of America (MBA)* has issued a report by a special task force commissioned to study alleged 'redlining' practices by urban lenders. The task force rejects as "simplistic and erroneous" the charges that lenders are the primary cause of urban decay.

"Lenders are not the prime cause... nor are they blameless... in the deterioration of the Nation's cities. They are one important part of a very complex process of growth, decline, deterioration, and rebirth of major portions of our cities. In this process... home mortgage credit is not the sole nor even principal reason for neighborhood deterioration," the task force stated.

The task force... composed of 10 urban lenders from around the country... was formed in June 1975 to investigate allegations made at Senate hearings that "It is the initial action of local lending institutions in cutting off loans from the community that (leads) to a decline in property values," and that 'redlining' is "purposeful manipulation of neighborhoods to bring about their deterioration and destruction."

The task force held fact-finding meetings in Chicago, Los Angeles, and Pittsburgh, visiting neighborhoods involved in the redlining controversy and similar neighborhoods where credit was readily available.

An analysis of the growth and decline of communities... based largely on government sources... showed that local government, neighborhood residents, real estate brokers and appraisers, as well as lenders, play vital roles in this process. The failures of neighborhood rehabilitation programs that did not secure the confidence and cooperation of all these groups, and the recent successes of those that did, make it clear that no one group can be singled out as a scapegoat.

Copies of the report are available from *MBA*, 1125 15th St., N.W., Washington, D.C. 20005, for \$1.00 each.

Construction Share in GNP Drops

Construction is a less important segment of the Nation's *Gross National Product* now than in 1929...according to a report prepared by Michael Sumichrast...who is chief economist of the *National Association of Home Builders*. In 1929...construction represented 10.4 percent of the *GNP*...and this rose to 11.7 percent in 1950. It has declined steadily since 1950...being 10.6 percent in 1960...9.6 in 1970...8.7 in 1975...and 8.5 percent in 1976. Residential construction follows the same pattern...dropping from 6.3 percent in 1950...5.4 percent in 1955...4.5 in 1960...3.2 in 1970...3.6 in 1975...and 3.5 in 1976.

One reason for the drop in the share of construction and housing is that non-construction expenditures increased for all three levels of government—Federal, State, and local. Combined...they take a much larger share than ever before of all goods and services we produce.



Illinois Community First to Adopt Model Energy Code

The first local governmental unit to adopt a *Model Energy Code* occurred recently when the *City of Country Club Hills*...a suburban community southwest of Chicago...authorized municipal enforcement of the *BOCA Basic Energy Conservation Code/1977*. The *Code* was published in April by *Building Officials and Code Administrators (BOCA) International*. *BOCA* is a Chicago-based professional organization of regulatory construction code officials.

The *Basic Energy Conservation Code/1977* is a compilation of energy conservation requirements contained in the 1976 *Supplements to BOCA's Basic Building, Basic Plumbing, and Basic Mechanical Code 1975 Editions*. The *Basic Codes* are widely recognized and used by units of State and local government in the United States.

HUD newsletter

HUD-318-286-ASI

June 27, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. Use of funds for printing this publication approved by the Office of Management and Budget, January 9, 1973.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
HUD-401



FIRST-CLASS

HUD NEWSLETTER
June 27, 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



July 4, 1977

Vol. 8 No. 27

Current Trends

The high rate of housing starts and new permits issued in May... continuing the upward trend of recent months... points to a near-record rate of housing activity for 1977. Most encouraging to housing experts is the geographic distribution of both the starts and permits. The Northeast and North Central sections of the Nation... which had been lagging far behind the Sun Belt areas of the West and South... are showing a new surge of activity. In May... while the South and West were generally holding their own... compared to the recent past... starts in the Northeast were up from 188,000 in April to 223,000... and the North Central region recorded a seasonally-adjusted annual rate in May of 531,000 units... compared to 480,000 in April.

Interest rates showed a decline at *FNMA's* mid-June auction of 4-month commitments to purchase both *Government*-backed and conventionally-financed home mortgages. The *Association* issued \$78.1 million in Government-backed commitments at 8.774 percent... down from the previous auction rate of 8.788 percent. In the conventional mortgage sale... the average yield was 9.128 percent... down from the late-May rate of 9.130 percent.

The *FNMA* auction is another instance of the slight easing of the mortgage interest rates in recent weeks... but money analysts seem to be in agreement that it is a temporary phenomenon. Expectations are that the rate will reach a 9 percent level by the end of the year... compared to the present 8.75 percent which prevails generally across the country (except for California)... and the 8.5 percent level of a few months ago. In California... the center of an unusually active housing demand... current mortgage rates are running about 9.25 percent... a full half-point above the national average.

Garth Marston... Chairman of the *FHLBB*... added his voice to the consensus that the present high rate of housing activity will remain undiminished for the remainder of 1977... and that mortgage funds will remain adequate... even though an increase in interest rates is likely. He also anticipates that housing costs will continue upward.



Mortgage Participation Buyers Change

There has been a decided change in the makeup of the purchasers of *Mortgage Participation Certificates (MPCs)*... according to *FHLBB* Chairman Garth Marston. While formerly *MPC* buyers were overwhelmingly *S&Ls*... and *S&Ls* still dominate the field... other capital investors have recently shown a great interest in the *Certificates*.

This new interest in the *Certificates* by other institutional purchasers coincides with the significant increase in the volume of *MPCs* being offered for sale. Already more than \$1 billion has been sold this year... compared to \$1.5 billion in all of 1976.

Prior to this year... and for the past 6 years... 98 percent of *MPCs* were bought by thrift institutions. During the first 3 months of 1977... 66 percent (65 percent *S&Ls* and 1 percent savings banks) were the purchasers... 10 percent were trust bankers... 9 percent security dealers... and 7 percent buying for portfolios.

Rehab Program Being Studied

HUD has begun an intensive review of its *Section 312 Rehabilitation Loan Program* in a major effort to streamline the *Program* and make it more responsive to local needs. The *Program*... which was established in 1964... permits HUD to make low-interest loans for the rehabilitation of residential and business properties. Through June 1976... loans totaling more than \$350 million have been made. *Congress* has approved a 2-year extension of the *Program*... with increased funding authority for fiscal 1978.

Robert C. Embry, Jr., *HUD Assistant Secretary for Community Planning and Development*... who is responsible for administering the *Program*... has enlisted a group of knowledgeable local public officials to serve on a task force to undertake the review. They are: Marvin Goldberg, Director, *312 Program, New York City*; Charles Noon, Director, *Neighborhood Development, Baltimore*; Fred Lindstrom, Jr., *Director of Rehabilitation, Department of Urban Renewal, Chicago*; Al Mendoza, *Loan Officer, Housing Redevelopment Agency, Sacramento*; and Don Silvey, *Manager, Housing Assistance, Portland (Oregon) Development Commission*.

HUD is also seeking advice and suggestions from any person with experience in the *Section 312 Program* who wishes to offer ideas for making the *Program* more effective. Recommendations should be submitted by July 15 to: Robert Dodge, *HUD Office of CP&D, Room 7282, Washington, D.C. 20410*.



Southwest Cities Boom

The *Johnny-Come-Latelies* among American cities... those in the Southwest... now represent half of the 10 largest municipalities. According to a report just issued by the *Census Bureau*... five of the Nation's largest 10 cities are in that section... as San Diego and San Antonio... now numbers 9 and 10... have joined No. 3, Los Angeles... and Houston and Dallas... number 6 and 8 respectively. The other 5 top cities: New York and Chicago... numbers 1 and 2... Philadelphia and Detroit... numbers 5 and 6... and Baltimore... number 7.

San Diego and San Antonio have displaced Washington and Cleveland in the 9 and 10 slots. Other Southwest cities rapidly climbing toward the top: Phoenix... which moved from 21st in 1970 to 15th in 1975... San Jose... from 30th to 21st... and El Paso from 45th to 33rd.

The population figures are for central cities only... and do not reflect the metropolitan area totals which vary in a number of cases from the central city figures shown in this report. Of the top 10 cities... 7 showed losses during the 5-year period covered by the report and 14 of the top 20 lost population. The greatest loss was Detroit's drop from 1,514,063 to 1,335,085... almost 12 percent. New York lost 5.2 percent... Chicago 8 percent... and Los Angeles 3 percent.

A provisional estimate has been made by the *Census Bureau*, showing the population of the major *Standard Metropolitan Statistical Areas* on July 1, 1975 (which includes the suburban and adjacent communities). The 10 largest SMSAs: (1970 figures in parentheses): New York 9,635,200 (9,973,716); Chicago 6,982,900 (6,977,611); Los Angeles-Long Beach 6,944,900 (7,041,980); Philadelphia 4,797,200 (4,824,110); Detroit 4,444,700 (4,435,051); Boston 3,914,600 (3,848,593); San Francisco-Oakland 3,128,800 (3,107,335); Washington 3,016,200 (2,910,111); Nassau-Suffolk, New York 2,622,000 (2,555,868); Dallas-Fort Worth 2,552,800 (2,378,353).

It isn't only the very largest cities which have suffered substantial losses. Some of the smaller communities experienced even greater percentage losses. Among these: Dayton, 15.8 percent loss from 1970 to 1975... St. Louis (15.6 percent)... Cleveland (14.9)... Minneapolis (13.0)... Buffalo (12.0)... Atlanta (11.9).

FYI



Syracuse University Gerontology Center... Summer Residential Institute on Aging and Older People... Syracuse, August 1-12. Details: Dr. Hidde Van Duym, *Continuing Education in Gerontology*, 610 East Fayette Street, Syracuse, N.Y. 13202 (315/423-3291).

'Future of FHA' Task Force Meets

Secretary Harris has named the 23 members of the *Task Force* to consider the future role of *FHA*. They are serving with Dr. Robert C. Weaver, former Secretary of *HUD*, whose designation as Chairman had been announced earlier. The *Task Force* has already held its first meetings.

The group's meetings are for the purpose of reviewing and considering alternative roles for the *FHA* and to make recommendations to Secretary Harris for her consideration. The Secretary is expected to testify on the future role of *FHA* before the *Senate Committee on Banking, Housing, and Urban Affairs* next month.

Named on the *Task Force*:

Philip M. Brownstein, former *FHA Commissioner*, attorney, Washington, D.C.; Neal J. Hardy, former *FHA Commissioner*, executive director, *Rehabilitation Mortgage Insurance Corporation*, New York City; Ms. Marilyn Melkonian, attorney, New York City; Lawrence B. Simons, *Assistant Secretary for Housing/Federal Housing Commissioner, HUD*; Pazel Jackson, vice president, *Bowery Savings Bank*, New York City; Dr. Henry Schechter, director, *Department of Urban Affairs, AFL-CIO*, Washington, D.C.; Father Geno Baroni, *Assistant Secretary for Neighborhoods, Voluntary Associations, and Consumer Protection, HUD*; Ms. Marjorie Lawson, *Lawson and Lawson*, Washington, D.C.; Mel Mister, director, *Urban Economic Policy and Financial Management Group*, Washington, D.C.; Dr. Oliver H. Jones, executive director, *Mortgage Bankers Association of America*, Washington, D.C.; Joseph Burstein, counsellor to *HUD's Secretary*; Ms. Margaret Seely, director, *Task Force on Aging, U.S. Conference of Mayors*, Washington, D.C.; Herschel V. Green, president, *The Green Companies*, Miami; Ronald P. Laurent, senior vice president, *McElvain-Reynolds Company*, Chicago; Ms. Sybil Phillips, director, *Community Conservation Research, HUD*; Ms. Margaret Thorpe, administrator, *Division of Housing, Wisconsin Department of Local Affairs and Development*; Dr. Bernardo Benes, vice chairman, *Continental National Bank*, Miami; Preston Martin, president, *PMI Mortgage-Backed Securities, Government National Mortgage Association, HUD*; George O. Hipps, Jr., acting director, *Office of Loan Origination, HUD*; Ms. Louise Lawson, president, *Illinois Service Federal Savings and Loan Association*, Chicago; Ms. Mina Chisholm, vice president, *Buffalo Savings Bank*, N.Y. and *Chairperson of the Subcommittee on Residential Lending of National Association of Mutual Savings Banks*.



New HUD Publications

Local government officials looking for ways of stretching the tax dollar. . . and reducing the burden on the taxpayer. . . can get some timely how-to-do-it information from two guides sponsored by *HUD*.

The guides were produced under contract with *HUD's Office of Policy Development and Research*, which also awarded a grant to the *Municipal Finance Officers Association (MFOA)* for production, dissemination, sponsorship of workshops, and evaluation of the effectiveness of the guides. They may be purchased from the *MFOA*, 1313 East 60th Street, Chicago, Ill. 60637.

Borrowing funds, handling bond money, using financial institutions, increasing earnings on investments, developing savings by careful discount procedures. . . these devices and more are explained in detail for local government money managers in both guides. The guides will also be of use to school districts, water and sewer districts, and other special taxing districts.

Improving Cash Management in Local Government: A Comprehensive Approach, written by Frank M. Patitucci and Michael H. Lichtenstein. . . tells local government officials grappling with budgets of \$5 million and up. . . how to evaluate cash management with the goal of increasing income. Price \$6.

Implementing Effective Cash Management in Local Government: A Practical Guide, by *Haskins and Sells Government Services Group* was written to help smaller government units. . . especially those with operating budgets below \$5 million. Price \$10.

Energy Standards Fair, Under Secretary Says

President Carter's energy program will achieve its conservation goals without materially changing America's basic standard of living. . . Jay Janis, *Under Secretary of HUD* told the *National Association of Home Builders*.

At the same time. . . the Under Secretary said the program calls for some sacrifices by all Americans, and he urged special-interest groups to resist the temptation to seek exemption from burdens which may be imposed on them.

Addressing an *NAHB* seminar on energy conservation. . . for which *HUD* provided financial support. . . Mr. Janis said provisions of the *National Energy Act* should be considered not only on their own merits but also as parts of a complex whole designed to be fair to all groups and sectors of American society.

Included in the President's program are provisions covering tax credits to homeowners for approved energy conservation measures and a 10-percent tax credit for businesses investing in approved conservation measures, which would be available also to owners of apartment buildings.

The Under Secretary said *HUD* has recently published *Regulations* regarding *Thermal Insulation Standards* for new one- and two-family homes.

The *Regulations*, he said, are designed to make *HUD's Minimum Property Standards* more flexible and to allow alternative construction methods and materials, recognizing that standards of the *American Society of Heating, Refrigerating and Air-conditioning Engineers (ASHRAE)* have been used by several States as a framework in developing their own thermal standards.

He also said constructing houses with built-in conservation methods should be an excellent sales tools for the industry, because they represent a hedge against inflation, ensure lower fuel bills and reassure potential buyers who still remember the rigors of last winter.

HUD newsletter

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

HUD-318-287-ASI
July 4, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development. . . Patricia Roberts Harris, Secretary. . . James C. Biller, Editor. Subscription rate \$12.50 per year, domestic. . . \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. Use of funds for printing this publication approved by the Office of Management and Budget, January 9, 1973.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401
FIRST-CLASS



HUD Newsletter
July 4, 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



July 11, 1977

Vol. 8 No. 28

Current Trends

Urban renewal project notes totaling \$135 million...representing 50 local issuing agencies... were sold in late June at an average interest rate of 2.84 percent. Average interest rate for the \$172 million of project notes sold a month earlier was 2.99 percent.

Private mortgage insurance written during May set a monthly record... according to HUD. Private mortgage insurers reported a record number of new applications... 74,783 during May. New certificates of insurance issued... 50,860... totaled a record \$1.74 billion. This was 19 percent greater than the prior month and nearly 60 percent more than the same month in the previous year. During the first quarter of the year... private insured homes accounted for 12.5 percent of the total dollar volume of mortgage loans originated. May could reach a record monthly single-family mortgage activity level, the record dollar volume of private mortgage insurance written suggests. The record level of new applications forecasts heavy mortgage lending in June. Total private mortgage insurance in force on 1-4 family mortgages at the end of May was \$53.3 billion... \$10.1 billion greater than a year ago.

State and local government employment rose slightly, and Federal employment declined during the fiscal year ending in October 1976, the *Census Bureau* reports. The employment total for State and local governments was 12.2 million in October 1976 and 12.1 million a year earlier. The number of Federal civilian employees declined during the same period from 2.9 to 2.8 million persons. The employment increase for State and local governments was 0.7 percent over the previous fiscal year while the decline in Federal employment amounted to 1.6 percent. In all... there were slightly more than 15 million public employees in the United States in October 1976.

Secretary Signs Canadian Agreement



Secretary Harris visited Canada on June 28-29, as the guest of *Canadian Minister of State for Urban Affairs*. . . Andre Ouellet.

The purpose of the visit was to sign a *Memorandum of Understanding* establishing a broad framework for cooperation between HUD and the *Ministry of State for Urban Affairs* in areas of mutual interest.

In Ottawa... the Secretary was briefed on Canadian housing and urban development... including programs of the *Central Mortgage and Housing Corporation (CMHC)*. She also observed a question period at a session of Canada's *House of Commons*.

The Secretary also visited Montreal and examined housing and urban developments of particular interest in and around the city... including the notable *Mirabel* area development project... which includes Montreal's International Airport. Mayor Drapeau of Montreal was host at a luncheon in Mrs. Harris' honor.

Accompanying Mrs. Harris was *Raymond Struyk... Deputy Assistant Secretary for Research and Demonstration*, and *Tila Maria de Hancock... Assistant to the Secretary for International Affairs*.

10 Regional Administrators Appointed

Secretary Harris has announced the appointment of the Regional Administrators to head the 10 Regional Offices of HUD. In making the announcement... the Secretary said: "I am proud of this team. They have a wide range of experience and academic backgrounds. Two are women, the first appointed to these important field posts. I feel we have a dedicated team to achieve the Carter Administration's goal of alleviating housing deprivation, revitalizing our cities, and improving the lives of our urban residents."

Mrs. Harris pointed out that two of the appointees... including one woman... are black, and one is Hispanic. Each will serve as the Secretary's chief representative in HUD's 10 Regional Offices throughout the Nation... and will be responsible for the administration and management of HUD programs within each area.

The new Administrators are:

Region I (Boston) covering Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont. **Edward Thomas Martin.** Mr. Martin... a resident of Boston... most recently served as Administrative Assistant to Senator Edward M. Kennedy.

Region II (New York City) covering New York, New Jersey, Commonwealth of Puerto Rico, and the Territory of the Virgin Islands. **Thomas Appleby.** Mr. Appleby, a resident of New York, most recently served as Administrator of the *Housing and Development Administration*, City of New York. His appointment will be effective September 1.

Region III (Philadelphia) covering Delaware, Maryland, Pennsylvania, Virginia, West Virginia, and the District of Columbia. **Thomas C. Maloney.** Mr. Maloney, a resident of Wilmington, Delaware, served from 1973 to 1977 as *Mayor of Wilmington*.

Region IV (Atlanta) covering Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, and Tennessee. **Alfred Russell Marane.** Mr. Marane, a resident of Atlanta, most recently served as Assistant Vice President of *Hensley-Schmidt, Inc.*, counseling engineers and planners.

Region V (Chicago) covering Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin. **Ronald Gatton.** Mr. Gatton, a resident of Washington, D.C., most recently served as *Director of the Housing Assistance Project, U.S. Conference of Mayors*.

Region VI (Dallas) covering Arkansas, Louisiana, New Mexico, Oklahoma, and Texas. **Thomas J. Armstrong.** Mr. Armstrong, a resident of New Orleans, has served as Director of HUD's New Orleans Area Office since 1971.

Region VII (Kansas City, Mo.) covering Iowa, Kansas, Missouri, and Nebraska. **William O. Anderson.** Mr. Anderson... a resident of Maryland... most recently served as Acting Deputy Director of HUD's *Office of Field Support*, Community Planning and Development.

Region VIII (Denver) covering Colorado, Montana, North Dakota, South Dakota, Utah, and Wyoming. **Betty Jane Miller.** Ms. Miller... of Golden, Colorado... has recently served as Executive Director of the *Colorado Department of Local Affairs*.

Region IX (San Francisco) covering Arizona, California, Hawaii, and Nevada. **Emma D. McFarlin.** Ms. McFarlin... of Los Angeles... most recently served as Associate Professor of Urban Planning, *UCLA School of Architecture and Urban Planning*.

Region X (Seattle) covering Alaska, Idaho, Oregon, and Washington. **George J. Roybal.** Mr. Roybal... of Bellevue, Washington... most recently served as *Assistant Regional Administrator for Equal Opportunity in the HUD Region X Office*.

FYI



National Association of Counties... Annual Convention... Detroit, July 23-27. Details: NACo, 1735 New York Ave., N.W., Washington, D.C. 20006 (202/785-9577).

National Association of Home Builders... Seminar on Apartment Maintenance, Repair, and Energy Conservation... Columbus, Ohio, August 11-12. Details: *Department of Training and Education, NAHB*, 15th & M Streets, N.W., Washington, D.C. 20005. (202/452-0200).

Secretary Stresses Commitment to Cities

Speaking to the Annual Meeting of the *U.S. Conference of Mayors* in Tucson ... Secretary Harris assured the cities that they would receive a more sympathetic ear than they had been getting in recent years. The following is excerpted from her remarks:

The *Carter Administration* is aware of its need to be responsive to your needs and to be involved in what we do together.

- The recently established 18-member *Mayors Advisory Committee* is an example of how that need will be met.

- The advice and policy recommendations coming from the Mayors will provide the *Department* with your perspectives as we formulate the community development and housing initiatives for 1979 and subsequent fiscal years.

- In short... the day of national urban policy being conceived in Washington, directed from Washington, and controlled by Washington is over. We want your help and support. We will continue to ask for it.

- We are committed to building a partnership with you. We may argue from time to time, but from those arguments we expect to find consensus.

- Ten years ago, the mood of this *Conference* would have been very different. The conversations, the topics, the agenda... would have been different.

Pointing to the current situation... she said that:

- Between March 1975 and March 1976... central cities sustained an incredible net population loss of 2 million people.

- In the 15 largest metro areas... jobs are shifting to the suburbs at an alarming rate; the central cities' share of metro jobs dropped from 63 percent in 1960 to 52 percent in 1970, to less than 50 percent today.

- In central cities in 15 years, the percentage of poor people who are black has risen from 37 percent to nearly 50 percent.

- It is estimated that today 6 million American families live in inadequate housing, and that an equal number pay a disproportionate amount of their income for shelter.

The Secretary went on: "It is a matter of direct concern for all of us that America's older cities are financially distressed. Parts of urban America are becoming what our new *Assistant Secretary for Neighborhoods*, Geno Baroni, describes as 'Black, Brown, and Broke'. We share the concern of central city mayors which are growing concerns to all of you. I know that you share these concerns. You live with them. You work with them. They are also our concerns.

"I came to *HUD* with the specific intention of being an advocate for completing the unfinished business of America's cities.

"Our new strategy will present a full spectrum of programs to respond to its diverse universe of housing and community development constituents.

"Again, let me stress that we want to make these programs effective tools for local public and private leadership to use.

"We believe that Federal Programs which enable you as Mayors and political leaders to demonstrate the leadership skills that put you in office are effective Federal Programs. We want to encourage local initiative and creativity in putting together a new partnership of local government and private enterprise with Federal support to revitalize our cities."

Comments Invited on Mobile Home Warranties

HUD is a participant... along with the *Federal Trade Commission*... in the formulation of rules covering the disclosure of warranty rights, systems to insure the performance of warranty obligations, etc. in mobile homes. *FTC* has requested public comments on new regulations governing mobile homes and has scheduled two public hearings in the near future. The *Regulations* and details were published in the *Federal Register* of May 23, 1977... page 26,398.

July 28 is the deadline for comments on the proposed *FTC* rules... which state that it is unfair or deceptive to provide a warranty for a mobile home unless the warrantor establishes and maintains a regular and effective system to assure that consumers will receive full warranty benefits from manufacturers, authorized dealers, or third parties. Written comments should be submitted... in triplicate... to Raymond L. Rhine, *FTC*, Washington, D.C. 20580. Please mark envelope Mobile Home Comments.

The public hearings on the proposed rules are scheduled for September 12 at the *FTC* Building in Washington... and on December 5 in Room 12470 of the Federal Building in San Francisco. Those wishing to testify at either hearing should submit verbatim statements as follows: for Washington... to Charles A. Taylor III, *FTC*, Washington, D.C. 50580 (202/523-3660). For San Francisco... Fred C. Austin, *FTC*, Room 12470 Federal Building, San Francisco 94102 (415/556-1270).

Of particular interest to *FTC* are oral and written comments concerning possible alternatives... and in any suggested revisions which may be necessary to avoid any overlaps or inconsistencies with the *Mobile Home Act Regulations* issued by *HUD*.

In addition to *HUD* and *FTC*... the *National Highway Traffic Safety Administration*, the *Bureau of Motor Carrier Safety of the Federal Highway Administration*... both in the *Department of Transportation*... the *Veterans Administration*, and the *Consumer Product Safety Commission*... all have an involvement in some aspect of *Mobile Home Standards*.

HUD newsletter

HUD-318-288-ASI
July 11, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc., to the Superintendent of Documents, Washington, D.C. 20402. Use of funds for printing this publication approved by the Office of Management and Budget, January 9, 1973.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401



FIRST-CLASS

HUD NEWSLETTER
July 11, 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



July 18, 1977

Vol. 8 No. 29

Current Trends

Residential building contracts in May rose 44 percent over May 1976... according to the *F.W. Dodge Division of McGraw-Hill*. The \$5.66 billion volume in 1977 compared to \$3.93 billion a year ago. Nonresidential construction also rose... but at a more modest rate... 11 percent above a year earlier to \$3.05 billion. Nonbuilding construction (public works, power plants, etc.) soared 136 percent over last year... from \$3.06 billion to \$7.23 billion... because of five new power plants put under contract during the month. Highway and sewer and water construction contracts also showed substantial gains over 1976.

Savings inflows into S&Ls in May reached \$3.41 billion... up 77.4 percent over the "seasonally-depressed" level of April. It was up 20.4 percent from the May 1976 level. Mortgage lending by the S&Ls also increased during the month... to a new record high. The \$9.57 billion rate was up 47 percent from May 1976.

Auction yields were down as *FNMA* issued \$155.2 million in 4-month commitments to purchase both *Government*-backed and conventionally-financed home mortgages. The *Association* issued \$49.7 million in commitments on *Government*-backed mortgages at an average yield of 8.725 percent. The average in the previous auction was 8.8 percent. In the conventional auction... \$105.5 million was sold... at an average yield of 9.106 percent... down from 9.128 percent in mid-June.



HUD Solar Standards Adopted

HUD has added quality levels for solar heating and domestic hot water systems to the *Minimum Property Standards* for residences designed and constructed under *HUD* Programs. The notice of the issuance of *Intermediate Minimum Property Standards for Solar Heating and Domestic Hot Water Systems (S/MPS)* were published in the July 1 *Federal Register*. *HUD's Minimum Property Standards (MPS)* define the minimum level of quality acceptable for single and multifamily residences, nursing homes, and intermediate care facilities designed and constructed under *HUD* programs.

The *Solar MPS*... developed for *HUD* by the *National Bureau of Standards*, provide a needed technical basis for the planning and design of solar heating and domestic hot water systems. This technical publication of almost 500 pages is intended for use by manufacturers, builders, and developers.

Copies of *Intermediate Minimum Property Standards for Solar Heating and Domestic Hot Water Systems*, 4930.2, may be purchased in early August from the *Government Printing Office*, Washington, D.C., 20402, for \$12.00 (\$15.00, foreign). Copies are available for review in *HUD Regional and Area Offices*, and Room 6170, *HUD Headquarters*, 451 7th Street, S.W., Washington, D.C. 20410.



HUD Honors Members of Congress

HUD has recently honored two Members of Congress... Senator Charles McC. Mathias, Jr., of Maryland... and Representative Don Edwards of California. The *Supporters of Fair Housing and Equal Opportunity Awards* were presented to the two by Chester C. McGuire... *HUD's Assistant Secretary for Fair Housing and Equal Opportunity*... for their sponsorship of legislation to give *HUD* "law enforcement authority" under the *Federal Fair Housing Act*.

College Housing Loan Program Reactivated

HUD has announced the reactivation of the *College Housing Direct Loan Program* ... and the allocation of \$155.8 million in new funding for the *Program*. Under the reactivated program... loans will be made during the current fiscal year for three categories of structures... with different priorities for qualification:

1. Housing and related dining facilities which have been started but have no... or only partial... permanent financing. These projects will be given the highest priority and will be funded on a first come, first served basis.

2. Rehabilitation of existing housing and related dining facilities to improve fuel economy and reduce operating expenses.

3. New construction or acquisition of housing and related dining facilities, conversion of nondwelling structures to housing and related dining facilities, and rehabilitation of existing housing and related dining facilities for purposes other than fuel economy or reduced operating expenses, to alleviate a severe housing shortage.

After allocation of funds to category 1 projects, the balance of funds will be allocated equally to categories 2 and 3.

Loans under the *Program* are at an interest rate of 3 percent and with terms of up to 40 years. Eligible institutions include public or nonprofit private colleges and universities, public or nonprofit private hospitals operating nursing schools, some vocational institutions, and some nonprofit corporations, including student housing cooperatives.

Fund reservations will be made by *HUD* Headquarters on the basis of *HUD* Field Office recommendations and demand for the *Program*.

Because of the limited amount of funds available... loans will not be made for student centers, excess dining facilities, and infirmaries... as was previously possible.

Final Regulations authorizing reactivation of the program were published in the *Federal Register*, June 22.

Information on application procedures may be obtained in *HUD* Area Offices and the Denver Regional Office. Applications may now be submitted and will be accepted in those Offices through August 15.



1976... A Big Mortgage Year

In 1976... total shelter production in the United States was 1.8 million units, up 30 percent over 1975... according to the *Mortgage Bankers Association of America*. This included 1.2 million single-family homes, 373,000 multifamily units and 250,000 mobile homes.

The outstanding mortgage debt on 1-to-4 family homes as of January 1, 1977 was \$533 billion. The total national mortgage debt for homes, farms, and commercial properties was \$884 billion. Mortgage bankers lent \$15.6 billion last year for purchases of single-family homes... up 3 percent from the 1975 record. The total volume for all types of loans closed by the mortgage banking industry was \$22.1 billion.

Although many home mortgages are written for periods of up to 30 years, most are paid off or refinanced by the twelfth year.

The number of homeowners facing foreclosure proceedings has dropped over the past 4 years. In 1973... 0.99 percent of all single-family mortgages surveyed by *MBA* had foreclosures begun against them during the year. This fell to 0.94 percent in 1974... 0.87 percent in 1975 and 0.69 percent in 1976... a 30 percent decline since 1973. The sharp improvement during the past 2 years came mostly from increases in employment and income... along with a strong recovery in the housing market.

Flood Victim Housing Progresses

The mission of placing 9,808 eligible families in temporary housing in seven States devastated by flood and tornadoes in early April has been substantially completed. *HUD* Secretary Harris said all the families involved had been offered temporary housing assistance ... and the total program was virtually completed by June 30.

As of June 28... 9,246 families were in temporary housing. The remainder are in travel trailers or motel and hotel accommodations while waiting for completion of minimal repairs to their own homes, or the completion of utility hookups for mobile homes on private or group sites.

"All of us at *HUD* are happy to see the major temporary housing mission so near completion," Secretary Harris said. "Unfortunately... there are still some families that are yet to be given fully-equipped mobile homes. We are working around the clock to finish installations and to make hookups between the utility lines and the homes. However, we have more than enough travel trailers to take care of those requesting temporary housing while they await complete installation of mobile homes. I am proud of the *HUD* field disaster teams that have worked long, seven-day weeks since early April to house disaster victims.

"As many as 1,400 *HUD* employees from all over the Nation left their homes and families to work in the disaster States. This very difficult housing operation could not have been accomplished without their dedication and hard work. Above all... they cared about housing people and that is what they did."

Because of a lack of available housing in the deep, isolated valleys of the flood States... Kentucky, West Virginia, and Virginia... the temporary housing effort was concentrated in two programs... the importation and installation of mobile homes on individual and group sites, and a massive minimal repair program to bring damaged homes into livable condition. Minimal repairs have been completed in 4,582 homes and 3,522 mobile homes are now in place.

Totals in temporary housing... State by State... are: Kentucky, 5,092; West Virginia, 1,799; Virginia, 1,535; Louisiana (tornado), 405; and Missouri (tornado), 177. The remaining families are in emergency housing and temporary housing is available to them. *HUD* completed its housing mission in Alabama and Tennessee in late May and early June. A total of 238 families are housed in those States.

Secretary Harris pointed out that the location and devastation of the floods presented a tremendous housing challenge.

"In contrast to disasters that hit heavily-populated areas where other housing is available, here there was almost none," she said. "Some 40,000 people were affected in isolated settlements, small towns and individual sites over a rugged 37,500-square-mile area."

A major problem immediately emerged. Emergency housing is normally furnished by volunteer agencies or the localities themselves. But *HUD* was pressed into supplying emergency housing because of the extent of the devastation and lack of available resources. The *Department* brought in 650 travel trailers from storage centers as far away as Texas and they were set up on private and group sites ready for anyone requiring emergency shelter.

Next came the job of collecting mobile homes and recruiting repair contractors from outside. In 75 days... 4,285 mobile homes were shipped hundreds of miles to the disaster areas. Maximum deliveries per day reached 123. Contractors were contacted throughout the region and requested to bring crews into the disaster counties.

Since most of the disaster families lost their household possessions, *HUD* supplied kits containing pots, pans, tableware, and linens, and furnishings consisting of ranges, refrigerators, sofas and other household items. As of this week... 16,000 kits (pots, pans, etc.) and 2,934 furniture packages had been purchased and distributed or were still being delivered.

FHLBB Liberalizes Rehab Loans

The *Federal Home Loan Bank Board* liberalized its regulations governing *Federal Savings and Loan Association* home improvement loans.

Member associations are now permitted to make loans for the purpose of substantially altering, repairing, or improving existing residential property.

Under terms of the revised regulation... such loans would allow for deferment of principal payment until completion of work on the home-improvement project. Another major feature of the *Board's* home repair and improvement ruling permits such loans to be combined with permanent long-term loans.



HUD Publications

The following are available free from the *HUD Distribution Center*, Room B-258, Washington, D.C. 20410.

Home Mortgage Lending and Solar Energy... a document summarizing the major findings of a study undertaken by *Regional and Urban Planning Implementation, Inc.*, with support from the *National Science Foundation*, to assess the likely responses of financial institutions to requests for mortgages on solar-heated homes. Publication No. *HUD-PDR-218*.

An Economic Analysis of the National Flood Insurance Program... a report prepared for *HUD's Federal Insurance Administration*, discusses all aspects of current flood insurance and relief programs as well as flood plain development and the effect of the *National Flood Insurance Program* on inflation. Publication No. *HUD 693-76*.



FYI

American Land Development Association (ALDA)... *8th Annual National Conference on Recreation, Resort and Community Development*... September 18-21... Boca Raton, Florida. Details: *ALDA* 1000 16th Street, N.W., Suite 604, Washington, D.C. 20036, (202) 659-4582.

HUD newsletter

HUD-318-289-ASI
July 18, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. Use of funds for printing this publication approved by the Office of Management and Budget, January 9, 1973.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
HUD-401



FIRST-CLASS

HUD NEWSLETTER
July 18, 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



July 25, 1977

Vol. 8 No. 30

Current Trends

Along with the substantial rise in new construction contracts during the month of May... which was previously reported and will affect future building activity... actual building outlays for the month also increased. The rate this year was 15 percent ahead of the May 1976 level... according to the *Commerce Department*. The seasonally-adjusted annual rate was also higher than in April... by 2 percent... totaling \$169.6 billion. The annual rate of privately-financed construction was \$131.5 billion... up 1 percent from April. Except for weather-ravaged January... construction activity has increased each month over the previous month since August, 1976.

The *Labor Department* has formed an internal committee to assist the construction industry in complying with the various *Departmental* regulations governing construction activity. The committee is comprised of *Labor Department* officials only... (no industry or labor union representatives)... and is intended to coordinate and simplify the working of the various regulations affecting such matters as equal job opportunity, job training programs, job safety, minimum wages, etc. Its prime mission will be to try to reduce any obstacles to the operations of the regulations. Similar committees to assist other industries are being considered by the *Department*.

HUD's monthly survey of mortgage activity showed \$12.0 billion of home mortgage loans were closed in April... 40 percent more than in April 1976. *S&Ls* accounted for 59 percent of the loans... commercial banks 18 percent... mortgage companies 15 percent. Long-term apartment house loans aggregated \$1.1 billion... up 31 percent over last year. *S&Ls* made 54 percent of these multifamily loans and commercial banks 24 percent. At the end of April... commitments for long-term home mortgage loans aggregated \$28.5 billion... 40 percent above a year ago... while commitments for long-term multifamily loans at \$10.7 billion, were up by 39 percent... and commitments for home construction loans totaled \$12.0 billion on April 30... 22 percent greater than a year ago. Outstanding commitments for apartment house construction loans totaled \$5.2 billion... 35 percent above last year.



Family Needs \$10,000 for 'Austere' Living Standard

The *Department of Labor's* latest survey of living costs concludes that on a national average in order for a family of four persons to maintain an 'austere' living standard, a minimum annual income of \$10,041 is necessary... 4.7 percent higher than in the fall of 1975. This is the first time that the \$10,000 figure has been reached. The comparable level of a year earlier was \$9,588.

The rise for a 'moderate' budget was 6 percent... to \$16,236... and for a 'high' budget the level rose 6 percent from \$22,294 to \$23,759. The largest single item of increase was for housing costs... up 10.3 percent. Food costs increased the least in the 1975-76 period... less than 1 percent for the medium and high income families... and 1.7 percent for the low.

The most expensive city to live in last year was Anchorage... where a low-income family needed \$16,492. The least expensive was Austin, Texas... \$8,887. In between these extremes... for the 'austere' and moderate budgets... Boston was the highest at \$11,104 and \$19,384 respectively... and for high budgets... Austin... at \$20,628... and New York \$29,677.

Significant Decision

Barbara Clasco, et al. v. the Secretary of HUD, City of Newark, et al. U.S.C.A., 3rd Cir., No. 76-1991 (June 27, 1977)

The *Third Circuit Court of Appeals* sustained the *District Court's* (N.J. District) motion for a preliminary injunction in an action brought by tenants of a subsidized project who sought to enjoin the collection of a HUD-approved rent increase which was higher than one permitted by the *Newark Rent Control Board*. The *Court* predicated its affirmance on the absence of any showing of irreparable harm. It declined to rule upon the merits of the controversy or upon the validity of *HUD's Regulation* which preempts local control as to subsidized projects (24 C.F.R. 403.1) because those issues did not enter into the decision of the *District Court*.



Mobile Home Exemptions Published

Modular homes... manufactured in a factory, transported to a building site, and placed on a permanent foundation... will continue to be exempt from *Federal Mobile Home Standards* until June 30, 1978. *HUD*... which administers the *Mobile Home Standards Program*... has extended the exemption to allow more time to develop legislation affecting modular housing units.

Under the *National Mobile Home Construction and Safety Standards Act of 1974*... mobile homes are defined... in part... as structures built on a permanent chassis. While modular homes meet this definition... they are built to different standards. The exemption applies to modular homes built to meet specific codes or in accordance with *FHA Minimum Property Standards*.

Even though some modular homes are exempt from the *Federal Standards*... a ruling has been issued continuing the requirement that manufacturers must recall modular homes with imminent safety hazards and correct the defects.

The rule reflects *HUD's* conclusion that a modular home meeting the legal definition of a mobile home is subject to the *Act*. Accordingly... manufacturers of such homes are responsible for correcting hazards that present an immediate risk of death or severe personal injury to the occupants.

The exemption and the rule were issued in the *Federal Register* July 7 and will remain in effect for one year.



Latest Housing Laws Available

A newly-issued update of *Basic Laws and Authorities on Housing and Community Development*... revised through January 1977... is now available. It comes in two parts... and may be obtained from the *Superintendent of Documents*, Washington, D.C. 20402. *Part I*... GPO Stock No. 052-070-04086-6 is \$6.25 and *Part II* GPO Stock No. 052-070-04114-5 is \$5.75... \$12 for both.

New Publications



Built to Last: A Handbook on Recycling Old Buildings... prepared by *The Massachusetts Department of Community Affairs* for the *Preservation Press, National Trust for Historic Preservation in the United States*, 740 Jackson Place, N.W. Washington, D.C. 20006. The book's theme is that old buildings of our city centers are a rare and valuable resource. Once they are gone, they are gone forever. Our opportunity to preserve and reuse our architectural heritage is unique. We must seize the opportunity while we still have it. Available from the *Trust*. \$5.95 plus 50 cents postage.

The Politics of Neglect: Urban Aid from Model Cities to Revenue Sharing... by Bernard J. Frieden and Marshall Kaplan. Introduction by Dr. Robert C. Wood. Traces the evolution and development of the various Federal programs initiated to assist local governments in meeting city problems in the sixties and seventies. 286 pages... paperback. \$4.95 from the *MIT Press*, 28 Carleton Street, Cambridge, Mass. 02142.

Rural Housing Newer Than Urban

Rural housing is generally newer than urban housing by an average of 5 years ... reflecting the continued migration of people to the outer fringes of the suburbs and to the traditional countryside. . . according to a joint *HUD - Census Bureau* report.

The median age of rural housing in 1975 was 19 years. . . compared to 24 years for urban units. This was caused in part by a higher proportion of rural housing being built during 1970-75. Some 21 percent of all rural units was built during that period. . . compared to 12 percent of urban housing. The newer rural housing is being built at a greater rate in the outer fringes or rural portions of *Standard Metropolitan Statistical Areas (SMSA's)* than in the traditional countryside. In particular. . . the average age of rural homes inside metro areas is 14 years. . . or 8 years less than rural homes outside metro areas.

These figures refer to year-round housing units and exclude units occupied on a seasonal basis, such as vacation homes or units for migratory workers. Rural housing may be found in an *SMSA* since the area covers an entire county or a group of contiguous counties having one city, or twin cities, with a combined population of 50,000 persons. In 1975. . . 55.7 million or 70 percent of the housing units in the U.S. were urban and 23.4 million units were rural.

The survey. . . taken in October 1975. . . showed a trend of households moving to rural areas. During a 5½ year period, the proportion of all U.S. households in rural areas increased from 25 to nearly 28 percent.

Copies of the report, *Part E, Urban and Rural Housing Characteristics for the United States and Regions: 1975, Series H-150-75*, are available for \$3.75 from the *Superintendent of Documents*, Washington, D.C. 20402.



Features for Disabled Not Costly

An Ontario, California, builder says that providing some of the things to help the handicapped are not necessarily expensive. *UPI* quotes Homebuilder Fred Gildner as saying that it cost perhaps \$45 to equip a house with the conveniences a handicapped person needs. Mr. Gildner said "builders who say they can't do things to help the handicapped are just 'copping out' just because they don't want to be bothered."

The firm Mr. Gildner is associated with also builds restaurants and other commercial structures. In California. . . there is a law requiring ramps for wheelchairs and grab-bars for paraplegics in public places. These and other features are also put in private homes where they are needed. "The biggest single problem for a person in a wheelchair is getting through doorways," Mr. Gildner said, "so we make the doorways larger." Also. . . light switches are placed at a lower level, plywood ramps and hard-surfaced floors are put in instead of carpeting. Bedroom and bathroom doors have lever locks instead of doorknobs. . . people with hand problems find them easier to use.

It is expected that these special features will become more prevalent in the future. . . as more attention is given to the needs of the disabled and handicapped. The recent action by *HUD* in creating a special *Office of Independent Living for the Disabled* is an indication of *HUD's* interest in the problem.



Iowa Housing Law Constitutional

Iowa has joined the list of States that have *State Housing Agencies*. The *Iowa Supreme Court* has ruled that the *Iowa State Housing Authority*. . . which was established by the 1975 *Legislature*. . . but challenged as being unconstitutional. . . is constitutional. The high *Court* upheld a lower court ruling to that effect. Under the legislation. . . the *Authority* may sell bonds to undertake housing programs to assist low- and moderate-income families and elderly and disadvantaged persons. A \$30 million bond sale in August has been scheduled to initiate the program. . . which will provide *State*-subsidized lower-than-market interest rates through the purchase by the *Authority* of mortgages made by lending institutions.

BOCA Elects

Ottmar H. Becker, *Building Commissioner of Country Club Hills, Illinois*, has been elected 1977-78 President at the recent 62nd Annual Conference of Building Officials and Code Administrators (BOCA) International. . . the Nation's oldest association of practicing regulatory code enforcement professionals.

The Conference. . . held jointly with the *Canadian Building Officials Association (CBOA)*, took place in Toronto, and featured a weeklong educational program on 'Effective Management' of regulatory code agencies presented by faculty members of *York University*, Downsview, Ontario.

Other officers elected were: Glenn A. Erickson, P.E., *City Architect, St. Paul, Minnesota*, First Vice President; Robert H.A. Laudenslager, *Director of Inspections, Allentown, Pennsylvania*, Second Vice President; Wilbur H. Lind, *Director, Department of Community Affairs, Hackensack, New Jersey*, Secretary; and, new to the officers' roster, Gerald H. Jones, P.E., *Building Code Engineer, Overland Park, Kansas*, elected as Treasurer.

Two new members were elected to the *BOCA International Executive Committee* for two-year terms. They are: Joseph A. Cirillo, R.A., *State Building Commissioner of Rhode Island*, North Providence, Rhode Island; and Lloyd Towers, R.A., *Building Commissioner, Hamilton, Ohio*. Reelected to the Executive Committee were: Charles H. Banks, P.E., *Director of Protective Inspection, Tulsa, Oklahoma*; Frank M. Bosak, R.A., *Building Official, Memphis, Tennessee*; and Douglas E. Geldbach, *Director of Planning, Clayton, Missouri*.



FYI

National Conference of State Legislatures. . . Annual Convention. . . Detroit, August 2-5. Details: NCSL, 1405 Curtis St., 23rd Floor, Denver, Colorado 80202 (303/623-6600).

Urban and Regional Information Systems Association. . . Annual Convention. . . Kansas City, Mo., August 12-18. Details: URISA, 1313 E. 60th St., Chicago, Illinois 60637 (312/947-2550).

HUD newsletter

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20402

HUD-318-290-ASI
July 25, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development. . . Patricia Roberts Harris, Secretary. . . James C. Biller, Editor. Subscription rate \$12.50 per year, domestic. . . \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. The Secretary of HUD has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through September 30, 1979.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401



FIRST-CLASS

HUD NEWSLETTER
July 25, 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



August 1, 1977

Vol. 8 No. 31

Current Trends

Yields declined for the third consecutive time since late May in the latest *FNMA* auction of 4-month commitments to purchase *Government*-backed and conventionally-financed home mortgages. *FNMA* accepted 127 bids... totaling \$130.5 million in *FHA/VA* mortgages... at an average yield of 8.720 percent... down from the late-June rate of 8.725... and the recent high of 8.788 in May. For conventional mortgages... 132 bids were accepted... covering \$101.6 million... at an average yield of 9.084 percent... compared to the rate in June of 9.106... and 9.130 in May.

In the second quarter... sales of *Treasury Savings Bonds* reached the highest rate since 1948... totaling \$2.057 billion... up from the first quarter rate of \$2.056 billion... and from \$1.924 billion in the second quarter of 1976. For the first 6 months... sales totaled \$4.11 billion... the highest since the \$4.4 billion in the first half of 1945... while World War II was still in progress. Sales during the quarter exceeded redemptions by \$690 million.

Privately-financed housing starts in June were at the seasonally-adjusted annual rate of 1.833 million units... down 6.2 percent from the revised May rate of 1.954 million units... and 27.7 percent higher than the June 1976 figure of 1.494 million units. Permits issued in June were also off slightly... at the seasonally-adjusted rate of 1.602 million units... compared to 1.615 million in May. Actual starts for the month of June were 191,200 units... Preliminary estimates of actual starts for the first 6 months are 943,200 units... 31 percent higher than the first half of 1976.

Project notes totaling \$839.2 million... representing 81 *Public Housing Agencies*... were sold in mid-July at an average interest rate of 2.99 percent... up significantly from the interest rate of 2.876 percent last month.

Yields on bellwether short-term *Treasury* bills rose at the mid-July sale. Average return to investors on 13-week notes went up to 5.163 percent from the 5.044 percent rate at the last sale. The 26-week issue increased to 5.356 percent... compared to 5.246 percent at the previous sale... and was the highest rate since August 1976.



Single-Family Houses Regain Popularity

Single-family detached homes are once again becoming popular... in spite of the higher costs of these units. After a period of several years when purchasers favored townhouses and condominiums... there has been a recent resurgence of demand for the 1-family home. Surveys show that... generally... in 1974 only about a third of new home sales were for single-family units... in 1976 this had risen to about 45 percent. Plans filed... and permits issued in the early months of 1977... indicate at least 50 percent of the units contemplated this year will be 1-family... and some builders are predicting that 70 percent will be in that category in the next year or so. This is true although it is known that the single-family home requires more land, costs more to build, and uses more energy than a detached structure. Some people have compared it to the 'gas guzzler' car. The old 'American dream' of a house-and-lot for every family still lives on... in spite of the fact that it is less economical.

A Mid-Year Summary

Reports from various sources show a mixed situation in home sales, home prices, and mortgage markets. The *National Association of REALTORS* report for May showed continued vigorous but slower resale activity in existing homes and a less-than-expected increase in median prices of these homes. Resales in May came to about 333,000 units... or 3.45 million units on a seasonally-adjusted annual basis... 23 percent above the May 1976 rate... and 45 percent higher than May 1975. The high rate prevailed everywhere but in the West... where the sales were just 9 percent above 1976. This contrasted to the pattern of recent months where sales in the West... particularly in California... led the Nation.

And... although existing home prices continued to climb... the rise in median sales price was a moderate \$200 over the April figure... to \$42,000. Over the past 12 months... the median price rose by 12.2 percent. There were wide variations among the four regions, with the price rising in the Northeast from the May 1976 level by 7.7 percent to \$43,300; in the South, 7.9 percent to \$39,400; North Central, 12.1 percent to \$36,100; and the West, 28.3 percent to \$58,000.

The record pace of existing single-family home sales in May also produced a record dollar sales volume... with the seasonally-adjusted rate reaching \$161.5 billion... a 4.1 percent increase over the previous high recorded in March... and 37.2 percent above the May 1976 figure.

The *Census Bureau* report for May indicates a drop in new home sales during the month... for the third month in a row... and also a decline in the average price of new homes from a high of \$55,100 in April to \$5,000 in May. New home sales were at an estimated seasonally-adjusted annual rate of 720,000 units in May... down 3 percent from April... and 19.4 percent below the all-time high in February of 893,000 units. Also... the inventory of new homes for sale reached a new high in May... climbing to 438,000 from April's 437,000.

The *FHLBB* showed slight increases over April in the May average purchase prices of both new and existing homes... \$53,000 for new and \$47,100 for existing homes. This was down from the peak average of new homes in March... \$53,800... but a record high for existing homes.

HUD's survey of mortgage loans in early May showed that on a national basis... effective interest rates on *FHA*-insured and *VA*-guaranteed home mortgage loans closed rose to 8.68 percent... up from 8.63 percent in April... and commitments to make future loans rose to 8.64 percent... compared to 8.62 in April and 8.55 in May. Among the major lenders... loans closed were 8.73 percent for mortgage companies... 8.61 percent for commercial banks... and 8.70 percent for S&Ls.

Preliminary reports for June indicate a continuation of the trend of higher mortgage interest rates. According to the *FHLBB*... a slight tightening in the mortgage market occurred in June... with a rise in conventional mortgage interest rates occurring for the second consecutive month. On new homes... the rate rose to 8.98 percent... compared to 8.96 percent in May and 8.94 percent in April. For existing homes... the rate followed the same trend.

And *HUD's* July 1 mortgage survey... the first which reflects the higher *FHA/VA* maximum interest rate which became effective on May 31... showed a slight upward movement of interest rates during June. The national average rate rose from 8.95 percent at the beginning of June to 9.0 percent on July 1. The 5 basis-point rise in the national average prevailed in the Middle Atlantic and Southeast areas... there was no rise in the Northeast and North Central areas... and there was a 10-basis point increase in the West... from 9.05 to 9.15 percent.

The *Labor Department* report of construction industry employment showed a drop in the unemployment rate to 12.6 percent in June... from 13.0 percent in May... and 16.3 percent in June 1976. The increase in employment during the month of June was 30,000... up to 3.9 million... 300,000 more than in June 1976.

Construction Rise Seen

Along with the various reports of what has happened so far in 1977... a prediction of what is still to come for the rest of the year has been issued by the *Dodge Division of McGraw Hill Information Systems*.

- In an update of estimates of construction volume for the year... *McGraw-Hill* has raised its previous prediction of a 15 percent rise for 1977 over 1976... and is now expecting a 19 percent increase to \$127.5 billion... compared to the 1976 total of \$107.2 billion.

- Housing starts are likely to reach 1.75 million units... of which 1.3 million are expected to be one- and two-family houses... and the remainder multifamily. Residential contract value should total \$56.5 billion... 29 percent higher than 1976.

- The second half of the year is likely to bring an increase in manufacturing building construction... bringing the total of commercial and industrial construction for 1977 to \$17.1 billion... 18 percent above the 1976 figure of \$14.5 billion. Educational, health, and other institutional construction should total \$16.7 billion... 7 percent above the 1976 total of \$15.5.

- Nonbuilding construction... (sewer and water, highways, bridges, etc.) are expected to rise 11 percent above 1976... to \$37.2 billion.

- George A. Christie... the firm's chief economist... also reported that the severe winter... which affected so many aspects of the national economy... took its toll in construction industry profits as well... dropping the return 4 percent in the first quarter of 1977... compared to the same period of 1976.



Mobile Home Council Nominations Open

HUD is asking the public to submit nominations for 12 vacancies on the *National Mobile Home Advisory Council*. The vacancies are effective as of August 21. Nominations will be accepted until August 15.

The Secretary consults with the 24-member *Council*... which was established by law in 1974... before creating new *Mobile Home Standards* or amending or revoking existing ones.

The *Council* has a cross section of membership made up of representatives of consumer and community groups, government, and industry. Four new members will be selected from each of the three groups and will serve 2-year terms expiring August 21, 1979.

The terms of the other 12 members expire in August 1978.

Nominations should be submitted in writing to the *Assistant Secretary for Neighborhoods, Voluntary Associations, and Consumer Protection* (Attention: Mobile Home Division), Room 4100, HUD, Washington, D.C. 20410.

The nomination process was announced in the *Federal Register* July 13.



New Publications

Digest of State Land Sales Regulations... summarizes laws applicable to land sales, condominiums, etc. in the 50 States and six *Canadian Provinces*. Price \$50 from the *Land Development Institute, Ltd.*, 1401 Sixteenth St., N.W., Washington, D.C. 20036.

Water and Sewer Loans and Grants for Rural Communities. A handbook describing *FmHA's* water and sewer loan and grant program. Published by the *Housing Assistance Council*. Available for \$3.50 from the *Council*, 1601 Connecticut Ave., N.W., Washington, D.C. 20009.

Apartment Industry Official Calls for Individual Meters

Conversion of master meters in existing apartments to individual meters would reduce by 30 percent the gas and electricity used for heating and cooling apartments according to J.D. Nichols of Louisville, Kentucky, Vice-President of the *National Apartment Association*. In testimony before the *Senate Committee on Banking, Housing, and Urban Affairs*... he urged the *Senate Committee* to provide financial assistance to apartment owners to convert to individual meters. He also urged that financial assistance be extended to provide... where practical... conversion to individual water heaters... which consume 59 percent of the energy for an apartment while 29 percent is consumed for space heating.

The spokesman for the Nation's apartment owners, managers, and developers told the *Committee* that the imperatives of our national energy crisis dictated a reevaluation of the bias for homeownership in our scale of values. Nichols said that multifamily projects used 50 percent less transportation than single-family detached homes, 55 percent less roads and utilities, 44 percent less energy, 35 percent less water, and results in 45 percent less air pollution and 35 percent less water pollution. These were the findings of the *Real Estate Research Corporation* in its 1974 study sponsored by *HUD* and the *Environmental Protection Agency*.

Nichols voiced objections to provisions in the *House* energy bill which would deny bank or *S&L* financing to homes and apartments which, by 1982, did not meet *HUD*-approved energy efficiency standards and to *House* provisions which would have conditioned financial assistance for energy improvements on Federal controls of rents and on the owner's rate of return on investment.

The *Administration's* national energy bill being considered by the *Senate Committee* would provide financial assistance to home and apartment owners for a wide range of energy saving improvements.

HUD newsletter

HUD-318-291-ASI
August 1, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. The Secretary of HUD has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through September 30, 1979.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401
FIRST-CLASS



HUD NEWSLETTER
August 1, 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



August 8, 1977

Vol. 8 No. 32

Current Trends

The Manufactured Housing Institute reports May mobile home shipments of 24,920 units... up 4 percent from May 1976... and representing a seasonally-adjusted annual rate of 251,000 units.

HUD's survey of private mortgage insurers showed record monthly activity in all operations during the month of June... with new applications totaling 75,201... edging the previous record of 74,907 set in May of this year. New applications for the second quarter totaled 213,713... and represented the largest quarterly demand for private mortgage insurance ever recorded. During June... private mortgage insurers issued a record 61,810 new certificates of insurance on 1-4 family home mortgage loans, carrying a record total loan amount of \$2.4 billion. The quarterly dollar volume of new insurance written... also a record... totaled \$5.32 billion... and was almost 55 percent greater than the second quarter dollar volume one year ago. The cumulative volume of private new mortgage insurance written in 1977 is running 41.5 percent above the same period last year. Total private mortgage insurance in force at the end of June amounted to \$54.6 billion... almost \$11 billion greater than a year ago.

Urban Renewal project notes totaling \$163 million representing 49 local issuing agencies, were sold in mid-July at an average interest rate of 2.926 percent. Average interest rate for the \$135 million of project notes sold in June was 2.84 percent.



Recent HUD Actions

Community Development Block Grant approvals have passed the 1,000 mark. To date... *HUD Area Offices* have received 1,261 *Entitlement Applications for Block Grants* for fiscal '77... 1,001 have been approved and 5 disapproved.

Boston's *Block Grant* approval was among those approved... but only after the City submitted special assurances that it would implement fair housing, equal opportunity, and contract administration requirements. Boston's application for \$29 million of third-year *Community Development Block* funds was accompanied by a statement from the Mayor that he will establish a program to use the media, city departments, and neighborhood outreach to implement *Fair Housing* requirements and counter the negative aspects of 'parochialism' in Boston's neighborhoods. The program's stated goal is "that all residents can exercise their choice to have access to any section of the city." While the *HUD* decision to approve Boston's application was viewed as a positive step by both local and national media... civil rights groups in Boston were still not fully satisfied with the city's assurances.

The 1977 *Entitlement Application* of East Hartford (Conn.) was disapproved. This action was taken by *HUD* because the town's *Housing Assistance Plan*... in its third-year *CDBG*... in *HUD's* view... was inappropriate to meet the needs identified by the town. The basis of the finding was the failure of the town to: 1) use generally available data... as required by regulations... in estimating the number of lower-income households expected to reside in East Hartford as a result of existing employment; 2) consider lower-income overcrowded households in estimating households in need of housing assistance; and 3) project 3-year housing goals to meet the proportionality requirements of current regulations.

HUD Rushes Aid to Stricken Areas

Secretary Harris visited the flood-ravaged Johnstown, Pennsylvania, area for the purpose of inspecting the damage, conferring with State and local officials and HUD staff on the scene... and satisfying herself that all available HUD resources are being utilized in alleviating the problems of the flood victims. She also visited a number of housing projects in the area which are being used as rehousing resources... particularly for the elderly, handicapped, and poor. Mrs. Harris' visit followed the action taken by HUD the day after the flood occurred... when the Secretary had appointed Thomas Maloney... former Mayor of Wilmington, Delaware... as her special representative to make a preliminary assessment of how many families were in need of immediate aid, to coordinate housing recovery activities, and keep her informed daily on rehousing progress and problems in the stricken area.

Mr. Maloney... who has been designated as the Regional Administrator of HUD's *Philadelphia Regional Office*... immediately went to Johnstown to bring the Secretary a first-hand assessment of site activities... which she then reported to the President. Mr. Maloney... accompanied by HUD Disaster Chief John Gibson... made an aerial survey of the area... along with officials from the *Federal Disaster Assistance Administration (FDAA)* and HUD's *Pittsburgh Area Office*... to assess the damage and make early estimates of housing needs.

A cadre of over 100 HUD employees experienced in housing recovery activities have been assigned to the *Disaster Housing Field Offices* and more employees from across the Nation and from HUD's *Emergency Preparedness Staff* in Washington are being assigned as the pace of activities increases.

Activated by the Presidential disaster declaration... which gives HUD its FDAA mission... these regulars and other housing specialists moved into the seven-county flood area to begin setting up *Disaster Field Offices (DFOs)* where flood-stricken families can seek housing assistance. Counties included in the President's disaster declaration are: Bedford, Cambria, Clearfield, Indiana, Jefferson, Somerset, and Westmoreland.

HUD immediately began moving mobile homes out from strategic storage centers enroute to standby positions in the Johnstown area where they can be readily available as temporary shelter for families left homeless by the flash flood.

HUD is also buying additional mobile homes locally and from manufacturers to insure that there are enough of them to meet temporary housing needs of eligible families in the seven-county area.

Figures from HUD's *Federal Flood Insurance Administration* indicate that 1,209 homes and 467 commercial establishments for a total \$35 million were covered by flood insurance.

Also... emergency temporary housing facilities were offered to families dislocated by the recent blackout in New York City. The Secretary announced the *Department* will make available a special allocation of *Section 8* assisted rental housing for those seeking permanent shelter.

At a meeting between *New York City Mayor* Abraham Beame and HUD Assistant Secretary for Housing Lawrence B. Simons in Washington... New York City housing officials estimated that as many as 425 families are temporarily housed in hotels, public shelters, and with friends and relatives. HUD will offer these families vacant apartments and single-family homes from its inventory of acquired properties.

The housing will remain available until either the original units are repaired or substitute housing can be obtained.

The *Section 8* allocation will be administered in cooperation with the *New York City Housing Authority*. HUD's *Area Office* will supply the funds for operating staff and authorize an accelerated processing technique to shorten the placement process.

HUD has an additional role in connection with the New York City blackout... J. Robert Hunter, *Deputy Federal Insurance Administrator*, asked *Federal Crime Insurance* policyholders who were victims of looting during the blackout, and all others with property insurance contracts covering civil disorders (as most fire insurance contracts do), to file claims quickly to receive their entitled benefits.

FYI

International Federation for Housing and Planning... Annual Congress... Geneva, Switzerland, September 5-9. Details: *IFHP*, Wassenaarsweg 43, The Hague, Netherlands.

International Federation of Landscape Architects... Annual Congress... Istanbul, Turkey, September 6-9. Details: *IFLA Secretariat*, Arco Velho, Sintra, Portugal.

American Public Works Association... International Public Works Congress and Equipment Show... Chicago, September 10-15. Details: *APWA*, 1313 E. 60th St., Chicago, Illinois 60637 (312/947-2520).

International Association of Assessing Officers... Annual Convention... Portland, Oregon, September 18-21. Details: *IAAO*, 1313 E. 60th St., Chicago, Illinois 60637 (312/947-2069).

American Land Development Association... 8th National Conference on Recreation, Resort and Community Development... Boca Raton, Florida, September 18-21. Details: *ALDA*, 1000 16th St., N.W., Suite 604., Washington, D.C. 20036 (202/659-4582).

National Association of Home Manufacturers... Annual Meeting... Washington, D.C., September 18-21. Details: Darcy Neill, *NAHM*, 1619 Massachusetts Ave., N.W., Washington, D.C. 20036 (202/234-1374).

National Association of Women in Construction... Convention... San Francisco, September 18-22. Details: *NAWIC*, 2800 W. Lancaster Ave., Fort Worth, Texas 76107 (817/335-9711).



Flood Insurance Proposals Requested

Secretary Harris has announced that the *National Flood Insurers Association* ... (*NFIA*)... an association of insurance companies that has served and assisted *HUD* in marketing and selling *Federal Flood Insurance*... has given notice of its intention of terminating its contract with *HUD* when it expires on December 31. The termination is due to a dispute with *HUD* over final decisionmaking authority. To protect its 1.1 million policyholders... *HUD* has invited bids... called a *Request for Proposals (RFP)*... to take over the handling of the *Program*. The bids are due September 6.

The *Department* left the door open for *NFIA*... however... by setting a deadline of July 31 to reach agreement with them on the basic issue of Secretarial authority over the program.

That deadline was imposed to assure potential contractors that their efforts in preparing proposals under the *RFP* will not be an idle gesture.

"We very much regret *NFIA's* decision," said the Secretary... "but we must move quickly to assure our policyholders and their families of continued service. Also... we must be in a position to accept new applications next Jan. 1 in the event a new contract must be written."

The successful bidder would have the responsibility of selling and servicing *Federal Flood Insurance* policies, including the adjustment of claims, keeping program statistics and maintaining the necessary computer facilities, among other overall management responsibilities.

Any pool of insurers may also submit a proposal under the *RFP*... or on a risk-sharing basis. However... insurers offering a bid on a risk-sharing basis must be willing to accept *HUD* regulations. Each proposal received... whether under the *RFP's* provisions or from a pool of insurers under a risk-sharing basis, will be weighed on its merits. All respondents will have an equal opportunity to become the ultimate provider of flood insurance contracts and claims services.

"Open Government" Concept Adopted

Contacts between representatives of special interests and nongovernmental individuals and officials and employees of *HUD* are now open to public scrutiny on a nationwide basis under a plan recently put into effect by Secretary Harris.

"We want to make open government more than just a concept at *HUD*," Secretary Harris said, "and I will institute procedures to record for public examination who visits and meets with any of our *HUD* staff. These records will be available to all to show that *HUD* business is the public's business."

Since July 25... nongovernmental visitors to *HUD's Central Office* in Washington, and all *Field Offices* throughout the country are asked to record their names, and organizations or companies they represent, and the *HUD* official or office they will visit before entering the general working area.

HUD and other government employees need only show their official Federal identification cards when entering the building. Where they exist... cafeteria areas will remain open to all.

"*HUD* welcomes visitors with legitimate business to conduct," Secretary Harris said, "but we also want our employers... the taxpayers... to have complete knowledge of just who is doing business with *HUD*."

Daily logs of outside visitors to *HUD* offices will be available for inspection on the following working day at individual *HUD Information Centers*. Copies of daily or weekly logs can be obtained in person or by mail for a small fee to cover duplicating costs.

HUD newsletter

HUD-318-292-ASI
August 8, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. The Secretary of HUD has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through September 30, 1979.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401



FIRST-CLASS

HUD NEWSLETTER
August 8, 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



August 15, 1977

Vol. 8 No. 33

Current Trends

Privately-financed housing starts in June... previously reported... totaled 191,200 units. In addition... 200 Public Housing units were begun. Of total starts... 148,000 units were single-family... down 3.1 percent from the May level of 153,200. Multifamily starts in June were also below the May rate... 42,800... compared to the previous month's 49,200. Regionally... only the West showed an increase in June total starts... 3.9 percent... while the South dropped 9.2 percent below May... the North Central region 9 percent... and the Northeast 5.4 percent.

Loan delinquencies reached record lows during the first six months of 1977. According to the *U.S. League of Savings Associations*... June loan delinquencies at S&Ls dropped to 0.834 percent... down from 0.85 percent in May... and sharply below the 0.98 percent at the beginning of the year. The 0.14 percent drop from January to June was the steepest decline for a comparable period in 10 years.

Auction yields were down as *FNMA* issued \$136.9 million in 4-month commitments to purchase both Government-backed and conventionally-financed home mortgages. Commitments included \$54.1 million in *Government*-backed mortgages at an average yield of 8.713. The average in the previous auction was 8.720. In the conventional auction... *FNMA* issued \$82.8 million at an average yield of 9.055... down from 9.084 in mid-July.

Approximately 12,500 residents and businesses in the 7 disaster-stricken western Pennsylvania counties held \$250 million in *Federal Flood Insurance* policies. "While the number of policyholders who experienced damage will not be known for some time," J. Robert Hunter, *Deputy Administrator* of HUD's *Federal Insurance Administration* said, "the large amount of flood insurance in force should help many residents get back on their feet quickly."

The *Senate* has confirmed President Carter's nomination of Robert H. McKinney... an Indianapolis banker... as *Chairman of the Federal Home Loan Bank Board*.

Contract awards in June rose more than 40 percent above the June 1976 level... increasing from \$10.91 billion a year ago to \$15.4 billion... according to the *F.W. Dodge Division of McGraw-Hill*. Awards for construction of power plants continued the upward trend of recent months... as the volume for non-building construction (roads, sewers, power plants, etc.) climbed 62 percent over the 1976 level. Residential building rose 42 percent to \$5.95 billion... and apartment construction gained 50 percent. For the first six months of the year... total new construction awards jumped 27 percent from last year... to a level of \$67.5 billion.

The *Commerce Department* reports actual construction spending in June reached a seasonally-adjusted annual rate of \$171 billion... 14.3 percent higher than the June 1976 rate... but only fractionally higher than May 1977. Actual construction put in place during the first six months of this year totaled \$74.7 billion... 11.2 percent higher than the first half of 1976. Adjusted for inflation... the spending in June was 7.5 percent higher than the same month in 1976... measured in 1972 dollars.

HUD Mortgage Monitoring Tightened

Secretary Harris has announced that *HUD* will expand and improve its monitoring of *FHA* mortgage lenders and impose effective sanctions for misconduct by lending institutions.

"We have changed the membership of the *Mortgagee Review Board* and we are changing the thrust of the *Board*," she said. "It will now concentrate on the protection of consumers. We must restore confidence in the *Board* as an active and effective monitoring body."

The *Mortgagee Review Board*... whose membership was changed by the Secretary several weeks ago... held a meeting at which it acted on a report by the *Housing Research Group*... a Ralph Nader organization. The report was the result of a 9-month study of *FHA* monitoring activities and was critical of *HUD*'s efforts to stem lender abuses.

Secretary Harris said the *Review Board* was aware of the problems and had met previously with the Nader group to discuss an interim report. "The *Research Group*'s report was a responsible effort to focus on a serious matter," she said. She complimented the group and its principal author, Peter Maier, for their efforts.

Among procedural changes announced were these:

- The *Mortgagee Review Board* will meet at least once a month to hear more cases, and it will act more promptly on complaints. The Secretary noted that one reason for lack of *Board* effectiveness since its formation in 1975 was that there had been 5 different chairmen. "With this Administration, there will be greater stability and consistency in *Board* operations," she said.

- The *Board* will review all audits by the *HUD Inspector General's Office* of *FHA*-approved lenders. The Nader group had reported that even when abuses were reported to the *Board*... it moved slowly and timidly.

- *HUD* will allocate the resources necessary to increase monitoring and improve efficiency. The *Department* recognizes the public interest need of sound monitoring of lenders.

- The *Board* already has a wide range of sanctions that can be imposed on lenders for misconduct or infractions. They include withdrawal of approval for *FHA* mortgage insurance, indemnification of *HUD* for losses, and suspensions of *HUD* approval. *HUD* will continue to use these sanctions expeditiously and will explore others if they appear useful.

- Finally... the *Mortgagee Review Board* has been expanded to increase consumer representation... another request of the Nader group. Monsignor Geno C. Baroni... *HUD Assistant Secretary for Neighborhoods, Voluntary Associations, and Consumer Protection*... was added to the *Board*. Other members are: *Assistant Secretary for Housing* Lawrence B. Simons; *General Counsel* Ruth T. Prokop, and *Assistant Secretary for Administration* William A. Medina. *HUD Inspector General* James B. Thomas, Jr., is *Board* advisor.

"The appointment of Father Baroni is a positive step and one that will add greater dimension to the *Board*'s perspective," Secretary Harris said.



Publication Available

The *State of California* has issued *California Solar Information Packet*... a 33-page collection of facts, history, and source materials, as well as some do-it-yourself solar powered projects. The methodology of solar heating is thoroughly covered from the passive and active angles. One of the projects described is the manufacture of a 'breadbox' solar water heater from an old water tank—painted black, surrounded on two sides by reflective material, and exposed to the sun. The pamphlet also contains wrap-up sections on California and national legislation regarding solar energy production and use, as well as detailed sections on solar information materials from California and national sources. There is also a listing of California architects, engineers, and consultants with solar expertise. Free, from the *California Energy Resources Conservation and Development Commission, Solar Energy Office*, 1111 Howe Ave., Sacramento, Calif. 95825.

HUD To Prepare Citizen Participation Catalog

HUD has contracted with *Lawrence Johnson & Associates, Inc.* of Washington D.C. (LJA) to prepare a catalog of the country's best citizen participation processes used during the third-year *Community Development Block Grant Program*. The catalog will contain descriptions of exemplary citizen participation processes in 40 communities, and will be widely distributed to local governments, citizens' organizations, and research establishments.

Communities are being invited to submit their *Citizen Participation* experiences for use in the publication. Submissions should include:

1. A description of the exemplary and/or innovative activities in the community's *Citizen Participation* process;
2. Background material about the exemplary process (pamphlets, newspaper articles, etc.);
3. A copy of the community's third-year CDBG application; and
4. A copy of the description of the community's *Citizen Participation* plan.

Send to: *Lawrence Johnson & Associates, Inc.* 2001 S Street, NW, Suite 502, Washington, D.C. 20009, (202) 667-4130.



Mortgage Lending Reaches New Highs

The U.S. *League of Savings Associations* reports the Nation's S&Ls set new records in mortgage lending in June... making it the third record-breaking month in a row.

New loans closed by S&Ls totaled \$11.2 billion during the month... higher than in any previous month... and the *League* predicts there is "every indication" the strong lending volume will be continued in the months ahead.

The activity in June brought loan closings for the first 6 months of 1977 to a new first-half record of \$49.2 billion... exceeding the 1976 record-setting total for the same period by 39 percent.

"If the pattern of recent years holds true for the rest of 1977, new loans closed during the year would exceed \$100 billion for the first time," the report added. The second half has been better than the first half in 4 of the last 6 years.

Commitments for future loans at the end of May stood at an exceptionally high \$22.3 billion... 34.1 percent higher than at the end of May 1976.

Savings inflow in June reached a new record for any June in history... \$6.4 billion... 27 percent higher than the previous record of \$5 billion set in June, 1975.



New HUD Publications

The *Department* has recently issued the following publications. They are available without charge from the *HUD Distribution Center*, Room B-258, Washington, D.C. 20410 (202/755-7353).

Fair Housing U.S.A. Explains the two major Federal laws dealing with discrimination in housing in the U.S.

Watch Out For Lead Paint Poisoning. Facts for renters regarding this major hazard. (Also available in Spanish.)

El Peligro de Envenenamiento Por Plomo. The Spanish version of the Lead Paint booklet.

EER-Energy Efficient Resident. Describes a program to demonstrate cost-effective conserving features for new homes.

When A Public Agency Acquires Your Property. Describes a property owner's rights if his property is acquired for a project receiving financial assistance from HUD under the *Federal Relocation Assistance and Real Property Acquisition Policies Act of 1970*.

Land Fraud Indictments Handed Down

HUD has disclosed that a Nevada developer and 7 associates have been charged with failing to register with HUD's Office of Interstate Land Sales Registration (OILSR) and for fraudulently misrepresenting land offered for sale to the public.

Norman L. Dacus... along with his associates... and 5 corporations... all in Nevada... have been indicted by a Federal Grand Jury in Las Vegas for violating the Interstate Land Sales Full Disclosure Act. The companies are: Nevada Land Builders, Inc.; Green Saddle Ranch Company; Real Estate Loans, Inc.; and H-Bar Ranch, Inc.

The Jury returned a 34-count indictment... including 15 counts of failing to register the land and 15 counts of misrepresentation.

Dacus and his associates offered more than 1,200 lots for sale in 7 subdivisions located in the Pahrump Valley area of Nye County. They are: Green Saddle Ranch, Conestoga Country Estates, Roadrunner, Green Valley Acres, Western Village, Kimberly Place, and Spring Mountain Industrial Park.

In Pennsylvania... a former Assistant U.S. Attorney has been indicted by a Federal Grand Jury on charges of fraudulent use of the mails and submitting false property reports to OILSR.

William D. Morgan... who served in the U.S. Attorney's office from 1956 to 1961... is the developer of Thornhurst Lake Estates... a recreational homesite in the Pocono Mountains. He is charged on 70 counts of violating the Land Sales Act and 32 counts of mail fraud. OILSR had the full cooperation of the U.S. Postal Service in the joint investigation leading to the indictment.

New Publication

Condominium Information Guide... 50 basic steps for creation and conversion of condominiums. Published by RWD & Associates, P.O. Box 1242, Santa Ana, California 92702. Postpaid \$3.50.

HUD newsletter

HUD-318-293-ASI
August 15, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate: \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. The Secretary of HUD has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. The cost of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through September 30, 1976.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
HUD-401
FIRST-CLASS



HUD NEWSLETTER
August 15, 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



August 22, 1977

Vol. 8 No. 34

Current Trends

Final reports of June activity bear out the estimates for the month which had been published previously. According to the *FHLBB*, . . . net new savings receipts of *S&Ls* in June were smaller than in May. . . but mortgage lending activity increased sharply. New savings receipts of *FSLIC*-insured *S&Ls* were \$2.0 billion in June. . . \$1.4 billion less than a month earlier. A substantial portion of this dropoff reflected the typical seasonal pattern. Net new savings receipts in June were 51 percent larger than a year earlier. . . although one-third less than the \$3.1 billion record for the month established in 1975 in part as a result of taxpayers depositing the unusual one-time distribution of Federal income tax rebates and refunds made at that time. As in other end-of-quarter months. . . interest credited to savings accounts by *S&Ls* was large in June. The \$4.2 billion credited this June was a new record and 18 percent more than a year earlier. . . largely because of the rise in savings balances over the period. As a consequence, the total increase in savings balances on association books (net new savings receipts plus interest credited) totaled \$6.2 billion. This represented a near record. . . being exceeded only by the net increase in savings balances in March of the last 2 years, when net new savings receipts had been substantially larger than in the most recent month.

Mortgage loans closed by federally-insured *S&Ls* increased a more-than-seasonally 14 percent from May to June to total \$11.0 billion. This represents a new all-time record in absolute terms. When adjusted for usual seasonal variation. . . however. . . loans closed in June were moderately below the peak volume reached in several months last winter. Commitments for future mortgage lending by associations declined slightly in June for the first time since last December. The \$300 million drop in volume outstanding to \$21.7 billion at month end was smaller than the usual decline in June. As a result, mortgage loan commitments outstanding on a seasonally adjusted basis rose further to a new peak.

The *National Association of REALTORS* reports that sales of existing single-family houses were strong in June for the Nation as a whole. . . but showed a significant weakening in the West. Sales of 345,000 houses with a market value of \$16.5 billion reached all-time records. . . although the seasonally-adjusted rate was down slightly to \$3.4 million. . . following the more moderate growth rate apparent in recent months. Nationally. . . the sales rate was 16 percent higher than a year earlier. It ranged from a 25 percent gain in the North Central region to 16 percent in the South, 13 percent in the Northeast, and only 3 percent in the West. Throughout April, May, and June the existing home market in the West was 10 to 12 percent below the rate recorded in late 1976. Apparently some of the steam has gone out of this market. There was no decline in the upward movement of existing home prices. . . with a June increase in the median price of \$1,200 over the May figure of \$43,400. In June. . . 38.5 percent of all existing single-family homes sold were priced at \$50,000 and above. . . up from 36.9 percent in May.

Sales of new single-family homes in June. . . according to the *Census Bureau*. . . reached an annual rate of nearly 800,000. . . up 5 percent from May and 34 percent over the June 1976 rate. There were 447,000 new homes for sale at the end of June. . . a new high.

Progress Made in Flood Insurance Contract

HUD and the *National Flood Insurers Association (NFIA)* have resolved the major issue of secretarial authority over the *National Flood Insurance Program* which had hampered negotiations looking toward a new agreement between **HUD** and **NFIA**.

NFIA is an insurance industry pool which has had operational responsibility for the sale, issuance, and handling of *Flood Insurance* under the Federal subsidized program. Its present contract expires at the end of the year.

Secretary Harris said **NFIA** "has agreed to comply with all valid regulations issued by the *Department* during the term of any new contract resulting from the present negotiations."

Based upon the "better prospects for concluding a mutually satisfactory agreement," the Secretary said that she was extending until August 7, the time for completely resolving any remaining issues in dispute.

The time for response to *Requests for Proposals* for bids from contractors to implement a *Part B*, or *Government*, program is likewise being extended for 7 days.



HUD Increases Minority Bank Deposits

HUD raised the amount of its deposits in minority banks by 40.5 percent during the past fiscal year. . . increasing total deposits by \$6.7 million over fiscal year 1975.

In its third annual report on *Minority Business Enterprise in HUD Programs* . . . covering the period of July 1, 1975 to September 30, 1976. . . the *Department* noted that **HUD** remained second among all Federal agencies in minority bank deposits. The total Federal deposit during that period was \$104.8 million. . . of which **HUD** provided approximately 22 percent.

Overall **HUD** coordination for minority business enterprise effort is in the *Office of Voluntary Compliance*. . . headed by Assistant Secretary for Fair Housing and Equal Opportunity Chester C. McGuire, Jr.

During fiscal year 1976. . . that *Office* maintained active contact with industry associations and other organizations in promoting minority business enterprise in **HUD** programs.

Efforts to include minority firms in flood studies projects generated many contacts with engineering associations such as the *National Association of Minority Architects*, *American Indian Council of Architects and Engineers*, the *Mexican-American Engineering Society*, and the *Eastern and Western Association of Black Consulting Engineers*.

Altogether. . . nine minority-owned firms were found qualified to conduct flood insurance studies. Four of these firms are expected to be included in performing flood studies in Arizona, New York, Maryland, and Washington. Contracts under this program amounted to \$2,210,000 in FY 1975 and reached \$2,996,000 in 1976, with the FY 1977 goal set at \$3,000,000.

This activity is part of **HUD's** efforts to expand the *Federal Government's Minority Business Enterprise Program* in the *Department* in order to achieve an overall Government FY '77 projected minority business goal of \$165 million.



New Publication

Human Response to Tall Buildings. . . a cross-section of research findings into the psychological and sociological impact of tall buildings on those who use them. . . edited by Donald J. Conway. 376 pages. . . \$25.00. . . available from Dowden, Hutchinson & Ross, Inc., 523 Sarah Street, Box 699, Stroudsburg, Pa. 18360.

On-Site Labor Costs Decline

NAHB... in its *Economic News Notes*... has released two reports that contain some surprising figures. Despite the constant rise of both labor and material costs... on-site construction costs have declined. The share of on-site labor has gone down from 30 percent to 16 percent. This has been brought about... to a great extent... by the tremendous increase in prefabricated components delivered to a building site.

The costs of materials today... as a share of total cost of a new single-family house is about 30 percent. At the end of World War II... this was 45 percent. In other words... currently... only about 30 percent of the total housing dollar represents material... and about 16 percent on-site labor.

Some examples are the greatly increased productivity due to mechanization... the standardization of construction... the widespread use of industrialized methods... enormous improvement in the tool industry. And... ironically... *NAHB* says... the rapidly increasing cost of construction wages has put pressure on builders to use more parts produced in shops of factories and less on-site labor.

A major homebuilder is quoted as saying: "10 years ago, carpenters were still hanging doors, taking several hours. Now, they come in all ready to hang, and take only a few minutes to do so. Cabinets, likewise come in all ready to hang, and heavy 2-by-6 inch and 2-by-8 rafters are used instead of 2-by-4's."

Says the *NAHB* report: "A major reason for this relative on-site decline has been the sharp drop in all 'hard costs'... what the house is actually built of... bricks and mortar... labor and materials. The 'hard cost' (labor and materials) share 30 years ago was estimated to be about 69 cents of each dollar a purchaser paid. Just 7 years ago this share was about 54 cents. Today it is under 50 cents.

If 'hard costs' take a smaller share of the buyer's dollar, where has the rest gone?

- A larger share of the cost today is going for land. This share was about 11 percent of the price after the war and is more than double that today.

- Increases in overhead and other costs connected with a much more complicated process of getting a project under way. "10 years ago, we could buy land and open a model in 4 to 5 months," said one builder. "Today it takes 2 to 3 years before we can put a shovel into the ground. The cost of carrying the land over this extended period has increased enormously. Interest rates have increased at least 50 percent... and combined with the longer period it takes to complete the house... this means a very much larger share of the total cost goes into financing charges."

- Other factors... such as complying with environmental restrictions, sewer and water requirements, and similar items... all contribute to higher costs, that were only minor factors a few years back.



1976 Population Estimates Being Issued

Reports containing 1976 estimates of the population of counties and metropolitan areas on a State-by-State basis are now being issued by the *Census Bureau*.

The reports present provisional population estimates for 1976 and revisions of 1975 estimates which were prepared jointly by the *Census Bureau* and *State Agencies* in the *Federal-State Cooperative Program for Local Population Estimates* begun in 1967.

The reports... *Estimates of the Population of (State) Counties and Metropolitan Areas: July 1, 1975 (Revised) and 1976 (Provisional), Series P-26*, are available for 35 cents from the *Superintendent of Documents*. Washington, D.C. 20402.

Out-of-Court Agreement Announced

In re Gautreaux, et al. v. Harris, Chicago Housing Authority, et al. . . HUD General Counsel Ruth Prokop executed an out-of-court agreement with counsel for plaintiffs in *Gautreaux v. Harris*, the *CHA* litigation under which low-income Chicago families who live in Public Housing or who are on waiting lists will be able to receive housing assistance throughout the Chicago metropolitan area. This new agreement . . . covering the period through December 1978 . . . extends and expands upon an earlier *Letter of Understanding* executed by attorneys for the plaintiffs and *HUD* subsequent to the *Supreme Court* decision issued in April last year. That ruling decided that *Federal Courts* have the power to order *HUD* to provide relief on a metropolitan-wide basis to families who had been discriminated against in the provision of Public Housing in Chicago.

Last year's *Letter of Understanding* created a special demonstration program under which a private fair housing organization was authorized to place 400 of these families throughout the metropolitan area in existing units under the *Section 8 Program*. The new agreement extends this program and adds programs to stimulate construction of new housing units in the suburbs. Plaintiffs agree to postpone seeking a metropolitan-wide relief order from the *District Court* at least until July 31, 1978, and to develop with *HUD* a framework for ultimate disposition of the lawsuit.

FYI



Joint Annual Minority Conference. . . Co-sponsored by National Organization of Minority Architects, National Association of Minority Contractors, National Association of Housing Specialists, United Mortgage Bankers of America, National Association of Real Estate Brokers, National Council of Minority Consulting Engineers. . . Arlington, Virginia, September 21-24. Details: Joint Conference Committee, 10500 Rockville Pike, Rockville, MD 20852.

HUD newsletter

HUD-318-294-ASI
August 22, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development. . . Patricia Roberts Harris, Secretary. . . James C. Biller, Editor. Subscription rate \$12.50 per year, domestic. . . \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. The Secretary of HUD has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through September 30, 1979.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
HUD-401



FIRST-CLASS

HUD NEWSLETTER
August 22, 1977

August 29, 1977

Vol. 8 No. 35

Current Trends

The *Commerce Department* reports that housing starts in July rose to a seasonally-adjusted annual rate of 2.064 million units... up 8.1 percent above the June rate... and 46.1 percent higher than the rate in July 1976. The rise was most pronounced in the multifamily category... increasing to 489,000 units... 21.9 percent over the June figure... and more than doubling the July 1976 rate of 212,000 units. There was a slight drop in the overall rate of permits issued during the month compared to a month earlier... 2.9 percent... but the rate was 32.6 percent higher than in 1976. The multifamily rate of permits issued was also higher than 1976 by 41.2 percent.

More than 24,000 persons have registered for assistance of all types in the 8-county flood-disaster area surrounding Johnstown, Pennsylvania. *HUD* has received more than 4,000 applications for housing assistance... and it is estimated that some 3,600 families will be declared eligible for *HUD* assistance in the area.

HUD has authorized the use of up to \$5 million of *Section 312 Rehabilitation Loan Program* funds for the rehabilitation of commercial properties in New York City that suffered damage during the recent blackout. The rehabilitation assistance is part of a Federal economic assistance package involving *HUD* and the *Department of Labor*.

An optimistic note by the *Conference Board*... the authoritative research organization. A consumer survey it conducted showed that consumer plans to buy new homes were at a 10-year high... with conditions favorable for their plans to be put into effect.

Congress has completed action on legislation placing the energy responsibilities of numerous *Federal Agencies* in a new *Department of Energy*. The new *Department* will have the authority... previously in *HUD*... to set energy conservation standards for new houses and to study forms of financial assistance to encourage householders to improve energy conservation in existing residences. President Carter signed the bill on August 4. It became *Public Law 95-91*.



Review Appraisers Elect

Frank H. Kelly, Real Estate Specialist for the *Urban Mass Transportation Administration* in Washington, D.C., was elected 1977/78 president of the *National Association of Review Appraisers* at its recent meeting in St. Paul. *NARA* has more than 4,500 designated members internationally... representing major Federal and local governmental agencies, *Savings and Loan Associations*, and *Insurance Companies*... which are involved in Review Appraising.

Other officers elected were: vice president... Wm. P. "Bunt" Wilson, president of the *Fidelity Corporation*, Knoxville, Tennessee; secretary... Otto Tronowsky, manager, *Real Estate Investments*, *The Prudential Insurance Company*, Los Angeles, California; and treasurer... Roy H. Johnson, *Minnesota Department of Highways*, St. Paul.

The Current Mortgage Situation

Results of HUD's August 1 mortgage opinion survey showed no significant national changes during July in either prices or yields of HUD/FHA-insured home mortgages, availability of mortgage money or contract rates on conventional first mortgages on new homes. There was a slight shifting in rates and yields in some geographic areas. . . but nothing that shows any major trend. There was a slight increase in interest rates on existing homes. . . from 8.98 percent in June to 9 percent in July. . . according to the *FHLBB*.

Even though the current situation is relatively stable. . . some money experts are predicting a significant rise in long-term interest rates in the near future that could affect the ability of home purchasers to obtain mortgages at the currently favorable terms. . . and hence mean lower new house production in 1978. Noting that short-term interest rates have already begun to rise. . . Michael Sumichrast, Chief Economist of the *NAHB*, pointed to increases in consumer credit and other borrowing. . . and the action by the *Federal Reserve Board* to tighten money. Sumichrast predicted a late-1977 or early-1978 upward movement in mortgage interest rates.

Some recent happenings that bear out these predictions: After five successive yield drops in auctions of *FNMA* 4-month commitments to buy home loans. . . the latest auction showed a rise in yields from 8.713 percent to 8.745. This was the highest since mid-June. . . when the yield figure was 8.744 percent. Also. . . the latest auction of 6-month forward commitments by the *Federal Home Loan Mortgage Corporation* showed a net yield increase from 8.630 at the previous sale to 8.633 percent.

Another important factor in the mortgage picture. . . the unusually large increase in mortgage credit during the first quarter of 1977. On April 1. . . the total mortgage debt outstanding was \$678 billion. . . \$72 billion higher than a year earlier. During the second quarter. . . the volume of lending reached an even higher rate. For the first 6 months. . . *S&Ls* alone lent an all-time record of \$48.2 billion. . . compared to \$36.3 billion in the first half of 1976.



Significant Decisions

There have been two recent *Circuit Court* decisions of particular importance:

City of Hartford, et al. v. Towns of Glastonbury, West Hartford, and East Hartford U.S.C.A., 2d Cir., C.A. Nos. 76-6049 - 6050, - 6059, August 15, 1977. The full bench of the *Second Circuit* has reversed the decision of a 3-judge panel and ruled that the *City of Hartford* and two of its low-income residents do not have standing to challenge the approval of the *Block Grant Applications* of seven suburban communities in the Hartford area on the ground that they failed to accurately estimate the housing needs of families expected to reside in those communities. The *Court* observed that the 'Expected-to Reside' figure was but one element in the statement of needs portion of the *Housing Assistance Plan*. It does not necessarily result in the provision of additional housing in the suburban communities, particularly in this case where the housing goals, even if understated, contemplated the utilization of all available housing subsidy funds. The *Court* concluded that plaintiffs failed to show how they were harmed by the lack of 'Expected-to-Reside' figures, and that the effect of an order requiring modified *ETR* figures upon plaintiffs' interests was speculative at best. However. . . given such an order, the *Court* finds it equally infeasible to speculate whether the communities would refuse to revise these figures and forfeit grants which might then become available to the *City of Hartford*.

Cooperative Services, Inc., et al. v. HUD, et al. U.S.C.A., D.C. Cir., No. 76-1193 August 15, 1977. The *United States Court of Appeals for the District of Columbia Circuit* in a *per curiam* decision has affirmed the *District Court's* holding that HUD abused its discretion in 1970 when it terminated the *Section 202 Direct Loan Program for the Elderly and Handicapped* before the *Section 236 Program* was fully operational. The *Court of Appeals*. . . however. . . has vacated the *District Court* Order and remanded the case with directions that HUD prepare a proposal which, within the constraints of limited funds and equitable claims of other elderly tenants, will put the elderly represented by *Cooperative Services, Inc.* in the position they would have been in had the *Section 202 Program* not been unlawfully terminated.

'Hard to Reach' Rural Program Announced

HUD and the *Farmers Home Administration (FmHA)* . . have selected four States . . Illinois, California, Colorado, and West Virginia . . to participate in a joint *Federal Agency Demonstration Program* to develop better methods for delivery of services to rural, 'hard to reach,' lower-income persons seeking to participate in community development and housing program. Funding of the project . . expected to run for 2 years . . will be \$3 million from *HUD* and \$40 million from *FmHA* . . an Agency of the *U.S. Department of Agriculture*.

Under the interagency agreement . . all work will be carried out by the States . . and monitored by *HUD* and *USDA* in Washington . . and by *HUD* and *FmHA* representatives in their *Field Offices*. Projects will include rehabilitation of housing, winterization of dwellings, construction of new homes, water and sewer projects, and other community development activities.

Each of the States will receive up to \$10 million from *FmHA* . . and \$750,000 of *HUD Block Grant and Research* funds to cover the 2-year demonstration. Using these Federal funds . . the States will furnish the necessary number of employees to help *FmHA* process the loan and grant applications generated under the *Program*. All such work will be done by either State employees or locally-employed persons.

The first step in the *Program* is a training period for project employees . . the training to be carried out by the States through their *Extension Services*.

Applications had been received from 30 States . . which sought to participate in the *Program*.

Further details about each State's program may be obtained from either the *State Agency* or *HUD Office* listed below:

California \$10,750,000. Counties involved: Plumas, Siskiyou, Lassen, Modoc. *California Department of Housing and Community Development*, Ralph Palmer, Project Director, 921 10th Street, Sacramento (916/445-0836). *HUD Area Office*, 1 Embarcadero, San Francisco 94111, Joseph Lavendar, (415/556-8241).

Colorado \$7,450,000. Counties involved: Conejos, Costilla, Alamosa, Mineral, Rio Grande, Saquache. *Colorado Division of Housing*, Harold Knott, Project Director, 1313 Sherman Street, Denver (303/892-2033). *HUD Regional Office*, Lee Rhoad, 1405 Curtis Street, Denver 80202, (303/327-4666).

Illinois \$10,750,000. Counties involved: Bureau, Putnam, Marshall, Stark, Lawrence, Edwards, Jasper, Crawford, Clay, Richland, Wayne, Wabash, White. *Illinois Department of Local Government Affairs*, Jane Voget, Project Director, 303 E. Monroe Street, Springfield, (217/782-7564). *HUD Area Office*, 1 North Dearborn, Chicago 60602 (312/353-1611).

West Virginia \$10,750,000. Counties involved: Boone, Mingo, Logan, McDowell, Wyoming, Raleigh. *West Virginia Housing Development Fund*, Charles Steele, Program Director, 900 Charleston National Plaza, Charleston (304/348-3732). *HUD Area Office*, Pittsburgh (412/755-2608).



FYI

National Graduate University . . *Sixteenth Annual Institute on Federal Funding* . . Washington, D.C., September 14-16. *HUD* officials will participate. Details: *NGU, Division of Special Studies*, 1101 Highland Street, Arlington, Virginia 22201 (703/527-4800).

Producers' Council . . *Construction Marketing Seminar* . . Chicago, September 28-30. Details: *Producer's Council*, 1717 Massachusetts Avenue, N.W., Washington, D.C. 20036 (202/667-8727).

New Fair Housing Theme Sought

HUD has selected a 12-member *Committee* to select a new theme for its nationwide *Fair Housing* voluntary compliance campaign.

Chester C. McGuire, Jr., *HUD Assistant Secretary for Fair Housing and Equal Opportunity*, said the present campaign theme, *Fair Housing—An Ideal for Americans*, is outdated. It is currently in use on 1,000 billboards erected across the Nation by the *Outdoor Advertising Association of America, Inc.* Some 3,500 additional billboards... now on order... will carry the new slogan.

The *Committee*... consisting of outstanding civil rights, fair housing, and industry representatives, will meet in Washington on September 6 to review suggestions submitted by committee members and *HUD* employees.

Secretary Harris will announce the theme finally selected on September 15.

The *National Fair Housing* billboard campaign was established by *HUD* in 1975 in cooperation with the *Outdoor Advertising Association of America*.

Members of the committee are: Tom Gale, Housing Director, *National Urban League*; Betty Adams, Chairman, *Housing Task Force, Leadership Conference on Civil Rights*; Margaret Ford, Acting Housing Director, *NAACP*; Milton Smithman, Vice President, *National Association of Home Builders*; Wilson Tanner, Vice President, *Outdoor Advertising Association of America, Inc.*; Edward E. Simmons, Director, *Member Services, National Association of REALTORS*; Don McVay, Senior Vice President, *American Newspaper Publishers Association*; Charles Foreman, Director, *Field Services, National Committee Against Discrimination in Housing*; T.C. Richardson, General Counsel, *National Newspaper Publishers Association*; Lloyd Davis, Director, *Office of Voluntary Compliance, HUD*; Brian Hinman, Executive Director, *National Neighbors, Inc.*; and Kale Williams, Executive Director, *Leadership Council for Metropolitan Open Communities* (Chicago, Illinois).

HUD newsletter

HUD-318-295-ASI
August 29, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. The Secretary of HUD has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through September 30, 1979.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401

FIRST-CLASS



HUD NEWSLETTER
August 29, 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



September 5, 1977

Vol. 8 No. 36

Current Trends

HUD's federally-assisted housing programs are credited with being a major contributing factor toward the achievement of the more than 2-million-unit seasonally-adjusted housing starts rate in July. The more-than-seasonal jump in multifamily starts was a direct result of the large number of HUD Section 8 starts. It appears that the total Section 8 starts in fiscal year 1978 (presently estimated at 155,000) will be almost double the 1977 rate.

The total of mortgage-backed securities issued by HUD's Government National Mortgage Association since the program began in 1970 reached \$44 billion in mid-August.

The Census Bureau reports that the typical new one-family house which sold for \$38,900 in 1974 would sell for \$51,700 on today's market. This is an increase of 3.8 percent above the first quarter of this year and of 12.4 percent above the second quarter of last year.

As has been expected for some time... short-term interest rates have moved noticeably upward. The prime rate was increased from 6.75 to 7 percent by many leading banks throughout the country, Treasury bills went up, and project notes totaling \$836.5 million representing 83 Public Housing Agencies were sold in mid-August at an average interest rate of 3.272 percent... compared to an interest rate in July of 2.99 percent.

The National Association of Home Builders Monthly Economic Notes reports that the cost of building materials rose faster during the past year than the rate for other products. The overall average rise in all commodities in the May 1976-1977 period was 7.8 percent and for the first quarter of 1977... 3.8 percent. The wholesale price level of building materials showed the following during the 12-months: Softwood lumber... up 17.8 percent... plywood... 14.3... shaped steel... 19... roofing... 15.3... nails... 14.4... and brick... 13.7 percent. During the April 1976-1977 period... average construction wages rose 7 percent... although the rate for certain crafts in areas where construction activity has been high... increased more.

The total population of the United States (including Armed Forces overseas) was about 216,647,000 on June 1, 1977... according to estimates released by the Census Bureau. This represents an increase of 1,659,000... or 0.8 percent... over the estimate for the corresponding month a year ago; and an increase of 143,000 over the previous month. The monthly gain was the result of a natural increase of 117,000 (excess of births over deaths), and estimated net civilian immigration of 26,000. The June 1, 1977 total population represents an increase of 12,312,000 over the population on April 1, 1970... the date of the census upon which these estimates are based.

The unusually strong demand for insulating materials sparked by last year's severe winter weather... the desire to save fuel... and the proposal that a tax incentive be given to those who install or upgrade home insulation... has caused an acute shortage in many areas of the country. Home builders are becoming concerned that the shortage could create a serious disruption in home building... and the President of NAHB has called a meeting of builders and insulation industry leaders in Washington to discuss what can be done to head off any interruption in the flow of insulation products to builders.

New Section 8 Regulations Issued

Secretary Harris announced changes in regulations which are expected to make more attractive the securities issued for financing of *Section 8 Rental Assisted Projects* for low-income families.

The *Section 8 Program* provides for lower-income tenants to pay 15 to 25 percent of their income for rent and for Federal subsidies to owners to bring total monthly payments up to the approved total rent of the units.

The modified regulations are expected to facilitate the financing of the projects.

The financing is conducted by *Public Housing Agencies* or instrumentalities through the use of tax-exempt securities designed to achieve lowest possible interest costs for long-term funding and construction financing.

The revised regulations... besides making the securities more attractive... will greatly facilitate *HUD's* processing of this type of financing and thereby reduce the overall costs of the housing.

The changes also will unblock the backlog of financing applications which were awaiting publication of the final regulations. The regulations were published in the *Federal Register* August 3.



Completion Data Issued

Data on 1976 completions of sales housing built in developments in 269 *Standard Metropolitan Statistical Areas (SMSAs)*, and the number unsold as of January 1, 1977, have been issued. The report gives totals for *SMSAs* only. Since the survey covered only subdivisions and multifamily projects with 5 or more completions during the year, it excludes about one-third of all privately built sales housing. *HUD Area and Insuring Offices* will provide data on *SMSAs* in their jurisdictions, and queries about the overall report on the *Annual Survey of Unsold New Sales Housing* should be addressed to *HUD, Office of Economic Analysis*, Room 8204, Washington, D.C. 20410.

The *Census Bureau* reports 708,000 housing units were completed during the first half of 1977... compared with 605,800 units for the same period in 1976. During June... units were completed at a seasonally-adjusted annual rate of 1,620,000... up 6 percent over May and 18 percent above June 1976. The June completion rate for single-family houses was unchanged from May at 1,177,000 but the rate for units in apartment buildings (of 5 or more units) was up 10 percent to 319,000. *Census* said that at the end of June housing under construction was at a seasonally-adjusted annual rate of 1,329,000 units... up from 1,303,000 a month earlier... of which 460,000 were in apartment buildings.



REALTORS Issue Energy-Saving 'Tips'

The *National Association of REALTORS*... the almost half-million member organization of real estate professionals (approximately 164,000 *REALTOR* members and 330,000 affiliate members)... has undertaken a nationwide campaign at the grassroots level to promote the conservation of energy and natural resources. A major feature of the program is a series of energy-saving 'tips' advising homeowners how they can contribute toward conservation.

The tips cover a wide variety of potential savings... and a free brochure. These are available from any *REALTOR* or from the *Association* headquarters at 430 North Michigan Avenue, Chicago, Illinois 60611.

The 'tips' cover a listing of the most common types of problems a homeowner encounters... and point out how to avoid and remedy wasteful situations. Some of the items: leaky faucets, small electrical appliances, electric ranges, vacuum cleaners, refrigerators, light bulbs, water heaters, and how to save water.

George Washington University (Advanced Management Education Center). . . 2-day Seminar: *Zero-Base Planning and Budgeting: A Powerful Management Tool*. . . Washington, D.C., September 29-30. Details: *Advanced Management Education Center, School of Government and Business Administration, The George Washington University, Washington, D.C. 20052.*

Community Associations Institute. . . 4th National Conference. . . Washington, D.C., October 2-5. Details: *CAI, 1200 18th St., N.W., Washington, D.C. 20036.*

Urban Land Institute. . . Semiannual Convention. . . Atlanta, October 2-4. Details: *ULI, 1200 18th St., N.W., Washington, D.C. 20036 (202/331-8500).*

Institute of Transportation Engineers. . . Annual Convention. . . Mexico City, October 2-6. Details: *ITE, 1815 N. Fort Myer Dr., Suite 905, P.O. Box 9234, Arlington, VA 22209 (703/527-5277).*

National Recreation and Park Association. . . Annual Convention. . . Las Vegas, October 2-6. Details: *NRPA, 1601 N. Kent St., Arlington, VA 22209 (703/525-0606).*

Water Pollution Control Federation. . . Annual Convention. . . Philadelphia, October 2-7. Details: *WPCF, 2626 Pennsylvania Ave., N.W., Washington, D.C. 20037 (202/337-2500).*

National Graduate University. . . 3-day Course: *Administration and Negotiation of Federal Grants and Contracts*. . . Washington, D.C., October 3-5; Atlanta, October 25-27; New Orleans, January 31-February 2 (1978); Washington, D.C., March 28-30; Boston, April 18-20; and Chicago, May 2-4. Details: *Mrs. Donna Smith, NGU, 1101 North Highland St., Arlington, VA 22201 (703/527-4800).*

National Association of Housing and Redevelopment Officials. . . Annual Convention . . . Minneapolis, October 4-7. Details: *NAHRO, 2600 Virginia Ave., N.W., Washington, D.C. 20037 (202/333-2020).*

The Public Service Institute. . . Fall Workshops on *Federal Contract and Grant Requirements*. . . Denver, October 3-5. . . and Atlanta, October 27-19. Details: *PSI, 8728 Colesville Road, Silver Spring, Maryland 20910 (301/588-4994).*

American Institute of Planners. . . Annual Convention. . . Kansas City, Mo., October 8-12. Details: *Ms. Jean Baumgardner, Conference Coordinator, AIP, 1778 Massachusetts Ave., N.W., Washington, D.C. 20036 (202/872-0611).*



New Publications

Solar Dwelling Design Concepts. . . 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 publication provides historical background information, a report on existing solar dwellings and systems, a list of design considerations and numerous dwelling and site design concepts.

Published by *HUD* in cooperation with the *Energy Research and Development Administration* and other Federal agencies, this document is part of an extensive program to demonstrate the economic and technical feasibility of solar heating and cooling. Price \$2.30. . . from the *Superintendent of Documents, Washington, D.C. 20402.*

Economic Investment and the Future of Neighborhoods. . . a 103 page report issued by *New York City Human Rights Commissioner Eleanor Holmes Norton*, the report concludes that a comprehensive city-wide neighborhood reinvestment strategy is necessary and possible to stem the encroachment of redlining on neighborhoods, and recommends a sweeping system of support for reinvestment, including extensive citizen involvement and government action. The report is available free to nonprofit community and neighborhood organizations, \$3.00 to all others, from the *Commissioner's Research and Information Division, 52 Duane Street, 6th Floor, New York 10007.*

Building Trade Wage Rates Rise Moderately

During the second quarter of 1977... according to the *Labor Department*... there was a moderate increase in union building trade wage rates in the 121 cities of over 100,000 in population that *Labor* surveys. The average union wage rose 3.7 percent... compared to 3.9 percent in the same months of 1976. For the 12 months ending June 30... the rise was 5.8 percent... compared to 6.7 percent in the year ending June 30, 1976.

Except for 1973 and early 1974... when wage controls were in effect... the increases in the first half of 1977 over the previous year were the smallest for any comparable period since mid-1968, when the increase was 5.5 percent. Since the third quarter of 1976... the annual rate of wage increase has remained about 6 percent.

These increases represent a marked decline from a quarterly peak of 12.3 percent in early 1971 to 4.4 percent in late 1973. They then rose to double that rate by late 1974-early 1975, and then declined steadily to less than 6 percent by the fourth quarter of 1976.

Union wage rates in the building trades averaged \$10.03 an hour on July 1. Fringe benefit payments for health, welfare, pension, and vacations raised the average to \$12.20... an increase for the year in these benefit payments of 6.7 percent... compared to 7.9 percent in the same 1976 period.

July 1 average hourly rates for the 7 leading trades were: bricklayers \$10.45; laborers \$7.94; carpenters \$10.22; electricians \$11.13; painters \$9.87; plasterers \$10.06; and plumbers \$10.87.



County Year Book Available

The 1977 County Year Book... published jointly by the *National Association of Counties* and the *International City Management Association*... is a basic source and reference book on county government. This is the third edition of the publication, which lists the top officials in each of the Nation's counties, (12,000 in all), along with financial, revenue, and expenditure data for the counties. Hard cover... 320 pages... 50 tables. It is available for \$22.50 (post paid)... \$21 each if payment accompanies order... from *NACO/ICMA Joint Data Center, 1140 Connecticut Ave., N.W., Washington, D.C. 20036*.

HUD newsletter

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. The Secretary of HUD has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through September 30, 1979.

HUD-318-296-ASI
September 5, 1977

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401



HUD NEWSLETTER
September 5, 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



September 12, 1977

Rising Costs Bring HUD
Initiatives

See pages 2 - 4

Vol. 8 No. 37

Current Trends

Effective interest rates rose on *FHA*-insured and *VA*-guaranteed home loans during June and July... a *HUD* survey indicates. Single-family home loans closed during the period ranged between 8.84 and 8.86 percent... up 18 points from the 8.68 percent average in May. The average in April was 8.62 percent.

The Federal Reserve Board... in a move it said was "to reduce the incentive for member banks to borrow from the *Federal Reserve*"... raised the discount rate for bank borrowings from 5½ to 5¾ percent... as of August 29. The change in the discount rate was the first since the reduction of ¼ point in November 1976... and the first increase since April 1974. According to money analysts... the action was normal in the light of the *Fed's* efforts to tighten the money supply... and had been expected for some time. In announcing the increase... the *Fed* said "it was a technical move, designed to bring the discount rate into better alignment with short-term interest rates."



Hispanic Week To Be Observed

HUD will hold a week-long commemoration of *National Hispanic Heritage Week* September 12-16. Secretary Harris will open the observance at a Monday morning ceremony... at which she will announce the *Department's Affirmative Action Employment Program* for fiscal year 1978.

The *Hispanic Program*... which will emphasize the Hispanic contributions to America... is designed to increase the number of Hispanics in decisionmaking positions in *HUD*.

The event... which will be observed in *HUD's* Headquarters, Regional, and Field Offices, reflects Secretary Harris' pledge "for *HUD* to become synonymous with racial justice and to expand housing opportunities for all Americans."

At the kick-off session Monday the Secretary will be joined by Arizona's bilingual Governor Raul Castro, recently nominated as Ambassador to Argentina, who will be the keynote speaker at the Monday morning ceremonies. His theme: "*Toward a Fair Share: The Political Status of Hispanics in the U.S.*"

William A. Medina... *HUD Assistant Secretary for Administration*, will serve as master of ceremonies and will introduce Secretary Harris, Governor Castro, and special guests.

Invited guests include Congressional representatives with significant Hispanic electorates, Ambassadors to Latin America, the 40 Hispanic Presidential appointees, and prominent leaders from Latino communities throughout the United States.

The week's activities in Washington will include: a job fair which will provide information about employment opportunities at *HUD*; seminars on major issues affecting Latinos; art exhibits; and film presentations.

Rising Costs Bring HUD Actions

At a news conference on August 26... *HUD* Secretary Harris reported on the dramatic and unprecedented rise in both material prices and housing costs... and announced that *HUD* was taking action to determine why this was happening. In making this announcement... she said: "As the result of a survey by *HUD's 75 Area and Insuring Offices* across the country, we have ascertained the existence of an inexplicable but dramatic rise in lumber prices since July 1, 1977. From July 1, 1977 to August 22, 1977, the increase in lumber prices ranged between 12 percent and 28 percent, depending on the region. From August 1 to August 22, the increase has been from 8 percent to 16 percent.

"Because of the suddenness of this increase, I have asked the *Council on Wage and Price Stability* to determine the cause and implications of the rise in lumber prices and that study by the *Council* will begin immediately. Lumber is clearly not the only component of housing construction that has increased in cost.

"Our Field survey also indicated that the insulation prices have risen in a range between 5 and 15 percent. Although the increases are less sudden and dramatic than those of lumber, there is a growing problem of short supply of material. I will be meeting with suppliers and applicators of home insulation products as soon as possible to obtain a more detailed understanding of the problem to determine the appropriate response to the insulation shortage. Our concern is that increased prices in lumber and shortage of insulation may lead to time-consuming delays in housing construction. The principal consequence of delays in housing construction is increased cost which is passed on to the consumer."

The Secretary said she is creating a 40-member *Task Force on Housing Costs* to study the problem and to develop, evaluate, and recommend ways to reduce costs. She announced the appointment of 35 members of the *Task Force*; five other members will be announced later. The *Task Force* members represent all facets of the housing industry, organized labor, builders, consumer groups, members of the academic community, and elected officials.

The members were selected for their knowledge of specific components of housing costs and for their ability to present diverse points of view, the Secretary said. There is also wide geographic representation.

William J. White... General Manager of *HUD's New Community Development Corporation*... is chairman. Mr. White headed a steering committee to develop guidelines and working papers for the *Task Force*. The first meeting of the group will be at the *HUD* Building in Washington October 5 and 6.

"There have been price increases in every component of the complex housing production process," Secretary Harris said. "We have a national problem of housing that is too expensive for the average family. There has been an 8 to 16 percent jump in lumber costs alone in the past 3 weeks. The median sales price for new homes is up 89 percent since 1970. But median income is up only 47 percent. This illustrates the problem.

"Lacking a national focus on ways to stem or reduce the costs of housing... the price to the consumer has increased more rapidly in recent years than has median household income," Secretary Harris said. "Drawing on the experience and expertise of this advisory group... this *Department* intends to provide leadership to identify those costs that can be reduced or stabilized."

As a result of the threat to homeownership opportunities posed by rapidly escalating costs of housing, *HUD* began a study of housing costs in April. On August 29... the *Interim Report of the HUD Internal Task Force on Housing Costs* was released.

The *Interim Report* prepared by the *HUD* working group lists some 80 cost-reducing ideas... each of which was evaluated in terms of cost impact, feasibility, actions necessary for implementation, and need for further study.

Component subjects were: local land use; State and local building codes; *HUD/FHA* processing; *HUD* environmental review; financing costs and the secondary finances markets; large-scale land acquisition and development, and settlement costs.

(Continued)

Rising Costs - Continued

"While many aspects of the problem have been studied by this informal *Task Force*," Secretary Harris said, "We now need a broader range of opinions and experience than is available within HUD. The new *Task Force* is an expansion of the informal HUD working group to that need."

According to Mrs. Harris, "*The Interim Report on Housing Costs* is a candid document which addresses the question of HUD's own responsibility with regard to the impact of Government regulations on the cost of housing. We intend to put our own house in order on this issue."

Copies of the *Interim Report* may be obtained from the *HUD Publications Service Center*, Room B-258, 451 7th St., S.W., Washington, D.C. 20410.

"In addition," Mrs. Harris said, "HUD has initiated two research projects to respond to issues raised by the *Real Estate Settlement Procedures Act (RESPA)*. The first study will examine and evaluate less expensive and more efficient ways of recording land title and, it is hoped, will also result in recommendations to *Congress* for a model statute for adoption by the States, and modification of Federal cost practices now in use by *RESPA*, and will assess the need for Federal action to reduce settlement costs. Both projects will be accelerated to find ways of reducing title search and recordation charges, title insurance charges, brokerage commissions, attorney's fees, and other settlement costs.

"In the final analysis, our overall objective is to develop long-term solutions to the immediate problem of escalating housing costs. It is our goal to make the standard home once again affordable to the average American family. The *Task Force* which I am appointing today will do the major groundwork for these long-term objectives. They will have the full support and cooperation of the *Department* and the *Administration* in the important work ahead."

Actions identified for consideration by the new *Task Force* involve procedural and administrative changes and some that may require new Federal legislation for effective implementation.

The newly-established *Task Force* will review and evaluate the *Interim Report*, but will not be limited by the scope of the earlier report.

Federal participants are: Geno C. Baroni, *HUD Assistant Secretary for Neighborhoods, Voluntary Associations, and Consumer Protection*; Joseph Burstein, a counselor to the Secretary, *HUD*; Grace Milgram, economist, *Congressional Research Service*; Deborah Norrelli, economist, *Joint Economic Committee of the Congress*; Donna E. Shalala, *HUD Assistant Secretary for Policy Development and Research*; Lawrence B. Simons, *HUD Assistant Secretary for Housing-Federal Housing Commissioner*; and Barry P. Bosworth, director, *Council on Wage and Price Stability*.

Members from outside the Federal Government are: Robert C. Bates, executive vice president, *Chicago Title Insurance Co.*, Chicago; Howard M. Benedict, Realtor, *Benedict Companies*, Hamden, Conn.; Mary Brooks, urban planner, *Suburban Action Institute*, New York; John Crosland, home builder, Chairman, *Housing Cost Committee of the National Association of Home Builders*, *The John Crosland Co.*, Charlotte, N.C.

Also, Charles Dixon, broker and developer, Kansas City, Mo.; Cushing N. Dolbeare, consultant on Housing Policy and Programs, Chairperson, *Ad Hoc Coalition on Low-Income Housing*, Washington, D.C.; A. Carleton Bukess, president, *National Rehabilitation Association*, New York; David G. Fox, home builder, *Fox and Jacobs*, Dallas; Robert A. Georgine,

(Continued)

Rising Costs - Continued

president, *Building and Construction Trades Department, AFL-CIO*, Washington, D.C.; Constance Gibson, *New Jersey Mortgage Finance Agency*, Newark; Bertrand Goldberg, *Bertrand Goldberg & Associates* (Architects), Chicago; Daniel B. Grady, president, *Sanfric, Inc.* (housing consultant), San Diego.

Also, Mary Grigsby, president and chief executive officer, *Houston First Savings and Loan*, Houston; Theodore B. Hagans, Jr., president, *Fort Lincoln New Town*, Washington, D.C.; Robert Healy, senior associate, *Conservation Foundation*, Washington, D.C.; Patsy Hennin, *Shelter Institute* (rural housing), Bath, Maine; Ralph Johnson, president, *NAHB Research Foundation*, Rockville, Md.; James M. Kinney, president, *Guild Mortgage Co.*, San Diego; L. Edward Lashman, Jr., chairman, *Massachusetts Housing Finance Agency*, and *Director of External Projects, Harvard University*, Cambridge; David Miller, vice chairman, *National Institute of Building Sciences*, Cleveland.

Also, Mary Neuhauser, Mayor, *Iowa City*, Iowa; Donald Parker, vice president, *La Clede Town* (developers and managers of housing for low- and moderate-income families), St. Louis; Gerald Prange, vice president, *National Forest Products Association*, Washington, D.C.; Donald E. Priest, Research Director, *Urban Land Institute*, Washington, D.C.; James S. Robinson, attorney, Houston; Philip Sherburne, director, *Office of Policy Planning, City of Seattle*, Seattle; Glenda Sloane, *Center for National Policy Review, Catholic University of America*, Washington, D.C.

Also, Arthur P. Solomon, director, *Joint Center for Urban Studies of MIT and Harvard*, Cambridge; Thomas I. Stanton, director, *Housing Research Group, Center for Study of Responsive Law*, Washington, D.C.; Donald Stull, *Stull Associates* (architects), Boston; Franklin Thomas, executive director, *Bedford-Stuyvesant Community Development Corporation*, New York; Joyce Whitley, vice president, *Whitley and Whitley* (architects and planners), Cleveland; Dale Whitman, professor of law, *Brigham Young University*, Salt Lake City; and Nadine Winter, City Council Member, Washington, D.C.

HUD newsletter

HUD-318-297-ASI
September 12, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. The Secretary of HUD has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through September 30, 1979.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
HUD-401



FIRST-CLASS

HUD NEWSLETTER
September 12, 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



September 19, 1977

Vol. 8 No. 38

Current Trends

Savings inflows at insured *S&Ls* in July set an all-time record... reaching a total of \$3.92 billion... and exceeding the previous record... on a seasonally-adjusted basis... set in January 1976. The inflow for the month was nearly double the \$2.05 billion for June... and compares to the \$3.29 billion for July 1976... according to the *Federal Home Loan Bank Board*.

Preliminary reports for August issued by *Citicorp Real Estate, Inc.*, indicate mortgage loan interest rates on apartment and commercial properties remained unchanged during the month. This was the fourth consecutive month the *Citibank* survey showed this type of rate stability... and is only the third time in 10 years that interest rates have remained constant for a comparable period. Rates reported during the month were 9-1/8 to 9-3/8 percent for apartment construction; 8-7/8 to 9-1/4 for medium-sized shopping centers; and 8-3/8 to 8-3/4 percent for commercial and industrial projects with prime tenants.

Auction yields were mixed as *FNMA* issued \$170.6 million in 4-month commitments to purchase both *Government*-backed and conventionally-financed home mortgages. Commitments issued consisted of \$73 million in *Government*-backed mortgages at an average yield of 8.770 percent... compared to the 8.745 percent rate at the previous auction... and \$9.23 million in conventional mortgages... at an average yield of 9.057 percent... down from the 9.059 rate in early August.

Urban Renewal project notes totaling \$132.3 million... representing 49 local issuing agencies were sold in late August at an average interest rate of 3.1531 percent. In mid-July... \$163 million of project notes sold at an average rate of 2.926 percent.

Construction contract awards rose slightly during July... according to the monthly report of the *F.W. Dodge Division of McGraw-Hill*. For all types of construction... the July rate was \$11.2 billion... 1 percent higher than in July 1976. Residential construction... however... showed a 32 percent gain... and commercial and industrial building jumped 48 percent over the same month a year ago. There were declines in contract awards for schools, hospitals, and other institutional structures... and a sizable drop in activity in nonbuilding construction (roads, sewers, bridges, utility lines, etc.).

However... actual construction put in place during July was slightly below the June level... as reported by the *Commerce Department*. The seasonally-adjusted annual rate for the month was \$170.7 billion... \$1 billion less than the June rate. Of this amount... \$132 billion was new private construction... \$1.3 billion below the June rate... and \$38.7 billion was public... 2 percent below the previous month. For the first 7 months of 1977... new construction totaled \$90.4 billion... 12 percent higher than the \$80.6 billion-rate for January-July 1976.

There has been a marked shift between 1967 and 1974 toward central air conditioning and 2-story structures. Floor space in the typical new one-family house increased slightly from 1,610 sq. ft. in 1967 to 1,670 sq. ft. in 1974. The proportion of one-story houses dropped from 68 percent in 1967 to 63 percent in 1974... split-levels held to 12 percent and... two stories or more increased from 20 percent to 25 percent. Central air conditioning rose from 29 percent in 1967 to 52 percent in 1974.

Significant Decisions

A.L. Rowan & Son, Inc. v. Thomas Armstrong and HUD, U.S. District Court, Western District, La., Monroe Division, C.A. No. 770062. The Court has dismissed this action in which a turnkey developer sought to recover damages from HUD as a third-party beneficiary to the *Annual Contributions Contract (ACC)* executed between the *Monroe*, (Louisiana) *Housing Authority* and HUD, or in the alternative, to prevent HUD from being unjustly enriched. At issue was HUD's refusal to reimburse plaintiff for cost overruns. The *District Court* held that it was without jurisdiction to hear the case, but that even if jurisdiction had been found, plaintiff had no claim against HUD. The Court stated that even if privity of contract under the ACC could be established between HUD and the developer, which was doubtful, there was no indication that HUD had breached the ACC, thereby harming a putative third party beneficiary.

City of Fayetteville v. Harris, et al., U.S. District Court, Western District, Ark., C.A. No. F-76-45-C. The Court has granted HUD's motion for summary judgment in an action challenging HUD's conditional approval of the City's second year *Community Development Block Grant (CDBG)* application. Plaintiff contended that the conditional approval, which prohibited the City from using approved CDBG funds for the acquisition of any interest in real property pending demonstration of compliance with *Title III of the Uniform Relocation and Real Property Acquisition Policies Act* in the acquisition of easements necessary for activities undertaken in connection with the City's first year CDBG program, was erroneous in that HUD sought to apply *Title III* of that Act to acquisition which did not result in displacement. The Court agreed with HUD's interpretation, and held that unlike *Title II of the Act*, which provides benefits for displacees, *Title III* is applicable when land is acquired pursuant to Federal or federally-assisted programs, without regard to whether such acquisition results in displacement.

Nesmith, et ux. v. HUD v. Shore Savings and Loan Association, Supreme Court of Delaware, No. 48, 1976. The Court affirmed the dismissal of a third-party complaint by a *Section 235* mortgagor in a State court foreclosure action seeking damages from HUD for failure to enforce its past foreclosure policies. The Court held that the claim for damages was a separate and independent claim that could not be asserted by impleader in a foreclosure action by the mortgagee. The Court observed that failure to comply with HUD Handbook provisions relating to mortgage servicing may form the basis for a trial court to invoke the doctrine of unclean hands and deny foreclosure relief to the mortgagee. It could find no precedent, however, for awarding damages in a third-party complaint against the *United States* pursuant to handbook provisions not having the force and effect of law.



Rural Rent Supplement Program Must be Implemented

The *National Housing Law Project of the University of California* reports that tenants in rural rental and farm labor housing projects may be eligible for rent reductions to 25 percent of adjusted income, and new projects not yet occupied may offer that rent ceiling to tenants. This is the result of the decision of the *Farmers Home Administration (FmHA)* to implement the *Rural Rent Supplement Program* that was created in 1974.

The FmHA decision was made following a court decision in *Rocky Ford Housing Authority, et al. v. United States Department of Agriculture, et al.*, which challenged the Administration's refusal to implement the *Rural Rent Supplement Program*. On January 18, 1977... *U.S. District Judge Charles Richey* held the refusal to implement was unlawful, and directed the *Secretary of Agriculture* personally to make a new decision. On May 2, 1977, *Secretary Bergland* advised the Court that *Section 514* shall be promptly implemented by the *Department of Agriculture*. Preparation of regulations and other actions necessary to carry out this determination will begin immediately.

Copies of the *Rocky Ford* decision are available from the *Clearinghouse, Case No. 18,609, The National Housing Law Project, Suite 300, 2150 Shattuck Avenue, Berkeley, CA 94704.*

Used Home Prices Rise

Sales activity in the national resale home market increased 86 percent between 1970 and 1976... according to the *National Association of REALTORS*. Slightly more than 1.6 million transactions were recorded in 1970. In 1976... 3 million transactions were recorded. Sales prices for existing single-family homes advanced 7.9 percent over the previous year. The median price in 1976 was \$38,100... an increase of \$2,800 over the 1975 median sales price.

The percentage of lower-price-bracket, existing, single-family homes sold has declined steadily since 1968. In 1968... 49.9 percent of all resale homes sold for less than \$20,000. Last year... only 10.6 percent of existing single-family homes sold were in this price bracket.

In May 1977... 36.9 percent of all sales were in the \$50,000-and-up range... compared with 36.1 percent in April and only 12.6 percent just 4 years earlier in May 1973.

The percentage of homes priced in that range varies widely by region... from a low of 22.1 percent in the North Central area to 32.9 percent in the South... 37.3 percent in the Northeast... and 62.8 percent in the West.

All across the country... the sale of three-bedroom homes outstripped combined sales of smaller and larger ones. For the U.S... 56.2 percent of all single-family resale homes were in that size category. By region... three-bedroom homes accounted for 51.5 percent of sales in the Northeast; 59.1 percent, North Central, 57.4 percent, South; and 53.2 percent in the West.



HUD Represented at UN Meeting

Representatives of the *Department* attended the 38th session of the *Committee on Housing, Building, and Planning of the UN Economic Commission for Europe (ECE/HBP)* in Geneva from August 29 to September 2. The *ECE/HBP Committee*... composed of national representatives from East and West Europe, the United States, and Canada... meets each year to review ongoing program activities of its subsidiary bodies and to approve its future work program. *HUD* has participated in several of the *Committee's* projects and continues to support activities of particular interest to this *Department*.

The Geneva meeting featured an exchange of views on overall urban policies and an in-depth discussion on land use policies in preparation for a seminar to be held next year in Sweden. The *Committee* also will discuss follow-up action related to last year's *UN Habitat Conference*.



FYI

Association of Federal Appraisers... 6th Annual Educational Seminar: *The Third Century and the Changing Environment*... Lake Buena Vista, Fla., October 5-7. The seminar is open to all appraisers and persons in the appraisal and real-estate related fields. Keynote speaker will be Milton J. Francis, Director, *Appraisal and Mortgage Risk Division, Office of Technical Support, HUD*. Details: Bernard A.J. Gonyea, Registrar, 1712 El Trinidad Dr., Clearwater, FL 33519.

American Public Transit Association... Annual Convention... Atlanta, October 9-13. Details: *APTA*, 1100 17th St., N.W., Suite 1200, Washington, D.C. 20036.

National Trust for Historic Preservation... Annual Convention... Mobile, Ala., October 12-16. Details: *NTHP*, 740-748 Jackson Pl., N.W., Washington, D.C. 20006.

Producers' Council... National Conference... Williamsburg, VA., October 10-13. Details: R.E. Flagg, *BCEC*, 331 Madison Ave., New York, NY 10017 (212/682-4802).

Most Households Contain Only One or Two Persons

More than half of the Nation's households now contain only one or two persons. . . a new *Census Bureau* report states. Households containing two persons increased their share of all U.S. households from an estimated 41 percent in 1960 to 51 percent in 1976. Low fertility, postponement and dissolution of marriage, and the ability of young singles and the elderly to maintain their own households are some of the reasons for the increase.

These estimates are based on data collected in the *March 1976 Current Population Survey by the Bureau*. The report contains several new features previously unavailable on an annual basis. . . such as characteristics of Spanish origin families and households.

The report shows that between 1970 and 1976, there was a net increase of 9.5 million households. Seven out of 10 of these households consisted either of persons living alone or with nonrelatives only, or of women raising a family without a husband present. There were more than twice as many one-person households in 1976 than in 1960, while households with only two persons increased by one-half. Households with three or more persons increased by only one-seventh since 1960.

According to the report, the husband-wife household continues to be the dominant living arrangement in the United States. In 1976...about two in every three American households (65 percent) were maintained by a married couple. However. . . this is a decline since 1970 when husband-wife households made up 71 percent of the total.

The report also shows that young married couples have continued to purchase homes, despite the rising cost of housing. Homeownership among young husband-wife households (husband under 35) increased from 50 percent in 1970 to 57 percent in 1976.

The report, *Household and Family Characteristics: March 1976, P-20 No. 311*, is available for \$3.20 from the *Superintendent of Documents*, Washington, D.C. 20402.

HUD newsletter

HUD-318-298-ASI
September 19, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development. . . Patricia Roberts Harris, Secretary. . . James C. Biller, Editor. Subscription rate \$12.50 per year, domestic. . . \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. The Secretary of HUD has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through September 30, 1979.

**UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402**

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
HUD-401



FIRST-CLASS

**HUD NEWSLETTER
September 19, 1977**

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



September 26, 1977

Vol. 8 No. 39

Current Trends

Further evidence of the tightening of the money market occurred on September 13 when the *Chase Manhattan Bank* announced an increase in its prime rate from 7 to 7½ percent. This rise had not been unexpected... as an increase in the Nation's money supply had recently been reported by the *Fed*. The *Chase* action is expected to be followed by many other banks throughout the country.

HUD Area Offices have received 1,319 *Community Development Block Grant Entitlement Applications* for Fiscal Year 1977 funding. To date... 1,256 applications have been approved and seven applications have been disapproved. *Funding of Entitlement Applications* has been completed in 21 *Area Offices*.

The *Federal Home Loan Bank Board* report for August shows that mortgage interest rates for both new and existing homes increased for the fourth consecutive month. The August rate of 9.02 percent compares to 9.0 in July... was the same as the August 1976 rate... and the highest since the 9.05 rate in January 1977.

The *FHLBB* also reported on new home prices during August. Average sales price rose to \$54,600... a \$900 increase above July. In August 1976... the average was \$49,600. For used homes... the average price was \$48,000 in August... \$600 higher than in July... and compared to \$42,800 a year earlier. California had the dubious distinction of being the highest priced housing market in the U.S. in August. A new home in San Francisco... averaged \$77,500... and for used homes... Los Angeles... averaged \$73,900.

Auction yields were down as *FNMA* issued \$149.0 million in 4-month commitments to purchase both *Government*-backed and conventionally-financed home mortgages. Commitments totaling \$35.1 million on *Government*-backed mortgages at an average yield of 8.740 were issued. The average yield in the previous auction was 8.770. In the conventional auction... \$113.9 million of commitments were issued at an average yield of 9.056... down from 9.057 in late August.

As of August 31... *HUD* had received 6,094 applications for housing assistance from victims of the Johnstown (Pennsylvania) area flood and it is estimated that 5,400 families will require housing assistance of some kind... ranging from minimal repair to mobile homes. A total of 657 families... (12.2 percent) have been provided with transient, temporary, or interim housing, which exceeds *HUD*'s September 1 goal of 600 families housed. General repairs have been completed on an additional 938 homes and families are now in occupancy. These families are not counted as being housed because the heating systems in the homes have not yet been repaired.

As of the end of August... *HUD Field Offices* reported Section 8 construction starts of 72,151 units... close to *HUD*'s goal of 80,000 starts this fiscal year... which ends September 30.

HUD's September 1 survey of mortgage market conditions showed no change in national prices and yields on *HUD/FHA*-insured home mortgages, availability of money, or contract rates on conventional first mortgages. This was the third consecutive month that mortgage interest rates remained unchanged.

Secretary Addresses Governors

Secretary Harris has informed the Nation's Governors that the States will be offered a significant role in helping HUD to select and allocate *Community Development Block Grant funds* to small cities within their jurisdictions.

Speaking at the *Governors' Conference* in Detroit... the Secretary said the extent of the States' participation will be contingent upon tangible evidence of their interest in helping the cities and other local jurisdictions, either by supportive legislation or by financial or technical assistance.

The States' cooperative efforts, she said, should cover these problem areas:

- The control of urban and suburban sprawl and the development of land use patterns to conserve energy.
- Revitalization of older urban areas.
- Economic development relating to employment needs.
- Allocation of assisted housing to promote opportunities for low-income people and minorities.
- Protection of natural resources, including agricultural lands, flat lands, and wet lands.

While the number of eligible States cannot now be determined... the Secretary said millions of dollars will be available next year for this purpose.

The Secretary warned that implementation of this new approach depends upon enactment of *Community Development Block Grant* legislation presently pending in *Congress*.

She added that the *Department* hopes to explore other areas of potential involvement by the States in the *CDBG Program*... including HUD's proposed "regional strategy" for metropolitan problems.

The *Urban Regional Policy Group* which she heads is working on a proposal requiring Federal agencies to allocate their bonus allotments of discretionary grant funds to communities that promote regional strategies.

Secretary Harris reminded the Governors of the *Carter Administration's* commitment to bring about the resurgence of economic activity in America's cities. As an example of that commitment... she cited the proposed change in the formula for the distribution of *Community Development Block Grant* funds to help older distressed cities.

Under the proposed new formula, she said, Detroit will get \$66.4 million in 1980, as opposed to \$31.1 under the existing formula... Boston... \$27.2 million instead of \$13.9... San Francisco... \$29.4 million instead of \$14.8... Chicago... \$134.3 million instead of \$74.2... and New York City... \$258 million instead of \$181.4.

The Secretary also assured the Governors... that through a *Governors' Advisory Committee*... they will be given the opportunity to submit their recommendations to the *Urban and Regional Policy Group* before it turns over to President Carter its proposals for new initiatives and new coordinating mechanisms to deliver existing programs more effectively. The *Group's* final report, she said, will be made in a matter of weeks.



Significant Decision

Commonwealth of Massachusetts v. Hills, U.S. District Court for Massachusetts, No. 76-212-F. The *Court* dismissed 22 criminal complaints against former Secretary Hills in connection with alleged *State Housing Code* violations in HUD-owned properties in Boston. The *Court* ruled that the Secretary acted in her official capacity when she acquired and managed the properties, and that she is protected by sovereign immunity.

Elderly and Handicapped Housing Program Expanded

Secretary Harris has announced the reservation of an additional \$637 million to finance the construction or substantial rehabilitation of about 21,000 housing units for the elderly and handicapped in the United States and Puerto Rico this fiscal year.

The funds...in the form of direct loans...will go to more than 200 private nonprofit sponsoring organizations...which were selected out of more than 1,300 applicants, who requested a total of \$5.6 billion for more than 194,000 units. The reservations were authorized under *Section 202 of the Housing Act of 1959*, as amended.

Although the *Program* is designed primarily for low and moderate incomes...the occupants of *202* housing are expected to have a wide range of income...including some who need no financial assistance. But for people with income below 80 percent of the median income for the area...subsidies will be available under *HUD's Section 8 Housing Assistance Payments Program*.

Interest-free 'seed money' loans to pay for certain preliminary costs prior to construction may also be available to qualified applicants whose projects have been selected, Secretary Harris said.

In most cases...projects for the elderly were held to a maximum 150 units by the Secretary's selection committee to enable more sponsors to participate and ensure a broader geographic distribution.

More than 20 of the sponsors plan to develop group homes for the disabled. They were limited to a maximum 12 people per home. *HUD* further is requiring group home sponsors to scatter the homes throughout their communities, rather than in single neighborhoods or adjacent sites, in an effort to normalize living for disabled people.

Processing of applications for specific projects proposed by winning applicants will be handled by *HUD's Area and Insuring Offices*, where final approval of detailed proposals will be made.

Eligible applicants for *Section 202* assistance may borrow direct from *HUD* up to 100 percent of total development costs for their projects. Loans may be repaid over a 40-year period at an interest rate based on the average rate paid by the Treasury in its borrowing activities.



FHA Task Force Reports

The *Task Force* appointed by Secretary Harris to study the future of *FHA* has made its report. The *Report*...entitled *Revitalizing the FHA*...was submitted by the group...which was headed by Dr. Robert C. Weaver, former *HUD* Secretary...and calls for a strong role for *FHA* in the future. Concluding that *FHA* provides an excellent vehicle for Federal innovation and leadership in the housing field...it cautions that "phasing out or reducing the role of *FHA* would severely hamper our efforts to meet the Nation's housing needs."

The *Report* recommends aggressive leadership by *FHA* in such matters as reducing housing costs, introducing innovative construction and financing techniques, and making mortgage credit available on more reasonable terms.

Copies of the *Report* are available from *HUD's Distribution Center*, Room B-258, *HUD*, Washington, D.C. 20410.



New Publication

Equal Housing Opportunity: The Unfinished Federal Agenda. Published by the *Potomac Institute*...a nonprofit independent research and analysis organization, specializing in matters relating to housing, land development, etc. The book examines Federal housing policies and their day-to-day administration. Available from *Potomac Institute*, 1501 18th St., N.W., Washington, D.C. 20036. Price \$3.50 each. Discount for quantity purchases.

FYI

HUD, American Gas Association, Edison Electric Institute, and the National Association of Home Builders... joint sponsors... *Seminars on Energy-Conserving Homes...* Columbus, Ohio, October 10-11; Boston, October 17-18; San Francisco, October 27-28; Denver, October 31-November 1; Oklahoma City, November 17-18; Chicago, November 21-22; Phoenix, December 1-2; and New Orleans, December 14-15. Details: *Training and Education Department, NAHB, 15th & M Sts., N.W., Washington, D.C. 20005 (202/452-0200).*

Mortgage Bankers Association of America... 64th Annual Convention... New York City, October 23-26. Details: *MBA, 1125 Fifteenth St., N.W., Washington, D.C. 20005 (202/785-8333).*

National Leased Housing Association... Three 1-day workshops on Section 11(b) Tax-Exempt Financing and Conventional Financing of Section 8 Projects... New York City, October 28... Chicago, November 2... San Francisco, November 4. Details: *NLHA, 1800 M St., N.W., Suite 400 South, Washington, D.C. 20036 (202/785-8888).*

American Association of State Highway and Transportation Officials... Annual Convention... Atlantic City, October 30-November 2. Details: *AASHTO, 341 National Press Bldg., Washington, D.C. 20004 (202/628-2438).*

International City Management Association... 63rd Annual Conference... Atlanta, October 30-November 3. Theme: *People, Politics, and Professionalism.* Details: *ICMA, 1140 Connecticut Ave., N.W., Washington, D.C. 20036 (202/293-2200).*

Producers' Council... Building and Construction Exposition and Conference... Chicago, November 1-3. Details: *BCEC, 331 Madison Ave., New York, N.Y. 10017 (212/682-4802).*

HUD newsletter

HUD-318-299-ASI
September 26, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. The Secretary of HUD has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through September 30, 1979.

**UNITED STATES
GOVERNMENT PRINTING OFFICE**
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401
FIRST-CLASS



HUD NEWSLETTER
September 26, 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



October 3, 1977

Vol. 8 No. 40

Current Trends

HUD's September 1 mortgage market survey showed no change in national prices and yields on HUD/FHA-insured home mortgages, availability of money, or contract rates on conventional first mortgages. For the third consecutive month, the national secondary market price for immediate delivery of HUD/FHA-insured 8½ percent new-home mortgages with 30-year terms and minimum downpayments averaged \$98.1 per \$100 of outstanding loan amount. The equivalent gross yield to investors at this price was 8.74 percent.

The Commerce Department reports that housing starts in August were at the seasonally-adjusted annual rate of 2.022 million units... 32 percent above the August 1976 rate of 1.530 million. This was a 2 percent decline from the July 1977 figure of 2.076 million units. Geographically... the rate of starts was identical to July's in the Northeast... down in the North Central and West... and up in the South. Permits issued for future housing construction increased about 8 percent in August over July... to 1.768 million units... compared to 1.639 million a month earlier... and up from the August 1976 rate of 1.308 million units. By regions... permit issuances declined only in the West... while rising in the other three regions.

The initial meeting of the newly-created *Task Force on Housing Costs* will be held in Room 10233 of the HUD Building on October 5... beginning at 9:30 a.m. The meeting is open to the public.



Housing Costs Data Published

A joint HUD-Census Bureau report covering housing costs and family incomes during the first half of the 1970's has been issued. The data used show comparative figures for October 1970 and October 1975.

The median value of owner-occupied homes rose almost 73 percent during the period... from \$17,100 to \$29,500... and the median gross rent per month (including utilities) increased from \$108 to \$156. At the same time... incomes of homeowners went up only 40 percent... from \$9,700 to \$13,600... while the incomes of renters rose from \$6,300 to \$7,900... 25 percent.

The value of the homes and the rental paid varies considerably by geographic area and whether inside or outside *Standard Metropolitan Statistical Areas*.

Median Values and Rents

	Northeast	West	South	SMSAs	Non-SMSA
Owner-Occupied	\$34,400	\$34,200	\$25,100	\$35,300	\$23,400
Renter-Occupied	\$167/mo.	\$164/mo.	\$139/mo.	\$185/mo.	\$120/mo.

The report... *Financial Characteristics of the Housing Inventory, Part C, Series H-150-75*, is available from the *Superintendent of Documents*, Washington, D.C. 20402. Price \$3.35.

Secretary Visits Moscow

Secretary Harris led a 12-member American delegation to Moscow for the second meeting of the *Joint Committee under the USA/USSR Agreement on Cooperation in Housing and Other Construction* held September 19-21.

The meeting permitted the United States and Soviet Union participants the opportunity to review past accomplishments... discuss present projects... and agree upon future plans under the cooperative agreement.

The official agreement between the two countries was signed in Moscow in 1974 to create an exchange of information on new and traditional building materials and techniques. Six areas for joint research and information exchange were established, including: building design and construction, industrialized building systems and utilities, building materials and components, construction in seismic areas, building for extreme climates and unusual geological conditions, and new towns.

The *Joint Committee*... of which the Secretary of *HUD* is Co-Chairman... held its first meeting in Washington, D.C., in June 1975, and agreed upon a set of working regulations for the *Committee* and a work program for *Working Groups* in the six areas.

The second meeting followed significant preparatory work by the working groups in all the areas of agreed cooperation. To date... 35 teams have been exchanged... 17 from the United States and 18 from the Soviet Union.

The U.S. delegation included: Tom L. Peyton, Jr., Deputy Commissioner, *Public Building Service, General Services Administration*; U.S. Co-Chairman, *Working Group on Building Design and Construction Management*... Donna E. Shalala, *HUD* Assistant Secretary, Policy Development and Research, U.S. Co-Chairman, *Working Group on Industrialized Building Systems and Utilities*... Lawrence B. Simons, *HUD* Assistant Secretary for Housing-Federal Housing Commissioner; U.S. Co-Chairman, *Working Group on Building Materials and Components*... Charles C. Thiel, Jr., Director, Advanced Environmental Research and Technology, *National Science Foundation*, U.S. Co-Chairman, *Working Group on Construction in Seismic Areas*... Terence G. Kirkland, Chief, Research and Development Office, *U.S. Army Corps of Engineers*; U.S. Co-Chairman, *Working Group on Building for Extreme Climates and Unusual Geological Conditions*... William J. White, General Manager, New Communities Development Corporation, *HUD*; U.S. Co-Chairman, *Working Group on New Towns*... Tila Maria de Hancock, Assistant to the Secretary for International Affairs, *HUD*, U.S. Executive Secretary to the *U.S.-U.S.S.R. Joint Committee on Housing and Other Construction*.

Other members of the delegation are: Allen S. Greenberg, Counselor for Scientific Affairs, *Embassy of the United States*, Moscow; Andrew B. Weissman, Executive Assistant to the Secretary, *HUD*; Philip E. Forest, *HUD*, member of the *U.S. Executive Secretariat*; and William H. Hopkins, Interpreter, *U.S. State Department*.



Kansas City Area Suffers Major Flood

The Kansas City area... and nearby areas of Missouri, Kansas, and Nebraska, have been declared a *Disaster Area* following a flood on September 12. On September 17... the first *Disaster Assistance Center* was opened by *HUD's Federal Disaster Assistance Administration* in Kansas City. At press time... *HUD's Disaster Field Office* had made a preliminary estimate of housing damage... subject to revision when more detailed assessments are made: 589 homes suffered major damage; 3,608 minor damage; and 28 had been destroyed.



Significant Decision

Juanita Mooror, et al. v. HUD, et al., U.S.C.A., 8th Cir., C.A. No. 75 CV 255-W-1. The *Circuit Court of Appeals* reversed the *District Court* and ruled that tenants displaced from housing acquired by a private developer for rehabilitation pursuant to *HUD's Project Rehab* program in Kansas City, Missouri, are not entitled to benefits under the *Uniform Relocation Act*. The *Court* held that eligibility for relocation benefits requires acquisitions by a Federal or State agency, and that such acquisition was lacking in the subject suit.

Conference to Examine HUD Community Development Grants

A major national conference on urban development action grants and the *Carter Administration's Community Economic Development Program* has been scheduled for October 13-14 in Washington, D.C.

Cosponsored by the *Bureau of National Affairs' Housing and Development Reporter* and the *Institute for Professional and Executive Development (IPED)*. . . the seminar will feature program administrators from *HUD* and the *Economic Development Administration (EDA)*. . . with community development leaders from communities across the country.

Among the key topics:

- HUD's new action grants. . . and how to get one;
- The impact of the *Housing and Community Development Act of 1977* on *CD* and *Economic Development plans*;
- *Discretionary Block Grants* to nonentitlement communities;
- The new *CD* application forms and regulations soon to be issued by *HUD*;
- The *Economic Development Administration's* new emphasis on urban areas;
- HUD's plan for monitoring performance by grantees; and
- *Neighborhood Preservation* grants from *HUD*.

Among the speakers will be Robert C. Embry, *HUD Assistant Secretary for Community Planning and Development*; Victor A. Hausner, *Deputy Assistant Secretary for Planning, EDA*; Richard C.D. Fleming, *Deputy HUD Assistant Secretary for Community Planning and Development*; David O. Meeker, Jr., former *HUD Assistant Secretary for Community Planning and Development*, now Levin Professor of Urban Studies and Public Service, *Cleveland State University*; Warren H. Butler, *Minority Staff Member, House Subcommittee on Housing and Community Development*; S. Leigh Curry, Jr., *Associate HUD General Counsel for Community Development*; Donald Patch, *Director, CD Program Standard Division, HUD*; John J. Tuite, *Director, Office of Community Development Programs, HUD*; and Nancy Chisholm, *Deputy Assistant Secretary for Assisted Housing, HUD*.

Information is available from Marjorie Buren, *IPED*, 1800 M St. N.W., Washington, D.C. 20036 (202/466-8592.)



FmHA Budget Increased

The *Farmers Home Administration of the Department of Agriculture* performs many of the functions for rural Americans that *HUD* renders to urban and suburban citizens. . . in the fields of housing, community development, etc. The *FmHA* Budget for fiscal 1978 (PL 95-97) has been signed by the President. . . totaling \$8.3 billion in loans and grants for the year. . . compared to \$6.6 billion for last year. Some selected comparisons:

<u>Programs</u>	<u>'78</u>	(in millions)	<u>'77</u>
Farmers Program (excluding Emergency Loans)	\$1,472		\$1,192
Community Programs	1,268		1,238
Business & Industrial Loans	1,000		350
Housing Loans	4,294		3,711

FYI

National Association of Housing Cooperatives... Annual Convention... Atlanta, November 4-6. Details: *NAHC*, 1522 K St., N.W., Suite 1036, Washington, D.C. 20005. (202/347-3713).

National Lumber and Building Material Dealers Association... Annual Convention... New Orleans, November 6-9. Details: Dick Snyder, *NLBMDA*, Suite 350, 1990 M St., N.W., Washington, D.C. 20036 (202/872-8860).

Environmental Law Institute... Conference on the Environmental Impact Statement Process under the National Environmental Policy Act (NEPA)... Washington, D.C., November 7-8. Details: Joan Habib or Karla Heimann, *ELA*, 1346 Connecticut Ave., N.W., Suite 620, Washington, D.C. 20036 (202/452-9600).

National Academy of Engineering... Annual Meeting... Washington, D.C., November 10. Details: R.J. Burger, *National Academy of Sciences*, 2101 Connecticut Ave., N.W., Washington, D.C. 20418 (202/389-6658).



Nonproperty Taxes Increase

Nonproperty taxes in U.S. counties, cities, and townships totaled \$12 billion in fiscal 1975-76, an increase of 12.1 percent over the previous fiscal year... according to the *Census Bureau*. The relatively fast growth of nonproperty taxes is the result of attempts by local governments to find tax revenue sources alternative to property tax levies. Nonproperty taxes included \$6.9 billion from sales and gross receipts taxes, \$3.1 billion from income taxes, and \$300 million from motor vehicle license taxes.

Property taxes in 1975-76 continued as the major source of local revenue for these same governments... totaling \$29.1 billion... an increase of \$2.6 billion (9.8 percent) over the previous year.

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

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. The Secretary of HUD has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through September 30, 1979.

HUD-318-300-ASI
October 3, 1977

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401
FIRST-CLASS



LIBRARY
Acquisition Section
Rm 8141

HUD NEWSLETTER
October 3, 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



October 10, 1977

Vol. 8 No. 41

Current Trends

The Conference Report on the Housing and Community Development Act of 1977 (HR 6655) has been filed. Following floor action by both the House and Senate... the Bill will go to the White House for Presidential action.

The *U.S. League of Savings Associations* reported that mortgage loan delinquencies in the Nation's *S&Ls* in August dropped sharply. The August level of .78 percent was a decrease from the July rate of .87 percent... the lowest level in 1977 to date... and the lowest since the same rate was reached in June 1974. First quarter delinquencies ran in the high 90's... with a January and February level of .98 percent.

The *League* also reported that the Nation's *S&Ls* set new August records for both savings inflows and mortgage lending. Mortgage loans closed during the month... \$10.5 billion... were 35.5 percent above the previous record for August set in 1976. Net savings inflow for the month reached \$2.9 billion... also a new high for the month. For the first eight months of the year... mortgages closed totaled \$69.5 billion... 36.5 percent higher than the same period in 1976... more than twice the volume of January-August 1975... already exceeding the full-year performance of \$55 billion in 1975... and will very likely soon overtake the \$78.8 billion record volume of 1976. The savings inflow for the 8-month period showed the largest gain ever for the period... \$35.4 billion.

Not only did *S&L* lending in August break all previous records... but private mortgage insurance written set new monthly records... according to *HUD's* survey of mortgage activity for August. Because of the close association of mortgage insurance with total mortgage origination volume... the data suggest that total 1 to 4-family mortgage lending during the month probably was heavier than the record volume recorded for June 1977. A total of 66,796 new certificates of insurance on 1 to 4-family homes... carrying a total loan amount of \$2.35 billion... also a monthly record... were issued. Total private insurance in force on 1 to 4-family mortgages at the end of August was \$57.5 billion... \$11.9 billion higher than a year earlier.

At the end of the second quarter... national vacancy rates were 5.3 percent in rental housing and 1.3 percent in homeowner housing. This was unchanged from the first quarter of 1977... but lower than the 5.8 percent rental housing figure at the end of June 1976.

Senator Proxmire... *Chairman of the Senate Committee on Banking, Housing, and Urban Affairs* has called hearings for the purpose of inquiring into the "shocking increases in lumber prices which pose threats to both housing and employment." *The National Association of Home Builders*... along with others in the housing industry... has expressed alarm over the escalation of prices... reported to be 20 percent in the last 2 months... and up to 90 percent in the last 2 years.

Urban renewal project notes totaling \$72.3 million... representing 34 local issuing agencies... were sold in late September at an average interest rate of 3.185 percent. The average interest rate for the \$132.3 million of project notes sold in August was 3.153 percent.

HUD Expands Equal Opportunity Role

Effective October 1... *HUD* will assume the *Equal Opportunity* contract compliance functions related to *Executive Order 11246* that are now divided between four *Federal Agencies*. *HUD* will take over the responsibilities, budgets, and personnel now allotted to the *Economic Development Administration*, the *Department of HEW*, and the *Veterans Administration* in this program.

The consolidation move is intended to strengthen the management of the Government's contract compliance functions by reducing from 16 to 11 the number of *Federal Agencies* charged with the enforcement of *Affirmative Action* requirements for Federal contractors. At the same time... it will reduce the number of *Agencies* responsible for reviewing the performance of individual contractors who may be working on more than one Federal contract... or for more than one *Federal Agency*.

HUD has completed plans for the transition... including scheduling of training programs for the staff people to be transferred from other *Agencies* to *HUD*.



NHP Creates Urban Revitalization Division

The *National Housing Partnership (NHP)* has created a new *Urban Revitalization Division*. The new division... headed by Morris Shroder... a vice president of *NHP*... will work particularly with city governments and community groups to generate increased development and rehabilitation activities... utilizing the broad experience of *NHP* which is already the largest private developer of housing for low- and moderate-income families in the Nation and which has participated in 43 inner-city projects.

NHP provides equity capital and/or joint venture funds to partnerships formed with developers, builders, and community organizations at local levels for the construction of housing... either multifamily rental or single-family sales. It also maintains a technical staff which can assist during the planning and building stages of the project and when construction of a multifamily residence is completed... the management arm of *NHP* can also assume responsibility for an ongoing successful operation.

NHP has been a partner in the development of almost 40,000 housing units and has never failed to complete a project and has never experienced a foreclosure on any of its nearly 250 housing developments.

Mr. Shroder joined *NHP* in 1975 after retiring as Director of the *Publicly Financed Housing Division* of *HUD*.



Minority S&L Assets Exceed \$1 Billion

Minority-owned savings and loan associations... those owned, managed, and/or controlled by Blacks or Americans of Hispanic or Asiatic descent... continued growing at more than an average rate during the first half of 1977.

For the first time... total assets of these associations surpassed the \$1 billion mark on March 31 of this year. The figure rose to \$1,065,989,000 on June 30, 1977... for a growth of \$111 million... or 11.7 percent... for the first half of the year as compared with total assets of \$954 million on December 31, 1976.

The group consists of 73 associations: Black, 41; Hispanic, 28; Asian, 4.

Minority savings associations have existed in this country since 1888 when *Berean Savings and Loan Association*, of Philadelphia, opened for business. The newest *FSLIC*-insured association is *Community S&L Association*, Newport News, Va., which received *FSLIC* insurance approval on June 28.

There are five minority associations with assets above \$50 million... of which *Carver Federal Savings and Loan Association*, of New York, leads with \$72.1 million. Including this group, there are 15 with assets in excess of \$20 million. California leads the States with 17 minority associations.

Farm Population Drops Again

Approximately 4 percent of the Nation's population... 8.3 million persons... lived on the Nation's farms in 1976... according to a joint report of the *Census Bureau* and the *Department of Agriculture*.

The data show that about one person in 26... or 3.0 percent of the Nation's 214 million people... lived on a farm last year. The estimate indicates a continuation of the downward trend in farm population. Just since 1970... there has been a net loss of almost 1.5 million people living on farms, with 40 percent of the loss... occurring in the past year alone.

The farm population is becoming more predominantly white, according to the new data. Although the number of farm residents declined an average of 2.7 percent annually since 1970... the average annual 9.2 percent loss for blacks was about four times the loss for whites. Blacks comprised 7 percent... or about 500,000 persons on farms in 1976... a sharp decrease from approximately 900,000 in 1970.

Other findings of the study include the following:

- The farm population is becoming older... with a greater decline in the number of young people on farms than among other age groups since 1970. The total of those under 14 dropped by a third... compared to only a 9 percent decline among those 14 years and older.

- Part of the decline in the number of farm children since 1970 can be attributed to the substantial drop in the Nation's birth rate... which is affecting both farm and nonfarm families.

- Preliminary analysis of the decline of about 611,000 in the farm population between 1975 and 1976 indicates that about 100,000 may be due to changes in the *Census Bureau's* processing procedures introduced last year.

Copies of the report, *Farm Population of the United States: 1976* (Advance Report), ERS, P-27, No. 48, are available for 35 cents from the *Superintendent of Documents*, Washington, D.C. 20402.



Housing Inventories Rise

New housing sales in July dropped 16 percent below June's rate of 799,000 units... according to *Commerce Department* figures. The July rate of 672,000 units was 11 percent higher than the July 1976 rate of 606,000. Figures on the inventory of new houses for sale rose to a new high... the *Census Bureau* reported... totaling 458,000 units at the end of July... of which 130,000 were completed... 265,000 were under construction, and 63,000 authorized but not yet begun.

With adjustments for seasonal variations... the end-of-July figure represented a 8.3 months' supply of housing at the July rate-of-sale... from a 7 month figure in June.

At the same time... the *National Association of REALTORS* reported that existing house sales in July reached new highs... with resales at a seasonally-adjusted rate of 3.5 million units.

Michael Sumichrast... Chief Economist of the *National Association of Home Builders*... remarking on the drop in the new house sales rate... said the trend "must be taken as an unmistakable signal that the current homebuilding cycle is winding down and that starts will be headed lower over the next several months. July's 16 percent sales decline should not be dismissed as just another wrinkle in the monthly figures. Builders should not get too far ahead of themselves and end up with a big unsold inventory."

Sumichrast also pointed to some other problems for the homebuilder... increased costs and shortages of materials. Despite these problems... he predicts 1978 will be a "fairly good year for housing."

FYI

National Association of Home Builders... Production Management Seminars ... Phoenix, November 2-4. ... Ft. Lauderdale, December 7-9. Details: *Department of Training and Education, NAHB, 15th & M Sts., N.W., Washington, D.C. 20005.*

National Association of REALTORS... 70th Annual Convention... Miami, November 10-17. Details: *NAR Convention Dept., 430 N. Michigan Ave., Chicago, Illinois 60611 (312/440-8000).*

National Municipal League... Annual Convention... Denver, November 13-16. Details: *NML, 47 E. 68th St., New York, N.Y. (212/535-5700).*

U.S. League of Savings Associations... 85th Annual Convention... San Francisco, November 13-18. Details: *USLSA Convention Dept., 111 E. Wacker Dr., Chicago, Illinois 60601 (312/644-3100).*

Interbuild: 37th International Building and Construction Exhibition... Birmingham, England, November 16-25. Details: *Susan Murray, International Trade Shows, 1350 Ave. of the Americas, New York, N.Y. 10019 (212/582-4960).*

BATIMAT... 11th International Building Exhibition... Porte de Versailles, Paris, France, November 24-December 4. Details: *International Trade Shows, 1350 Avenue of the Americas, New York, N.Y. 10019 (212/582-4960).*



Report Available

An Analysis of the Accounting, Tax, Origination, and Servicing Implications of Alternative Mortgage Instruments... developed for the *Federal Home Loan Bank Board* as part of its *Alternative Mortgage Instruments Research Study*. The report is available at \$25.00 from *Alternative Mortgage Instruments, Peat, Marwick, Mitchell & Co., 1025 Connecticut Ave., N.W., Washington, D.C. 20036*. Allow 4 weeks for delivery.

HUD newsletter
U.S. Department of Housing and Urban Development
September 30, 1979

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. The Secretary of HUD has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through September 30, 1979.

HUD-318-301-ASI
October 10, 1977

**UNITED STATES
GOVERNMENT PRINTING OFFICE**
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401
FIRST-CLASS



HUD NEWSLETTER
October 10, 1977

HUDNLEPT00000HDG 1024 F
DEPT OF HOUSING & URB DEV
LIBRARY & INFO DIV
WASHINGTON DC 20410

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



October 17, 1977

Vol. 8 No. 42

Current Trends

Both the *House* and *Senate* have approved the *Conference Report on the Housing and Community Development Act of 1977*. . . and it has gone to the *White House* for Presidential action.

Short-term interest rates continue to rise. . . but this trend has not as yet had any noticeable effect on mortgage loan rates. The *Fed* has raised the short-term Federal fund rates from 6-1/8 to 6-1/4 percent. Recent *Treasury* bill sales showed a rise from 5.95 to 6 percent on 3-month bills. Rates on the 13-week bills eased up to 5.982 from 5.851. . . the highest rate since October 1975.

Reports from various parts of the country show a softening in residential sales prices. According to some sources. . . the trend is only barely perceptible. . . and does not represent a signal that a general decline is beginning. . . but sales volumes have slowed in such widely separated places as California, Long Island, N.Y., and the Philadelphia area. . . with possibly a 3 to 4 percent drop in prices in recent weeks. A number of real estate executives have expressed the view that "an eventual leveling off of prices is near at hand." Along with recent reports of a buildup in new home inventories. . . an easing of the sharp increases of the past several months is not unlikely.

The *Commerce Department's* monthly *Index of Leading Economic Indicators* for August showed an .8 percent increase over July. . . which is considered good news by most analysts. Of the 10 components of the '*Indicators*'. . . the largest increase was recorded in the contracts and orders for plant and equipment category. . . believed by many economists to be the most important element in forecasting future economic growth.



Briefings on 1977 Legislation Scheduled

HUD will conduct eight 1-day briefings on the *Housing and Community Development Act of 1977* in major cities across the country from October 27 to December 1. Members of *HUD* staff will present a thorough overview of the *1977 Act* in each session. . . and there will be workshops on *Urban Development Action Grants*; the impact of the *Act* on small cities; changes in the basic *Block Grant Program*; and changes in *Housing* programs.

Invitations to attend are being sent to key organizations and groups throughout the country. The public is invited to attend. Those wishing to attend will please notify the contact person whose name is shown for the city involved.

The schedule is:

Baltimore	October 27	Ina Singer	(301) 962-4276
Boston	November 1	Bob LaPlante	(617) 223-4066
New York City	November 4	William Rose	(212) 264-4704
Atlanta	November 8	James Long	(404) 881-4927
Chicago	November 10	James Zale	(312) 353-5950
Kansas City (Mo.)	November 15	Emil Huber	(816) 374-3192
Dallas	November 18	Paul DesRochers	(214) 749-7406
Los Angeles	December 1	Gilbert Mesa	(213) 688-5973

Under Secretary Outlines National Urban Policy

In the keynote address to the 38th National Convention of the National Association of Housing and Redevelopment Officials in Minneapolis. . . HUD Under Secretary Jay Janis stated some basic conclusions for developing a national urban policy to help cure the ills of America's ailing cities.

Mr. Janis said the *Carter Administration* refuses to accept the diagnosis of "latter day Cassandras who predict that the cities are doomed to die anyway. . . and it would be sensible simply to unplug the respirators and let nature take its course."

"We have taken a different view," he said. "We believe this Nation must not walk away from its cities, leave their problems unsolved, cut their life lines and build new cities elsewhere."

A full blown urban strategy. . . Mr. Janis said. . . must await the report of the *Interagency Urban and Regional Policy Group* headed by HUD Secretary Harris. He predicted the report will be ready in time for President Carter's *State of the Union Message*. Meanwhile. . . he identified seven of the conclusions already drawn by the Secretary and her staff. Among them were:

- A commitment to revitalize the cities.
- Backing that commitment with concrete efforts to promote the economic development of cities, such as the new *Urban Development Action Grant Program*.
- Housing must be regarded as a key tool of urban revitalization and must be linked to the city's plans for its urban revitalization activities. Therefore, the national policy must include large-scale subsidies for new construction and substantial rehabilitation in urban areas.
- Encouraging middle-income people to move back into the cities. These new 'urban pioneers' will be "as essential to the revitalization of the cities in 20th century America as were the earlier pioneers to the development of the West in 19th century America," he said.
- The need to preserve existing neighborhoods. Ways must be found to keep from uprooting lower-income families in the core cities, including urban homesteading, subsidies for existing units, tax abatement and support for neighborhood organizations.
- Freedom of opportunity for all Americans to choose where they will live and work, whether in the central city, the suburbs, or the countryside.
- Increasing the capacity of communities and neighborhoods to achieve revitalization.

The Under Secretary pointed to the need for urban dollars to support an urban policy. . . and he said the commitment to revitalize the cities must go on "not for 4 years, not for 8 years, but until the job is done."

Mr. Janis listed a number of reasons why an all-out effort should be made to save the cities, among them the energy crisis, the relative cost of repairing old structures as against building new ones, as well as the historical perception of the cities as the stepping stones of civilization.

"The cities are often dynamic places," he said, "offering amenities and cultural activities that cannot be found in suburban areas. To that extent, the love affair that I and millions of other Americans have with the American city should be allowed to mature and ripen into a long-term relationship.

"No nation has grown great on the basis of a totally pastoral economy. Cities are vital as places of commerce and industry, and I am convinced that the greatness of America will turn, in years to come, on the greatness of its cities."

Home Insulation Shortage Worsening

A September 27 article in the *Wall Street Journal* reports on the current shortages of insulating material and insulation-blowing machines. The following excerpts from the article indicate how serious the problem is.

Waiting for insulation has already become a serious bottleneck for builders. At *Winslow Homes, Inc.*, in Cleveland, 3-week delays have become typical because of the insulation shortage. While other builders, like *U.S. Homes Corporations* Houston unit, are keeping deliveries on time, it is only at the expense of paying retail prices when their own supplies run short. A recent survey showed that builders are paying 17.2 percent more for insulation than a year earlier.

Builders fear that the insulation shortage, coming on top of other supply problems and record lumber prices, may stymie the current building boom. Partly because of the boom, often-critical local shortages of such materials as bricks, wallboard, concrete and plumbing fixtures are also delaying builders, raising their costs. And prices of lumber, of which there isn't a shortage, surged 20 percent in August alone and are 40 percent above year-earlier prices, according to the *National Association of Home Builders*. "This is the most serious supply problem we've ever faced," says Michael Sumichrast, the *Association's* chief economist.

The high level of housing construction is one cause of the insulation shortage. Since last March, housing starts have run at annual rates of 1.9 million to more than 2 million units, well above the levels of recent years. Housing production for all 1977 is expected to total 1.9 million units, up 20 percent from 1976 and up 60 percent from 1975. Moreover, builders are putting more insulation into new houses than ever. The average new house this year will have about 700 pounds of insulation, from 500 pounds in 1967, according to *Owens-Corning Fiberglas Corp.* The giant insulation maker predicts that the average new house built in 1980 will have 900 pounds. Added to that, demand from consumers.

Surveys of homeowners indicate a startling increase in such activity. In the first 6 months of 1977, insulation was added to about 3 million existing houses, according to *Owens-Corning*. This was up sharply from the 750,000 in the first half of 1976 and the 2.5 million in all 1976. (A surge in reinsulation typically comes in autumn as construction peaks and homeowners prepare for winter.) An average of 2.7 million houses were reinsulated in each of the last 3 years, the concern says.

The shortage may worsen in the next few months. If *Congress*, as expected, votes a tax credit or a *Government*-backed loan program to encourage homeowners to add insulation, observers believe that consumer demand will rise even more. Meanwhile, makers of glass fiber, which requires large quantities of natural gas to produce, are worried that they won't get enough gas this winter.



No Flood Insurance Interruption

Insurance agents, lenders, and Federal monetary agencies have been given further assurance that there will be no interruption of the *National Flood Insurance Program* when a new contract is signed for the servicing, marketing, and claims settlement of federally-subsidized *Flood Insurance*.

Secretary Harris said in a letter to concerned organizations and officials that she has organized a special team to work in the coming months to ensure continuity of management operations.

HUD's Federal Insurance Administration began seeking proposals on July 21 from insurance companies and other private sector concerns for the servicing, marketing, and claim settlement of federally-subsidized flood insurance. *HUD* is now evaluating responses to the request. . . and a new contract will soon be signed to assure continuation of flood insurance coverage.

HUD Makes Lower-Income 'Bonus' Grants

HUD has made grants totaling \$1,217,269 to seven localities to promote housing for lower-income families outside lower-income neighborhoods as part of its drive to expand areawide housing opportunity plans.

The funds... considered *'Bonus' Discretionary Community Development Grants*... will support cooperative efforts between areawide planning organizations and participating jurisdictions.

The localities are: Arlington County, Va., \$175,000; Victorville, Calif., \$158,280; Kettering, Ohio, \$157,140; Seattle/King County, Wash., \$350,000; Golden Valley, Minn., \$90,000; Robbinsdale, Minn., \$152,105; Decatur, Iowa, \$134,744.

Eligibility for these grants are limited to jurisdictions within the boundaries of seven areawide planning organizations selected by HUD to receive \$20 million in bonus *Section 8 Rental Subsidy* funds, and \$475,000 of supplemental *Comprehensive Planning Assistance Grants (Section 701)*, on the basis of the quality of their *Housing Opportunity Plans*.

The seven recipients were selected from among 25 loan jurisdictions which had applied for the discretionary *Community Development Block Grants*.

The criteria for selection... published in the *Federal Register* June 24... included the degree to which applications met the objectives of the housing opportunities program to provide a broader geographical choice of housing outside of areas with heavy concentration of low-income or minority households. Another standard for selection was the expected increase in the supply of housing which would become newly available to these lower-income persons.

HUD is setting aside a second round of *Community Development 'Bonus' funds*. Regulations governing selection of additional *Housing Opportunity Plans* and jurisdictions to receive the bonus housing, planning, and *Community Development* money will be announced shortly.

HUD newsletter

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. The Secretary of HUD has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through September 30, 1979.

HUD-318-302-ASI
October 17, 1977

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401
FIRST-CLASS



HUD NEWSLETTER
October 17, 1977



October 24, 1977

Vol. 8 No. 43

HIGHLIGHTS OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1977

On October 12... President Carter signed into law the *Housing and Community Development Act of 1977*. The new law ties together programs to help meet the country's housing needs with new stimulants to revitalize America's distressed cities.

The *Housing and Community Development Act of 1977* is omnibus legislation which makes a number of significant changes in the Nation's housing, community development, and related programs. The new law contains nine titles:

- Community Development (*Title I*)
- Housing Assistance and Related Programs (*Title II*)
- Federal Housing Administration Mortgage Insurance and Related Programs (*Title III*)
- Lending Powers of Federal Savings and Loan Associations; Secondary Market Authorities (*Title IV*)
- Rural Housing (*Title V*)
- National Urban Policy (*Title VI*)
- Flood and Riot Insurance (*Title VII*)
- Community Reinvestment (*Title VIII*)
- Miscellaneous Provisions (*Title IX*)

The *Act* extends *FHA* mortgage insurance authorities and increases *FHA* maximum mortgage amounts and decreases *FHA* downpayment requirements, ties housing programs more closely to the *Community Development Block Grant Program*, and extends and amends other laws relating to housing, community development, and Federal insurance programs. For these purposes... the *Act* authorizes funds totaling \$6.2 billion for fiscal year 1978.

The legislation also strengthens the existing *Community Block Grant Program*... and establishes an additional *Urban Development Action Grant Program* as a major new initiative designed primarily to improve the economic viability of the Nation's most distressed areas. A summary of the *Act* is available from *HUD's Office of Public Affairs*, Room 9243, Washington, D.C. 20410.

HUD will conduct eight 1-day briefings on the *Act* in major cities across the country from October 27 to December 1. Members of *HUD* staff will present a thorough overview of the *1977 Act* in each session... and there will be workshops on *Urban Development Action Grants*; the impact of the *Act* on small cities; changes in the basic *Block Grant Program*; and changes in *Housing* programs. The list of cities and dates was published in the October 17 issue of the *HUD Newsletter*.

Some highlights of the legislation:

HOUSING

FHA Mortgage and Home Improvement Loan Limits Raised. Basic mortgage limits under *Sections 203(b), 220, 222, and 234* are raised from the prior \$45,000 limit to \$60,000. Rural area loans under *203(i)* are raised to \$45,000. *Title I Home Improvement Loans* maximum is raised from \$10,000 to \$15,000... and the maximum loan term increased from 12 to 14 years.

(Continued)

New Housing Law—Cont'd

Mobile Home Loan Limits Raised. Single units raised to \$16,000... double-width units to \$24,000. Maximum term for double units raised to 23 years.

Federally-Insured Savings & Loan Limits Raised. Single-family home mortgage ceilings increased from \$55,000 to \$60,000.

Secondary Mortgage Limits Changed. Limit on conventional mortgages eligible for purchase by *FNMA* or *FHLMC* set at approximately \$75,000. The *Tandem Plan* purchases (under *Brooke-Cranston*) is extended through fiscal '78... with a \$7.5 billion limit on purchases and commitments for the year.

Section 235 Mortgage Limits Raised. \$32,000 limit for basic unit and \$38,000 for 5 or more family units established... with \$38,000 and \$44,000 in high-cost areas.

Rehabilitation Program Extended. The *Section 312* program is extended through fiscal '79... and loan limit raised to \$27,000 per unit. Additional funds authorized.

Counseling Programs Extended. Counseling is authorized for all *FHA* home purchases.

Public Housing and Section 8 Authorizations. Contract authority for these programs set at \$1.160 billion. Of this amount... \$42.5 million is earmarked for *Public Housing* modernization... and \$102 million for *Section 202* projects.

Tax and Utility Subsidies for Section 236 Housing. Subsidy payments covering increased utility costs and local property taxes exceeding initial operating expense levels are authorized. These payments shall be used by the project owner only to reduce the basic rental level established for the project.

COMMUNITY DEVELOPMENT

Block Grant Program Changed. The primary vehicle for the *Community Development* aspect of revitalizing American cities is the *Community Development Block Grant Program*. This was enacted in 1975 with a 3-year authorization. It is extended for another 3 years in *Title I* of this *Act*... which also extends and authorizes appropriations for the *Residential Rehabilitation Loan Program (Section 312)* and the *Comprehensive Planning Program (Section 701)*. It also changes the formula for allocating *Block Grant Funds* so that older, distressed, cities receive additional help.

Program Extended. The 3-year extension carries with it authorizations of \$3.5 billion for fiscal year 1978, \$3.65 billion for fiscal year 1979, and \$3.8 billion for fiscal year 1980. A dual formula system is established for allocating funds. The current formula weights population at 25 percent, overcrowded houses 25 percent, and poverty 50 percent. The new formula weights growth lag decrease in population compared with the rest of the Nation at 20 percent, poverty at 30 percent, and age of housing at 50 percent. A metropolitan city or urban county is granted whatever sum is greater under the two formulas.

Special Settlement Fund Established. A maximum authorization of \$100 million for each of fiscal years 1978, 1979, and 1980 is established for grants to localities which need supplemental assistance, primarily to close out *Urban Renewal Projects*.

Hold 'Harmless' Provisions to be Phased Out. Communities which had been receiving categorical grants prior to establishment of the *Block Grant Program* in 1974 continued to receive equivalent amounts for the past 3 years (i.e. were held 'harmless'). In the next 3 years... there will be a phase-out period during which annual grants will be reduced by one-third each year. Smaller communities which did not receive benefits for all the old categorical programs, but had participated in *Model Cities*, *Urban Renewal*, or *Code Enforcement Programs*, will receive the same 'hold harmless' phase-out treatment.

Small Communities Discretionary Balances Allocation. The new law provides for the allocation of the discretionary balance for metropolitan areas on a State-by-State basis. (Prior law made this allocation for each metropolitan area.)

(Continued)

New Housing Law—Cont'd

The *Act* also provides for the allocation of the *SMSA* and non-*SMSA* discretionary balances according to a dual formula, with allocations being the higher of amounts determined under the existing allocation formula... or a second formula... using as factors: age of housing, (counted 2½ times)... extent of poverty, (counted 1½ times)... and population, (counted once). The Secretary is required to make pro rata reductions of allocations to compensate for any difference between the total to be allocated and the total amounts available.

Housing Assistance Plans Expanded. *HAPs* for low- and moderate-income families... required in all applications... now must include more information. Where practicable... the *HAP* plans should be tied in with *HUD's Public Housing and Section 8 Programs*, homeownership and rental cooperative housing programs for lower-income families, the *Rent Supplement Program*, and *Housing for the Elderly and Handicapped*.

New Features of the Block Grant Legislation. Grants may be made to neighborhood and nonprofit organizations, local development corporations, or minority enterprise small business investment companies to carry out neighborhood revitalization or community economic development projects which aid *Block Grant* objectives. *Block Grant* recipients may be given aid to acquire property for rehabilitation and to rehabilitate privately-owned property. The Secretary is directed to prepare a study and report to the President within 1 year on recommendations for a national policy on the development needs of small cities. States, local governments, Indian tribes, and areawide planning organizations are now eligible for grants from the Secretary's discretionary fund to provide technical assistance.

Urban Development Action Grants. The major new initiative to aid the most distressed cities received funding authorization of \$400 million for each fiscal year—1978, 1979, and 1980. The *Action Grants* will make it possible for severely distressed cities to alleviate physical and economic deterioration through specific economic development activities in areas of population outmigration and stagnating or declining tax base, and through reclamation projects in neighborhoods that exhibit excessive housing abandonment or deterioration.

MISCELLANEOUS

Flood Insurance Extended. *Program* authorization continued through fiscal '78. Coverage limits increased to \$150,000 for residential and \$250,000 for business properties.

Urban Homesteading. The appropriation for the *Urban Homesteading Demonstration Program* is increased from \$5 million to \$15 million. The *Program* is designed to stabilize and restore neighborhoods. It allows families to become owners, for a nominal fee, of substantially sound housing from the HUD inventory on condition they agree to live in and improve the property for a certified period.

Graduated Payment Mortgages. Several changes are made in *HUD's* experimental financing authority used in its *Graduated Payment Mortgage Program*. In this *Program*, intended to permit younger families to make lower monthly payments, the *Department* insures mortgages with rates of amortization corresponding to variations in family incomes. One change establishes the program on a permanent operating basis, and removes the previous limitation on the volume of mortgages that may be insured. Another change imposes a limited preemption of State restrictions on interest rates that might otherwise apply to mortgages insured under the authority and thus curb the use of the *Program*.

Mortgage Insurance in Militarily-Impacted Areas. *HUD* has new authority to waive some of its usual requirements when insuring mortgages on housing near military installations in militarily-impacted areas.

Prototype Housing Costs. Beginning in calendar 1979... the *HUD* Secretary will prepare and publish annually prototype housing costs for one- to four-family dwelling units for each housing market area in the country.

(Continued)

New Housing Law—Cont'd

Research and Development. An authorization not to exceed \$60 million is provided for HUD's *Research and Development* activities during fiscal year 1978.

National Urban Policy. A biennial report is required to formulate a *National Urban Policy* of sound, orderly, and more balanced development of all the areas of the Nation. It replaces the *Urban Growth Report* but expands the scope of reporting and analysis... and also calls for the first report to be due during February 1978.

New Communities. The *Act* extends to September 30, 1978, authority of the HUD Secretary to make financial assistance available to private new community developers and State land development agencies for planning *New Community* development programs. Authority was originally granted under *Section 720* of the *1970 Housing and Urban Development Act*.

Community Reinvestment. The *Act* requires the *Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, and Federal Home Loan Bank Board* to use their authority when examining financial institutions under their jurisdiction to encourage them to help meet the credit needs of their local communities.

OTHER PROVISIONS

- A new Special Assistant is created to coordinate *HUD Housing and Community Development Programs for Indians and Alaska natives*. The Secretary will report annually to Congress on the *Department's* efforts and make legislative recommendations.

- Modular homes... manufactured in a factory, transported to a building site, and placed on a permanent foundation... are exempt from the *Federal Mobile Home Construction and Safety Standards*.

- Homeownership counseling is expanded to include owners of single-family homes with HUD-insured mortgages as well as homeowners already covered under the *235 Program*.

The *Act* has been designated *Public Law 95-128*.

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

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. The Secretary of HUD has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through September 30, 1979.

HUD-318-303-ASI
October 24, 1977

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
HUD-401



FIRST-CLASS

HUD NEWSLETTER
October 24, 1977

HIGHLIGHTS OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



October 31, 1977

Vol. 8 No. 44

Current Trends

The *Census Bureau* reports that housing starts in September were slightly higher than a month earlier... with a seasonally-adjusted annual rate of 2.040 million units... compared to the rate in August of 2.034 million units. This was an increase of 15.4 percent above September 1976. The increases in start activity occurred in the West and North Central areas... while the Northeast and South showed drops. There was a minor increase in 1-family unit starts... and a more than 18 percent rise in the 2-4-unit structures... but a decrease of about 10 percent in the 5-or-more unit category. Permits issued during the month dropped 4.3 percent from the August rate of 1.772 million units to 1.696 million in September.

In its October 10 issue of *Journal-Scope*... the *National Association of Home Builders* reports that a downtrend in lumber and plywood prices at West Coast mills that began in mid-August was continuing at the end of September. The reduction as of that date had reached "the 10 percent range."

NOT TO BE TAKEN
FROM THE LIBRARY.

1977 Housing Act Briefings

The public is invited to attend the briefings on the *Housing and Community Development Act of 1977* in the following cities on the dates given. Those wishing to be present will please contact the HUD Office in the city involved. In some cases... numbers given are changed from those shown in the original announcement of these meetings.

New York City	November 4	(212) 264-8021
Atlanta	November 8	(404) 881-2516
Chicago	November 10	(312) 353-5950
Kansas City (Mo.)	November 15	(816) 374-5176
Dallas	November 18	(214) 749-7406
Los Angeles	December 1	(213) 688-5973



HUD Announces Organizational 'Streamlining'

Stating "waste and inefficiency never housed a needy family... never provided a job for a willing worker... and never rebuilt a distressed city," Secretary Harris announced a major restructuring of the management procedures of the *Department*.

Among the major elements of the 'streamlining' of HUD will be the elimination of the 10 *Regional Offices* from the day-to-day program operations and application processing... and the transferring of all multifamily housing application processing to *Area Offices*. Under the new structure... there will be only two levels of HUD actions... *Headquarters* and *Area Offices*... instead of the three currently in operation.

Builders, mortgage lenders, State and local officials, and others who participate in various HUD programs will be notified of how the new structure will affect their dealings with the *Department*. Those wishing to receive more details may request a copy of HUD Release No. 77-307 from the *Office of Public Affairs*, Room 9243 HUD, Washington, D.C. 20410 (202/755-7174).

President Visits South Bronx

While in New York City to address the *United Nations* recently... President Carter made a tour of the South Bronx section of the city. The South Bronx is one of the most extreme cases of urban decay and deterioration anywhere in the country. Accompanied by Secretary Harris... the President saw the extent of decay in what was once a viable, comfortable, residential neighborhood.

Asked about his tour of the South Bronx at a press conference a few days later... the President said that his visit certainly had an impact on his consideration of new urban policy, and his tour was important in order that he could demonstrate his deep concern about urban deterioration and to inform the American people that these places exist in our country.

The President made similar comments when he signed the *Housing and Community Development Act of 1977* on October 12. "There are some devastated areas where American citizens live that are a disgrace to our great country. This new law is a giant step forward toward the Nation's goal of a decent home in a suitable environment for every American."



Future Insulation Supplies To Be Adequate, Commerce Says

Despite the concern expressed by builders and insulation contractors about current shortages of insulation materials in certain areas of the country... a *Department of Commerce* survey indicates there will be sufficient capacity to satisfy continuing needs for insulation materials both for new construction and to bring existing housing up to current insulation standards.

While the report provides long-term reassurance to users of the materials... *Department* analysts warn that some short-term, or local shortages could occur due to temporary capacity-demand imbalances.

For existing housing... the survey states that by 1981 there should be adequate supplies to bring under-insulated ceilings up to standard... and that by 1983 supplies should be adequate to insulate walls as well. The projections are based on an estimated 25.5 million housing units needing additional insulation... and on the assumption that the remaining existing units in the 77.6 million housing inventory are either already meeting current insulation standards or cannot be economically 'retrofitted' with insulation. 'Retrofitting' is the term used to describe the operation of bringing a unit up to existing standards.

Copies of the survey... *U.S. Residential Insulation Industry*... are available without charge from the *Forest Products Division*, Room 2120, *Department of Commerce Building*, Washington, D.C. 20230.



Significant Decision

Alexander v. U.S. Department of Housing and Urban Development, 555 F2d 166, (7th Cir. 1977). The *Seventh Circuit Court of Appeals* has denied plaintiff-appellants' petition for rehearing *en banc* of a decision by a 3-judge panel holding that tenants evicted from multifamily projects which have defaulted on their mortgages and have been taken over by HUD are not entitled to *Uniform Relocation Act* benefits, and that there is no Federal implied warranty of habitability with respect to such projects.



FYI

National Association of Home Builders... *Apartment Management Seminar*... Los Angeles, November 14-16. Details: Department of Training & Education, NAHB, 15th & M Sts., N.W., Washington, D.C. 20005. (202/452-0200).

Flood Plain Study Begins

HUD has entered into a contract with *Ralph M. Fields Associates, Inc.*, of Westport, Connecticut... and *Abeles, Schwartz and Associates, Inc.*, of New York City, to investigate the feasibility of implementing Section 1362 of the *National Flood Insurance Act* which allows HUD to negotiate the purchase of flood plain property which has been damaged beyond repair while covered by *Federal Flood Insurance*.

The study involves the selection and profiling of a number of communities as examples of imaginative or particularly successful use of acquisition and relocation as a flood plain management tool... and the problems involved in this type of action. The contractor is attempting to compile a list of communities which have attempted to acquire such property... including those communities which have had no success.

Communities which have used such techniques... or persons knowing of communities which have acquired or attempted to acquire flood plain property... are invited to communicate with Larry R. Johnston, *Ralph M. Field Associates*, 121 Post Road East, Westport, CT 06880 (203/226-3785).



New Fair Housing Theme Announced

Secretary Harris has announced the new theme selected for HUD's *Fair Housing Voluntary Compliance* billboard campaign.

The new theme, '*Fair Housing—A Basic Right/Right Now*,' will replace the one now in use on more than 1 million billboards across the Nation erected by the *Outdoor Advertising Association of America, Inc.* The old campaign theme was '*Fair Housing—An Ideal for Americans*.'

Chester C. McGuire, Jr., *HUD Assistant Secretary for Fair Housing and Equal Opportunity*, said the new theme will appear on more than 3,500 additional billboards now on order by the *Association*.

In addition... he said... the theme will be featured in all activities connected with the 10th Anniversary Observance of *Fair Housing Month* set to begin next April.

Secretary Harris selected the new theme from a list of seven suggestions made by a national committee of civil rights and fair housing and representatives of national organizations. That committee reviewed more than 300 suggestions submitted by HUD employees.



Mortgage Review Panels

An article in the Fall 1977 issue of *Trends & Topics*... issued by the *Federal Home Loan Bank of Chicago*... should prove of interest to mortgage lenders and those involved in assisting potential borrowers.

Lenders in Chicago and Milwaukee are participating in mortgage review panels which provide assistance to individual families in securing home financing. Some potential borrowers do not know that it is sometimes necessary to shop for credit. If they are turned down by one lender, they may be discouraged from seeking other sources of credit. Lenders that participate in mortgage review programs notify the rejected mortgage applicant of the availability of a review by a public panel. If the panel believes the applicant is qualified, the lenders participating in the program agree to make the loan.

Lenders should establish their own internal review of rejected applications to determine whether laws prohibiting discrimination and policies regarding loan underwriting are being followed by lending personnel. In addition, when it appears that rejection is appropriate, the applicant should be given a full explanation of the reasons for rejection and offered counseling assistance if there is a possibility an acceptable loan could be arranged. This will help to avoid misunderstanding, which can be costly to the lender in lost goodwill, and reduce the number of complaints made to review panels and supervisory authorities. An internal review of rejected applications should not prove burdensome to lenders, since their own records show that only a small proportion of applications are rejected.

From the States

The *Idaho Legislature* passed a bill authorizing the *State Housing Agency* to make low-interest home loans available to persons with income under \$13,000. Through the sale of revenue bonds... the *Agency* would obtain the funds necessary to purchase mortgages which would be made at 1 percent below the going rate. Thus monthly payments on a \$35,000 mortgage would be about \$50 less than if the higher interest rate applied.

Eligibility under the program is limited to first-time homebuyers... who would be required to occupy the home themselves... and who would otherwise be unable to finance the purchase without the State subsidy.

In New Jersey... a loan program has been instituted in designated neighborhoods in 26 cities and municipalities where mortgage money has been difficult to obtain. The program has a dual purpose... to make mortgages more readily available in these areas... and also to eliminate 'redlining.' Under the plan... interest rates to eligible borrowers are set at 7½ percent. Mortgages are available for 1-to-4 family houses... with maximums of \$45,000 for the 1-family-home up to \$56,000 for a 4-family unit.

The State will sell bonds to finance the plan... which will involve 36 *S&Ls* and other lenders. About \$50 million in mortgages is expected to be generated during the first year of the plan's operation... the bulk of them *FHA-VA* loans... with the *Federal Government* assuring the lenders of repayment for the *FHA-VA* loans... and the State guaranteeing payment on conventional mortgages.

Among the localities in which the plan will operate... communities in which many lenders have been reluctant to make mortgages... are: Atlantic City, Bayonne, Camden, Elizabeth, Hoboken, Jersey City, Newark, Paterson, Passaic, Trenton, and West New York.

HUD newsletter

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

HUD-318-304-ASI
October 31, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. The Secretary of HUD has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through September 30, 1979.

**UNITED STATES
GOVERNMENT PRINTING OFFICE**
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401
FIRST-CLASS



HUD NEWSLETTER
October 31, 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



November 7, 1977

Vol. 8 No. 45

Current Trends

Short-term interest rates continue to rise... with many banks increasing their prime rates for the second time in a little over a month... and bellwether *Treasury* notes reaching their highest borrowing cost in two years. The latest sale of \$3.5 billion of 2-year notes carried an interest rate of 7.27 percent... the highest since late 1975. Another example is the mid-October sale of \$115.3 million of short-term (7½ months) *Urban Renewal Project* notes which sold at an average interest rate of 3.457 percent... compared to the 3.185 percent rate a month earlier.

As is often the case... the short-term interest rate upward trend seems to have had an effect on long-term rates... including home mortgages. The latest *FNMA* auction of both *Government*-backed and conventional mortgage commitments brought higher yields. The average for conventional mortgages was 9.109 percent... compared to 9.065 percent at the last sale... and *FHA/VA* mortgages rose to 8.843 percent from 8.788 at the previous sale.

The *Federal Home Loan Bank Board* reported a sharp escalation in purchase prices of both new and existing homes during the third quarter of the year... after having been fairly stable in the first half. Nationally... a new record high average was set in early September... when a level of \$55,900 was reached for new homes and \$49,200 for existing homes. So far in 1977... average purchase prices on new homes rose from \$52,500 in January to \$53,700 in July... a relatively minor upward trend for a 6-month period... when compared to the sudden jump to \$54,900 in August... equalling the rise in the previous 6-month period... and then moving up another \$1,000 to its new peak of \$55,900 in September. Prices for existing houses... likewise... showed a relatively stable trend... moving from \$45,900 in January to \$47,400 in June and July... then going up to \$48,500 in August and \$49,200 in September.



Section 8 Program Exceeds Goals

HUD's Section 8 Housing Subsidy Program has exceeded production goals set for the 1977 fiscal year. Preliminary reports indicate that on September 30... when the 1977 year ended... 364,817 units had been reserved... and 103,431 units had been started. This was 121 percent of the goal for reservations... and 101 percent of starts.

Since the *Section 8 Program* was initiated two years ago... 138,000 units have been started... and more than half of these have been begun since January 1977. The better-than-expected performance in reservations was true all across the country... except in the South... with the performance record ranging from 176 percent in the Northwest to 96 percent for the Southern States. Construction starts reached 131 percent of the goal set in New England... and did most poorly in the South (78 percent).

Thus far... *Section 8* has shown the greatest rate of progress of any *HUD* subsidized housing program. By comparison... the earlier *Section 236 Program* had only 212,000 units insured in its first 3 years of existence.

New Counseling Program Begins

Secretary Harris has announced HUD's first comprehensive *Housing Counseling Program* to assist homeowners as well as home buyers and renters. . . and more than \$1.2 million has been allotted to 166 local housing counseling agencies to help people with housing problems.

Until now. . . HUD's counseling efforts were limited largely to prepurchase counseling for home buyers and mortgage default counseling for homeowners.

Under the new *Program*. . . funds. . . in the form of grants. . . will go to 166 HUD-approved agencies across the country to carry out a wide range of free housing counseling services. The agencies will advise homebuyers and homeowners who have mortgages insured or assisted by HUD as well as owners who have mortgages insured by or assigned to HUD. . . and also owners of cooperatives, condominiums, and mobile homes. Special effort will be made to assist homeowners whose mortgages are in default and have been assigned to HUD. People who rent properties under HUD programs are also eligible for counseling.

HUD will require the local agencies to make every attempt to give priority to low- and moderate-income people in need of counseling.

Information on energy conservation and flood and crime insurance will be available to all people under the *Program*. Many other services include advice to home buyers on selecting housing, shopping for financing, and signing the necessary contracts. Owners will get information about caring for their property and handling mortgage payments, especially when they are in arrears. The agencies will help renters who are behind in their rents and will assist them with many of the same services offered to homeowners.

When clients need additional help. . . the housing counselors will refer them to the appropriate local public and private community organizations.

Additional funds totaling \$894,175 have been allocated to four organizations to train housing counselors in the HUD-approved agencies. As these counselors work in the program they will be trained to develop and refine its operation. The training programs will be conducted by the *National Urban League*, the *National Federal Housing Counselors*, the *Human Resources Corporation* of San Francisco, and *Family Housing Services, Inc.*, Charlotte, N.C.



Rehab Loan Process Eased

People interested in buying homes owned by HUD will find it easier to obtain low-interest rehabilitation loans.

Each HUD Area Office now disposing of HUD-owned property will be authorized to make *Section 312 Rehabilitation* financing available to qualified buyers of available homes.

Purchasers of these homes will be eligible for 3 percent, 20-year maximum term loans up to \$27,000 per unit if they otherwise meet usual loan requirements.

Robert C. Embry, Jr., HUD Assistant Secretary for Community Planning and Development, said it is hoped that the action will stimulate disposition of the property now held by HUD. . . and accelerate the process of neighborhood preservation.

He pointed out that while HUD places a high priority on reselling the houses it has acquired through foreclosure, it is extremely important that the property be used in ways that promote neighborhood preservation.

The *Section 312 Rehabilitation Loans* would be available in conjunction with the sale of the property to people with the ability to repay them.

Further information on the new procedure may be obtained at any HUD office.

Slightly Older Population Expected

The future population of the U.S. is expected to be slightly older than demographers thought only 2 years ago. . . according to a revised population projection issued by the *Census Bureau*.

The revisions were made primarily by unexpected declines in the recent number of deaths. . . especially from cardiovascular diseases. . . and by recent research on future trends in mortality. These developments could have a profound effect on future housing needs and markets.

The median age of the population at the time of the 1970 census was 27.9 years. . . and was estimated to be 29.0 in 1976. The new report projects that this figure will range from 32.5 to 37.3 years at the turn of the century.

The number of persons 65 and over is projected to increase from an estimated 22.9 million in 1976 (10.7 percent of the total population) to about 31.8 million in 2000 (only 11.3 to 12.9 percent of the population). However. . . by the year 2030 the combination of declining mortality and the aging of the post World War II baby boom population is expected to result in an elderly population of 55.0 million. This could represent anywhere from 14.0 to 22 percent of total U.S. population depending on future fertility levels.

The projects assume that between 1976 and 2050. . . the average life expectancy for females will increase from 77.0 to 81.0 years, and for males from 69.1 to 71.8 years. Previous projections had assumed increases of 75.7 to 78.0 years for females and 67.9 to 69.9 years for males in the years between 1972 and 2020.

Projecting population figures involves the use of a range of assumptions concerning fertility. . . since the exact course of future fertility is. . . of course. . . unknown. As in the previous report, these assumptions—labeled Series I, II, and III—provide for a range representing a one-child difference in the average number of lifetime births per woman. Series I assumes that this average will be 2.7 births, Series II, 2.1 (the level of fertility needed for the population to replace itself), and Series III assumes 1.7 births. All three series assume a net immigration gain of 400,000 persons a year. Currently, the average number of births per woman is at a rate of 1.8—an historic low for the country.

The projected population for the year 2000 under each of these series is shown below:

<u>Series</u>	<u>Population in Year 2000</u>	<u>%Increase 1976-2000</u>	<u>Previous Projected Population in 2000</u>	<u>Difference between Projections</u>
I	283,000,000	31%	287,000,000	-4,000,000
II	260,000,000	21%	262,000,000	-2,000,000
III	246,000,000	14%	245,000,000	+1,000,000

The report presents a wide spectrum of text tables and appendices which examine the fertility history of selected groups of the population, death rates, compares the projections of the previous and current reports, and immigration. The main section is composed of detailed tables which present population projections for each year by age, sex, and race from 1977 to 2000 for each of the three series of fertility assumptions, and by age and sex for 5-year intervals from 2000 to 2050.

Copies of the report, *Projections of the Population of the United States: 1977 to 2050, Series P-25, No. 704*, are available for \$1.95 from the *Superintendent of Documents*, Washington, D.C. 20402.

Subscription Information

All correspondence relating to subscriptions, changes of address, etc., should be addressed to the *Superintendent of Documents*, Washington, D.C. 20402.

ENTER MY SUBSCRIPTION TO: *HUD Newsletter*

@ \$12.50 Domestic; @ \$15.65 Foreign.

NAME—FIRST, LAST		
COMPANY NAME OR ADDITIONAL ADDRESS LINE		
STREET ADDRESS		
CITY	STATE	ZIP CODE

☐ Remittance Enclosed (Make checks payable to Superintendent of Documents)

☐ Charge to my Deposit Account No. _____

MAIL ORDER FORM TO:
Superintendent of Documents
Government Printing Office
Washington, D.C. 20402

PLEASE PRINT OR TYPE

(or) COUNTRY

CHANGE OF ADDRESS FORM

NAME—FIRST, LAST		
COMPANY NAME OR ADDITIONAL ADDRESS LINE		
STREET ADDRESS		
CITY	STATE	ZIP CODE

PLEASE PRINT OR TYPE

(or) COUNTRY

Mail this form to: NEW ADDRESS

Superintendent of Documents
Government Printing Office SSOM
Washington, D.C. 20402

Attach last subscription
label here.

HUD newsletter

HUD-318-305-ASI
November 7, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development...Patricia Roberts Harris, Secretary...James C. Biller, Editor. Subscription rate \$12.50 per year, domestic...\$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. The Secretary of HUD has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through September 30, 1979.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401
FIRST-CLASS



HUD NEWSLETTER
November 7, 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



November 14, 1977

Vol. 8 No. 46

Current Trends

Interest rates continue to rise... and the possibility of higher mortgage interest rates... and a diminished flow of funds for long-term investment appears likely. Net new savings flows into S&Ls... the largest single source of mortgage financing... continue to decline. For the first 10 months of 1977... there was a 6 percent drop in savings flows compared to the same period of 1976. In August, September, and October the rate of new savings was 30 percent lower than a year earlier. Rising interest rates in competitive savings and investment media are cited as the cause of the S&L decline.

HUD's report of private mortgage insurance activity during September showed a considerable decline from the record pace set in August. A large part of the decline was attributable to seasonal factors. Nevertheless... private mortgage insurance activity remained roughly 39 percent greater than a year ago. Moreover... activity for the third quarter... in terms of number of loans insured and dollar volume of new loans... set new industry records. During the month... private mortgage insurers issued 62,200 new certificates of insurance on 1 to 4-family home mortgage loans... for a total loan amount of \$2.2 billion. For the third quarter... 188,585 new certificates of insurance were issued for a total loan amount of \$6.6 billion... both new quarterly industry records. Insurance in force at the end of September amounted to \$58.9 billion... \$12.3 billion greater than a year earlier.

The U.S. League of Savings Associations reports that mortgage loan delinquencies at S&Ls rose slightly in September... from 0.78 to 0.83 percent in August. Even with the rise... the rate was the lowest for any September in 3 years. The 9-month rate for 1977... also at the 0.83 average... was likewise the lowest in 3 years.

Despite the slowing in the rate of new savings inflow into the Nation's S&Ls... the associations broke all seasonal records in loans made and commitments issued. Mortgage loans closed in September fell just short of \$10 billion... 36 percent higher than September 1976. The September rate followed the usual seasonal pattern... and was \$1 billion lower than the rate in August... but the decline was considerably less than the normal decline for the August to September period. Commitments also showed a less-than-seasonal decline for the period.



FYI

National League of Cities... 1977 Congress of Cities and Exposition... San Francisco, December 3-7. Details: NLC, 1620 Eye St., N.W., Washington, D.C. 20006.

New England Field Service Office... Chamber of Commerce of the United States... Preservation League of New York State (joint sponsors)... Main Street Revitalization Conference... Boston, December 5-6. Details: U.S. C of C, Ralph Loomis, 711 Third Avenue, New York, N.Y., 10017 (212/557-8974).

Housing Assistance Council... National Rural Housing Coalition... Rural Housing Alliance/Rural America (joint sponsors)... Rural America Conference and Rural Housing Conference... Washington, D.C., December 5-7. Details: Rural America, 1346 Connecticut Ave., N.W., Washington, D.C. 20036.

Energy Crisis Could Affect Housing, Secretary Says

Speaking to the *National Conference of Black Mayors* in Washington. . . Secretary Harris said that the energy crisis could have a detrimental impact on housing and urban development programs. . . particularly for low-income families.

"You run American cities," she told the mayors, "and you know the devastating impact of increased utility costs. . . particularly on your elderly and low-income citizens. I know about that impact because we had to go to the *Congress* this year and request additional operating funds to keep our subsidized multifamily projects from going under. I have no doubt that if we lose this energy program, we will have to go to the *Congress* for more money next year."

She pointed out that massive increases in oil costs will mean increased costs not only in space heating and cooling, but in the cost of petroleum based products. "The inflationary impact of increased costs throughout the economy would be substantial," she said, "but it would hit particularly hard at building materials."

Secretary Harris also warned that the ripple effect of increased fuel costs would have an inevitable impact on the cost of such basic building materials as lumber. "Lumber costs have already soared more than 50 percent in the last two years," she said. "Home builders can't stand more of that."

The Secretary pointed out that there are approximately 76 million residential units in the United States and that roughly 20 percent of all U.S. energy is used for the purpose of heating and cooling buildings.



Tenant Task Force Created

Secretary Harris has announced that a *Task Force* will be set up to develop a process for giving tenants a voice in the management of the *Public Housing* in which they live.

"The *Task Force* will be a partnership of tenants, managers and *HUD* staff dedicated to improving the living conditions and housing options for more than 4 million people living in *Public Housing*," Mrs. Harris said.

The *Task Force* will seek the views of the groups involved and reach a consensus that will become the basis for recommendations to *HUD* for developing new regulations.

The first *HUD Advisory Committee* to include members of *Tenant Associations* grew out of a consumer forum on tenant participation held in Washington last April. At *HUD's* invitation. . . 900 tenants and their representatives from across the Nation discussed the role of tenants in managing *Public Housing*.

At the April meeting. . . Secretary Harris promised she would "not put a pencil to a piece of paper" until she first talked to tenants about their views on proposed regulations.

The Secretary will appoint 12 people to serve on the advisory group representing diverse interests including minorities and women. Four *Tenant Associations* will each have one representative: *The National Tenant Organization*, the *Massachusetts Union of Public Housing Tenants*, the *Eastern Regional Tenant Association of the National Tenants Organization*, and the *Tenant Management Corporation* of St. Louis. The executive directors of the *Public Housing Authorities* in Denver, New Orleans, Newark, and Wilmington, N.C., will also serve. Four *HUD* representatives will complete the *Task Force*.

The Office of the Assistant Secretary for *Neighborhoods, Voluntary Associations, and Consumer Protection*; and the Office of the Assistant Secretary for *Housing* will coordinate the work of the *Task Force* which is expected to take one year.

Regional meetings will be held across the country to get the views of the people affected by the proposed regulations. All meetings will be open to the public and will be announced 15 days in advance in the *Federal Register*.

Revisions in Community Development Program Proposed

HUD has proposed sweeping revisions in its 3-year \$12.5 billion *Community Development Program* to carry out the *Carter Administration's* initiatives for channeling new dollars into the country's hardest-pressed urban areas. They appeared in the *Federal Register* of October 25.

Secretary Harris said the proposed revisions are based on two underlying themes in the recently passed *Housing and Community Development Act of 1977*:

- Targeting Federal resources to places of greatest need and for the principal benefit of low- and moderate-income people.
- Spurring widespread reinvestment into urban communities by the States and by the private sector, as well as encouraging action by the communities themselves.

The revisions... in the form of a comprehensive set of proposed administrative regulations for the *Block Grant Program*... were issued immediately following the President's signing of the authorization bill, reflecting the Administration's sense of urgency and commitment on behalf of urban America.

The proposals cover eligible activities for the *Program* as well as application requirements for *Entitlement Cities and Urban Counties*. Also set further is a major portion of the regulations governing distribution of HUD's new *Urban Development Action Grant (UDAG) Program* of \$400 million each year for 3 years.

The *Action* grants offer a greatly needed strategic tool through which HUD can:

- Respond to unique economic opportunities while they are current.
- Supply 'front-end' funding that allows communities to capture and leverage significant private investment.
- Make substantial resources available when needed to join other *Federal Departments* in coordinating efforts to meet the urban reinvestment needs of the Nation's most distressed communities.

Under the regulations... cities, regardless of size... may apply... along with urban counties... provided they have shown demonstrated results in supplying low- and moderate-income housing, in offering equal opportunity in housing and employment for low-income and minority groups, and have met minimum criteria that indicate physical and economic distress.

Action Grants will be available to carry out activities in support of projects for economic revitalization or neighborhood reclamation that involve a partnership with the private sector. Projects undertaken with *Action Grant* support will encourage innovation in joint public-private development.

The proposed changes give new emphasis to citizen participation in forming plans for community projects. Citizens must have a convenient opportunity to obtain details of the program, and to comment, criticize, and recommend program changes. Final decisions on applications... however... remain with the local governing body.

The proposed changes represent important new directions for the *Program*. Public comment is a vital part of the process and is invited. To receive full consideration... all comments should be received by November 18. Comments should be addressed to the *Office of the Rules Docket Clerk, Room 5218, HUD, Washington, D.C. 20410*.

Housing Prices Reach Crisis, Under Secretary Says

Americans are being priced out of the housing market by soaring costs of crisis proportions, Jay Janis, *HUD* Under Secretary, told the annual meeting of the *National Savings and Loan League* in Houston. The second-ranking *HUD* official reported that operating and maintenance costs, including utilities, increased by 111 percent in the period between 1970 and 1976.

The Under Secretary called for adoption of President Carter's *Energy Program* to help slow down rising utility costs. "The President has called for tough action," he said, "and tough action is truly required if the shortages that existed in the winter of 1973-74 are to be averted, and if the high gas and electric bills of last winter are to be reduced."

Calling attention to huge increases in the sale prices of both new and existing homes... he cited recent figures from the *Census Bureau* showing that the median sales prices of new homes jumped from \$45,500 in January of this year to \$49,500 in August... an increase of nearly 1 percent per month... and also noted that *Census* reported the average price of new homes sold between April and June rose 6 percent... the largest quarterly leap in 4 years. "In the face of these statistics," he said, "it is difficult not to believe that a crisis exists in the price of housing in this country, and that things will only get worse as far as single-family, detached homeownership is concerned. This problem is currently under intensive study by a *Task Force* of 36 housing professionals formed by *HUD* Secretary Harris."



New Publication

The Changing Shape of Metropolitan America... Commuting Patterns, Urban Fields and Decentralization, 1960-1970... by Brian J.L. Berry, *Harvard University*, and Quentin Gillard, *California State University, Northridge*. 496 pages... \$25.00 from *Ballinger Publishing Company*, Cambridge, Massachusetts 02138.

HUD newsletter

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. The Secretary of HUD has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through September 30, 1979.

HUD-318-306-ASI
November 14, 1977

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401
FIRST-CLASS



HUDNLDEPT0000DHG 1024 F
DEPT OF HOUSING & URB DEV
LIBRARY & INFO DIV
WASHINGTON DC 20410

HUD NEWSLETTER
November 14, 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



November 21, 1977

Vol. 8 No. 47

Current Trends

NOT TO BE TAKEN
FROM THE LIBRARY.

The National Association of Home Builders... in its October 31 *journal-scope*... reports that lumber prices have fallen back... and that "in some cases, the drop has been as dramatic as was the rise." The West Coast mill prices for exterior plywood sheathing declined over 5 percent during the week ending October 21... and was 17 percent below its August high. Kiln-dried fir 2x4s fell 20 percent below the peak in August... and other framing lumber prices were following the same trend. Only interior plywood has shown no drop. Whether these price declines are in any way the result of inquiries into the unprecedented lumber price increases of recent weeks initiated by HUD, the *Senate Banking Committee*, and the *Council on Wage and Price Stability* cannot be ascertained.

The *Commerce Department's* monthly report on construction spending showed a rise in the September activity... after a 2-month decline. The September increase of 1.6 percent resulted in a seasonally-adjusted annual rate of \$173.7 billion. The rate for the month... however... was slightly below the June 1977 rate of \$174.4 billion... but was 20 percent higher than September 1976. For the first 9 months of the year... construction actually put in place totaled \$124 billion... 15 percent higher than the \$107.8 billion for the same period of 1976.

FNMA has announced that the suspension of its requirement that lenders selling loans to the corporation purchase *FNMA* stock has been extended. The waiver of the stock subscription requirement now applies to all loans sold to the corporation under *FNMA* forward purchase commitments issued on or before January 31, 1978. The extension of the requirement suspension, which was previously set to expire October 31... has been approved by HUD Secretary Harris. The suspension has been in effect since last February.



Section 8 Task Force Named

HUD has announced the establishment of a special task force to improve and simplify regulations for *Section 8*... the *Department's* major assisted housing program.

Section 8 is HUD's *Rental Assistance Program* for lower-income tenants... enabling them to live in decent housing they otherwise couldn't afford.

Lawrence B. Simons, *Assistant Secretary for Housing/Federal Housing Commissioner*, who will set up the task force, said present regulations in use since 1975 have been widely criticized. "They are considered complex and overly restrictive, often requiring Secretarial approval for relatively minor changes in procedures," he added.

The task force... he said... will concentrate on simplification of language and content of the regulations. Revisions will be ready for publication in the *Federal Register* within 6 months.

William J. White, *General Manager of the New Community Development Corporation*, has been asked by Mr. Simons to be chairman of the task force... and Morton A. Baruch, *Deputy Assistant Secretary for Housing*, will serve as vice chairman. Other members will be named at a later date.

More Americans Now Able to Buy Homes

Homeownership opportunities for Americans have been broadened under regulations issued by HUD... which put into effect provisions of the recently-enacted *Housing and Community Development Act of 1977*.

HUD Secretary Harris said it is hoped the revisions in the previous regulations will draw back to the housing market many would-be home buyers who have been excluded in recent years because of legislative requirements setting lower mortgage limits and larger downpayments.

These requirements, and others, are now liberalized to enlarge the home buying horizon.

To purchase a single-family home under the regular *FHA*-insurance program:

- The mortgage limit is raised to \$60,000 from \$45,000. The limit for homes in non-urban areas is \$45,000.

- The downpayment is now 3 percent of the first \$25,000 of the mortgage, as before, but has been reduced to only 5 percent for the remainder of the mortgage. Previously an additional 10 percent of any amount between \$25,000 and \$35,000 and 20 percent of the amount between \$35,000 and \$45,000 was required.

The higher mortgage amounts and lower downpayments requirements apply to four other related single-family home programs—mortgages covering single-family homes in outlying areas (*Section 203(i)*); homes in urban renewal areas (*Section 220(d)(c)(A)*); homes for servicemen (*Section 222*); and condominiums (*Section 234*).

Lower downpayments also apply to the program for moderate-income and displaced families (*Section 221(d)(2)*) and the *Homeownership Assistance Program for Low- and Moderate-Income Families* (*Section 235*). Mortgage limits for the *Displaced Family Program* are increased to a basic amount of \$31,000 and for the *Homeownership Assistance Program* to \$32,000.

Prospective buyers of mobile homes also benefit under the revised terms for insurance on these home loans. Reflecting increased costs... substantially larger loans can be insured... thus making it possible for more families to buy mobile homes. The basic loan ceiling is raised from \$12,500 to \$16,000. The interest ceiling continues as 12 percent.

The *Title I Property Improvement Loan* limit is also raised... from \$10,000 to \$15,000... and the maximum term extended from 12 to 15 years.

The *Housing for the Elderly and Handicapped Program* also receives benefits from the revision of HUD's *Direct Loan* (*Section 202*) *Program* for these tenants. The new terms will facilitate construction and financing by allowing for larger per unit construction costs in each project.

Maximum loan amounts for units in non-elevator projects are increased to these amounts: \$19,000 for an efficiency, up from \$12,300; \$21,500 for one bedroom, from \$17,188; and \$25,000 for two bedrooms, from \$20,525.

Per unit loans in elevator type projects are increased to these amounts: \$21,700 for an efficiency, up from \$13,975; \$24,900 per unit with one bedroom, up from \$20,025; and \$30,800 per unit with two bedrooms, up from \$24,350.

The regulations were published in the *Federal Register* of November 2. They are effective immediately.



FYI

Building Officials and Code Administrators (BOCA)... 1978 Mid-Winter Meeting... Ft. Lauderdale, January 2-6, 1978. Details: *BOCA International*, Attn: Joan Parker, Staff Secretary, 1313 East 60th St., Chicago, Illinois 60637 (312/947-2580).

Flood Insurance Plans Announced

Secretary Harris has announced her decision to convert *National Flood Insurance* to an industry-supported program with increased oversight by the *Federal Government*. . . in a report to *Congress* as required by the *National Flood Insurance Act of 1968*.

"A more efficient and less costly *National Flood Insurance Program* can result from increased Federal oversight, a competent fiscal agent, and the help of the Nation's independent insurance agents and adjusters," Secretary Harris said. The savings, she said, could amount to \$15 million in 1978.

HUD's Federal Insurance Administration is now conducting negotiations with a fiscal agent on a contract to begin January 1, 1978.

The *National Flood Insurance Program* has operated with the assistance of the *National Flood Insurers Association (NFIA)*. . . a private group of 132 insurance companies, under a *Part "A"* framework since *Flood Insurance* became available in 1969. Under that option. . . insurance companies in the *NFIA* pool pledge risk capital toward payment of extreme insurance losses. No company has ever used any of the risk capital pledged.

A *Part "B"* program would not require risk capital, nor does the best response to *HUD's* July 20 *Request for Proposals* plan to use remote servicing offices, as *NFIA* now does. A *Part "B"* program would cost the Federal government almost \$15 million less in 1978 than a contract under *Part "A"*.

"It is very hard to ascribe any dollar value, either to the consumer or to the Government, for *NFIA's* decentralized operation plus its risk sharing," Secretary Harris said. . . "and it is impossible for a reasonable person to conclude these two items are worth approximately \$15 million."

The report states that although a fiscal agent will centralize processing, the network of "decentralized" insurance agents and adjusters should actually receive better service and be able to provide more service to consumers when they are backed by a more efficient processing and paper-handling mechanism.

In addition, the report says that use of a fiscal agent will not increase the size of the *HUD* staff.

The Secretary is authorized to make these changes by the *1968 Act*. Final negotiations are being held with a prospective fiscal agent, and an announcement of the successful contractor is expected shortly.



Emergency Flood Rehousing in Johnstown Completed

The final action in providing rehousing for a Johnstown (Pa.) flood victim has been completed by *HUD*. It was a fortunate happenstance. . . as the family moved into its new home just hours before the first snowfall of the season occurred.

Since the devastating flood struck the Johnstown area on July 20. . . *HUD* has successfully assisted 5,664 families in either finding emergency housing or in repairing their damaged homes. It is estimated that this involved about 15,000 people.

The activity involved almost 4,200 *Minimal Repair* contracts, carried out through *HUD*. . . 1,114 families placed in mobile homes. . . 314 in private rental property. . . 37 in *Government*-owned housing. . . and 10 in transient facilities.

A number of families earlier rehoused in temporary quarters have already moved to permanent facilities. . . or back to their own repaired homes. The vacated trailers are being hauled away to be stored until they are needed again where and when a disaster strikes. The total cost of the *HUD* program was \$30 million.

Energy-Savings Equipment Loans Available

HUD has announced that **FHA**-insured loans are now available to purchase and install energy-saving solar systems and equipment for existing structures.

Owners of single-family homes may obtain such loans in amounts up to \$15,000... repayable in up to 15 years and at an interest rate of no more than 12 percent.

There are now 10,000 **FHA**-approved lenders who are participating in the *Title I Home Improvement Program* under which the insurance is issued. In calendar year 1976... 292,000 loans totaling \$953 million were insured through the *Program*.

The solar equipment loans are available under an addition to **HUD-FHA's Minimum Property Standards** adopted last July for newly-constructed homes. Owners of existing homes may now obtain the loans where the equipment meets the same requirements for quality under this Standard.

HUD Assistant Secretary for Housing-**FHA** Commissioner Lawrence B. Simons said the expansion of the solar systems program is designed to support President Carter's program of encouraging more efficient use of energy resources.

Borrowers interested in obtaining these loans should contact their local lending institutions for further information.



New Publication

The Airport City... subtitled *The Future Intermodal Transportation System*. Asks the question if there is any hope for the frustrated air traveler who spends more time fighting his way across town and through the airport than he does in flying from city to city. A drastic change in planning of airports is necessary. Published by **Conway Publications**. Paper. 334 pages. Available from the publisher, 1954 Airport Road, Atlanta, Ga. 30341. Price \$35 postpaid.

HUD newsletter

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. The Secretary of HUD has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through September 30, 1979.

HUD-318-307-ASI
November 21, 1977

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
HUD-401



FIRST-CLASS

HUD NEWSLETTER
November 21, 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



November 28, 1977

Vol. 8 No. 48

Current Trends

Savings flows continue to decline... a trend that began at mid-year. The estimated inflow at S&Ls in October (subject to revision) was \$2.6 billion... 29 percent below the comparable month in 1976. In September... the rate of inflow was \$1.55 billion... 31 percent below a year earlier. At the current rate... it appears that the inflow for the year 1977 will be \$35 billion... 11.8 percent lower than the \$39.6 billion in 1976. *Mutual Savings Banks* also showed a substantial change. They experienced an outflow in September of \$100 million... compared to a \$75 million increase in September 1976. For both groups of thrift institutions... the 2-month record in September and October was a 29 percent decline in inflows from the September-October rate of 1976. These figures are based on reports from the *Federal Home Loan Bank Board*, the *Mutual Savings Banks Association*, and the *Economics Department of the National Association of Home Builders*.

The impact of the drop in savings inflows on mortgage funds... which was inevitable and not unexpected... along with the recent upward trend in short-term interest rates... has brought about a rise in long-term interest rates... including home mortgages. According to the *FHLBB*... there was an average 3-basis-point rise in interest rates from early September to early October... accompanied by a slight increase in initial fees and charges... commonly called 'points'... during the period. At the same time... a small decrease in average maturity terms for mortgages came about... to 27.7 years. Spokesmen for the S&L industry... at the annual convention of the *U.S. League of Savings Associations*... expressed concern over the interest increases and feel the situation is "casting a cloud over a bright housing picture and obscuring an otherwise clear view of growing demand for at least a decade to come."

The *Veterans Administration* reports that during fiscal year 1977... which ended September 30... activity in the *VA Mortgage Guarantee Program*... created by the so-called 'GI Bill of Rights' in the mid 1940's reached its highest level in more than 20 years. Appraisal requests... the preliminary to applying for a VA loan... rose 13 percent above the 1976 level... to 711,700... the highest since the peak home-building years of 1955 and 1956. Actual applications during the year reached 45,900... up 19 percent above 1976... and also the greatest number since the 1955-56 era. Much of the increase can be attributed to the action by *Congress* in 1976 restoring the eligibility to many veterans whose eligibility had expired.

Housing starts in October rose 6 percent above September... reaching a seasonally-adjusted annual rate of 2.179 million units. This was the fourth consecutive month that the level exceeded the 2 million annual-rate. The month's performance was 27 percent ahead of October 1976... and was the largest single monthly rate since May 1973... when it reached 2.266 million units. New permits issued... for future housing construction... also rose... to 1.852 million units... 9 percent higher than October... and 25 percent above the October 1976 level. Housing starts for the first 10 months of this year were 31 percent higher than the same period of 1976.



New Publication

Integration in Housing: A Plan for Racial Diversity... prepared by the *Planning Division of the Village of Park Forest, Illinois*. Discusses how segregation can be maintained and how to prevent racial resegregation. 216 pages. Available for \$5.00 from the *Planning Division, Village of Park Forest, 200 Forest Blvd., Park Forest, Ill. 60466*.

CAI Issues Manual

The *Community Associations Institute*. . . a nonprofit organization engaged in research and education in the field of community associations. . . has just released the first in a series of publications that will eventually make up a definitive manual for practitioners who work with condominiums and homeowner associations.

The first issuance. . . *Association Management*. . . is the result of a unified "success-sharing" effort by 60 leading practitioners from condominium and homeowner associations nationwide. The final goal is to have a loose-leaf reference manual. . . called *Guide for Association on Practitioners (GAP)*. . . which will include four reports that will be issued early in the coming year. . . in addition to the already issued *Management* report. The first two scheduled for release in 1978 are *Architectural Control* and *Transition from Developer Control*. Other reports will include: communications, assessment collection, association insurance needs, and, a case study of one community association's problems and successes.

The first issuance is priced at \$10. . . and the remaining four sections at \$24. . . postpaid from CAI, 1200 - 18th St., N.W., Washington, D.C. 20036. Bulk prices are available.



GNMA to Hold Mortgage Sale

GNMA will offer for sale about \$106 million in conventional home mortgages beginning November 29.

The loans were purchased by GNMA under the GNMA/FNMA Conventional Home Mortgage Program created by the Emergency Home Purchase Assistance Act of 1974. The sale program will be conducted for GNMA by the Federal National Mortgage Association (FNMA).

On November 28. . . GNMA will announce the prices at which it will accept offers for the mortgages. GNMA reserves the right to change these prices at any time. From November 29 through December 2. . . offers will be accepted from current GNMA servicers only and only for those mortgages being offered which are serviced for GNMA.

Beginning December 5. . . and until the program is terminated by GNMA. . . offers will be accepted, at the announced prices. Prevailing prices may be obtained by calling (202) 293-5240 on any FNMA business day. The prices will also be announced on *Amminet*. . . the electronic communications system that transmits mortgage price quotations on the same general basis as stock market prices are sent out.

Offers may be made by telephone beginning November 29 in accordance with the terms and procedures contained in an announcement dated October 28. Interested persons should contact the nearest FNMA Regional Office for copies of this announcement and further information regarding the sale.



Taxpayers Paid More in 1976

The average American had a greater State and local tax burden in fiscal year 1976 than in 1975. Average for all Americans in 1976 was \$731. . . a jump of \$67 per person. These figures were part of a study conducted by the *Commerce Clearing House*. . . the Chicago-based tax and business law publishing firm.

The tax burden increased in every one of the 50 States and the District of Columbia during the year. . . with a shift of the largest tax bite from New York State to Alaska. New York had led the country in tax take per person for 10 years. . . but Alaska is now in first place. The range is from a low of \$454 in Arkansas to \$1896 in Alaska. New York. . . in second place. . . was \$1,140 per person. . . and was the only State other than Alaska to exceed the \$1,000 level.

Other States in the highest group. . . California, \$964; Hawaii, \$935; District of Columbia, \$924; Massachusetts, \$903; Wyoming, \$823; Nevada, \$820; and Maryland, \$814.

FHLBB to Monitor Nondiscrimination Requirements

The *Federal Home Loan Bank Board* has proposed a series of rule changes to enable it to monitor *S&L* compliance with the *Equal Credit Opportunity* provisions of *Title VIII of the Civil Rights Act of 1968* and other civil rights statutes. (Similar rules were published earlier by the *Federal Deposit Insurance Corporation*.) The monitoring commitment follows settlement by the *FHLBB* last spring of a suit brought by 10 civil rights organizations. The rules... if adopted... would replace the monitoring provisions of the *Federal Reserve's Regulation B* for insured institutions.

The proposal calls upon *FSLIC*-insured institutions to ask... but not require... loan applicants to furnish their race/national origin, sex, marital status, and age after providing them with a written notice explaining that the information is requested by the *Federal Government* to monitor compliance with nondiscrimination statutes. The *FHLBB's* proposal defines "application" to include oral, as well as written requests for credit "and that request is informally or formally approved or denied or results in a counter-offer." The definition goes on to say "The term (application) excludes general inquiries about interest rates and other loan terms, but includes all instances when specific information about the inquirer or dwelling is disclosed." The proposal sets out a sample "loan application register" and states that forms are being designed on which *S&Ls* would report to the *Board* totals of applications received, approved, or denied according to the race, sex, and marital status of applicants. All documentation would be kept for 25 months under the proposals.

The *Board* is also proposing a temporary 1-year survey of perhaps 500 institutions to determine whether designation by loan officers of applicants' race and sex (using visual or surname examination), when not voluntarily supplied, would strengthen the *Board's* ability to detect discrimination patterns.

Comments are requested before December 9, 1977... to *FHLBB*, Washington, D.C. 20552.



Bank Board Acts Increases Home Loan Limits

The *Federal Home Loan Bank Board* has amended its regulations to implement key sections of the new *Housing and Community Development Act of 1977*.

The amendments:

- Permit *Federal Savings and Loan associations* to make loans up to \$60,000 (up from \$55,000)... to \$90,000 for Alaska, Guam, and Hawaii... for single-family homes without those loans being counted against percentage-of-assets limitations. And only the amount exceeding \$60,000 will be subject to general percentage-of-assets limitations.

- Eliminate a requirement that loans for multifamily dwellings must be included in a special percentage-of-assets category when dollar limitations for *HUD* rental family housing insurance are met.

- Increase the ceiling on home improvement, repair, and equipping loans to \$15,000 (from \$10,000).

Robert H. McKinney, *Board Chairman*, said: "The increase in the dollar amount for home mortgages is needed because the median price of homes... \$49,500 for new homes in August 1977... is quickly approaching the dollar limit that associations may lend without imposing restrictions. The result will be more readily available mortgage credit. Increasing the dollar amount to borrowers will get results and not just ideas."



FYI

National Association of Housing and Redevelopment Officials... Workshop... Neighborhood Conservation as a Strategy for Revitalizing Communities: Its Role Within an Overall Development Plan... San Francisco, December 7-9. Details: December Workshop Registrar, NAHRO, Suite 404, 2600 Virginia Ave., N.W., Washington, D.C. 20037.

License Officials Join Fair Housing Effort

HUD has announced the approval of an *Affirmative Fair Housing Agreement* by the *National Association of Real Estate License Law Officials (NARELLO)* at its annual meeting in Atlanta. Secretary Harris signed the *Agreement* on behalf of HUD. The ratification action formalizes the joint effort of NARELLO and HUD to promote fair housing through the licensing of real estate agents.

Major provisions of the *Agreement* include:

- A requirement for each real estate licensee and candidate for a license to receive education in *Fair Housing* principles and practices.
- Testing on *Fair Housing* principles and practices in real estate licensing examinations.
- Disciplinary action against licensees who violate *Fair Housing* laws.
- Affirmative efforts to assist minorities and women in entering the real estate business.

The *Agreement* is authorized by *Section 809 of the Civil Rights Act of 1968*.

Secretary Harris said the *Agreement* is designed to be executed separately by each State real estate licensing authority... with HUD furnishing technical assistance. HUD will seek adoption of individual *Agreements* by the various States.

HUD has previously signed *Affirmative Marketing Agreements* with the *National Association of REALTORS (NAR)* and the *National Association of Real Estate Brokers, Inc. (NAREB)*... under which real estate practitioners make a direct commitment to promote *Fair Housing*.

HUD newsletter

HUD-318-308-ASI
November 28, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. The Secretary of HUD has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through September 30, 1979.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401
FIRST-CLASS



HUD NEWSLETTER
November 28, 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



December 5, 1977

Vol. 8 No. 49

Current Trends

HUD's November 1 opinion survey on conditions in the mortgage market indicated that for the second consecutive month, there was a decline in the national average secondary market price for *HUD/FHA* new-home mortgages with 30-year terms and minimum downpayments. As of November 1... the price was \$97.8 per \$100 of outstanding loan amount... down one-half a point. The equivalent gross yield at this price was 8.78 percent... up from 8.72 percent a month earlier.

Urban Renewal Project notes totaling \$135.7 million... representing 58 local issuing agencies... were sold in mid-November at an average interest rate of 3.355 percent. The average interest rate for the \$115.3 million of project notes sold in mid-October was 3.457 percent.

The *Commerce Department* reports that construction spending in September rose to a seasonally-adjusted rate of \$173.7 billion... up from the August rate of \$171 billion.

Participants in the semi-annual *Residential Construction Forecast Conference* conducted by the *National Association of Home Builders* expressed a consensus that 1978 will show a moderate decline in housing starts from the 1977 rate of 1.9 million to a range of 1.7 to 1.85 million units. There was also general agreement that the number of single-family starts will drop... and a larger percentage of starts will be in the multifamily category. For 1979... the participants felt an even further decline... to somewhere around 1.5 million... was likely.



HUD Invites Diversified Neighborhood Proposals

In the *Federal Register* of November 14... *HUD* announced that it has made available \$5 million in grants to carry out innovative proposals that will produce new or better ideas for revitalization of inner cities through private or public investment.

HUD's objectives include stimulating urban reinvestment activities and programs, reducing the level of isolation of high and low-income groups within communities, and promoting diversified neighborhoods by lowering the concentration of low-income housing.

All States, cities, and towns are eligible to submit proposals. They must be filed by January 27, 1978, with Robert L. Blake, Project Officer, *HUD Office of Policy Planning*, Room 7162, Washington, D.C. 20410 (202/755-5970). Call or write for further information.

Selection of proposals will be principally through competition.

In judging entries... criteria will include consideration of whether the innovative proposal reduces or eliminates the problems created by dislocation of low- and moderate-income persons. Proposals... *HUD* emphasized... must be innovative and not merely variations or improvements on currently successful operations.

Secretary Urges Expansion of Lower-Income Housing

Secretary Harris... speaking to the *National Association of REALTORS* in Miami ... outlined a 3-point program to expand housing opportunities for lower-income people living in America's inner cities. She told the *REALTORS* they will be expected to play a vital role in all elements of the program. The three points:

- Opening up suburban housing markets to inner city residents... which could be just as important as jobs and increased income in trying to solve the problems of race and poverty in America.

- Targeting *HUD* resources in a *Neighborhood Strategy Area Program* to revitalize older neighborhoods. City governments will be asked to identify a specific area for concentrated reinvestment by the public and private sectors. These areas will be given an infusion of *Community Block Grant Development* funds, plus their share of 20,000 units of *Section 8* and *Public Housing*, plus a commitment to make *FHA* insurance generally available in the area.

- Supplying resettlement services to keep long term residents from being displaced as more middle-income Americans are drawn back to the central city by revitalization projects.

On the question of limited access to suburban housing... the Secretary said she recognized that both jobs and maintaining income levels could be the foundations for a national policy to mitigate the harmful effect of poverty.

But this strategy is doomed to failure, she said, unless it considers "the central fact of American life... that where you live... especially if you are poor... determines where and if you can work."

"You, as much as anyone else, influences who has access to suburban housing markets," the Secretary told the *REALTORS*. "You, as much as anyone else... can open the doors that have been closed all these years to both the poor and minorities."

Mrs. Harris said other components of housing, including bankers, investors, developers, housing managers, local and Federal officials also shape the options in local housing markets.

But in the strongest possible terms she urged the *REALTORS* to accept their share of the leadership responsibility on this issue.

"You must take affirmative steps," she said, "to eliminate discriminatory practices in local real estate transactions."

The Secretary praised the *Association* for its initiatives in neighborhood revitalization, and sought its cooperation in carrying out the *Neighborhood Strategy Program*.

Between 1973 and 1975, she said, while middle-income homeowners gained more than 1.2 million units, low- and moderate-income families lost more than 985,000 home-owned units in the central cities.

"We must take care to guarantee that those least able to weather the rapid changes in housing markets are not thoughtlessly uprooted by market forces which gives them no alternative choices for decent and affordable housing," she said.



FYI

Building Officials and Code Administrators International... 1978 Midwinter Meeting ... Fort Lauderdale, January 2-6. Details: *BOCA International*, Attn: Joan Parker, Staff Secretary, 1313 East 60th St., Chicago, Illinois 60637 (312/947-2580).

Northeastern Retail Lumbermen's Association... Convention... Boston, January 6-8. Details: James E. Dunbar, *NRLA*, 339 East Ave., Rochester, New York 14604 (716/325-1626).

Housing Activity Continues High

The October report of private housing starts and permit issuances reported by the *Census Bureau* (see *Newsletter* of November 28) showed the seasonally-adjusted annual rate of all privately-financed housing starts of 2.179 million. Single-family starts during the month were 1.555 million units... the highest recorded for any November since the *Bureau* began this monthly report back in 1960. New permits for future housing construction also reached new highs for single-family units... 1.852 million units.

Apartment buildings... with 5-or-more units... were started at an annual rate of 498,000 units... 31 percent higher than the 416,000 in September. New permits issued for multifamily units also reached near-record highs.

During the first 10 months of this year... there were 1.7 million housing units actually started... 31 percent higher than the 1.3 million starts in the first 10 months of 1976.

Geographically... the multifamily starts increased in every quadrant of the Nation over October 1976. (In thousands of units... 1976 figures in parentheses.) Northeast, 244 (173); North Central, 480 (431); South, 930 (611); West, 525 (500).



Under Secretary Cites Importance of Housing in Economy

Speaking to the *15th Semiannual Residential Construction Forecast Conference* conducted by the *National Association of Home Builders* in Washington... HUD Under Secretary Jay Janis pointed to the tremendous contribution housing construction makes to the national economy... in addition to it being a key tool in the revitalization of urban America.

Housing for the poor, he said, must be made available outside as well as inside the center city. It must also range over a wide variety of housing choice, including home-ownership, rental housing, housing for the elderly, for families, for working Americans and the handicapped, along with strong counseling programs and community support services.

The HUD official said subsidized housing programs must continue at predictable, non-cyclical levels.

Citing some of the so-called 'externals'... the economic benefits of subsidized housing... Mr. Janis said every single-family housing start generates 1.68 person-years in the labor force, and every multifamily unit built provides .79 person-years of labor.

"In addition," he said, "each assisted unit generates \$4,610 in Federal revenues, \$460 in State revenues, and \$960 in local revenues, for a total of \$6,030."



New Revitalization Brochure Available

"*NHP—A Resource to Revitalize the City*" points out how the *National Housing Partnership* can work with city governments, community groups, and local builders to help revitalize the cities.

NHP has become the largest private developer of housing for low- and moderate-income families in the Nation... and already a major force in rejuvenation of cities... by following a flexible formula, enlisting needed local support, and employing Federal and local financing programs. *NHP* recently created a new *Urban Revitalization Division* to generate increased development and rehabilitation activities. *NHP* provides equity capital and/or joint venture funds to partnerships formed with developers, builders, and community organizations.

The 24-page brochure points out that *NHP* has been a partner in the development of almost 40,000 housing units, more than 25 percent inner-city projects. Copies are available free from the *Department of Corporate Affairs, The National Housing Partnership*, 1133 Fifteenth St., N.W., Washington, D.C. 20005. Please enclose a self-addressed stamped envelop 9½ by 4 inches.

GNMA Tops \$50 Billion in Housing Guarantees

Only 7 years ago... *the Government National Mortgage Association (GNMA)* was an infant in the mortgage market. In November... *GNMA* topped the \$50 billion mark in guaranteeing mortgage-backed securities that help finance the Nation's housing.

In announcing the achievement... John H. Dalton, President of *GNMA*... said more than 1.8 million homes have been financed through its securities program since its inception in February 1970 as part of *HUD*.

Ginnie Mae guaranteed its first issue on February 19, 1970... and at the close of that year its volume barely exceeded \$450 million... an amount the organization now surpasses every month. "The loans backing the securities are either *FHA*-insured or *VA*-guaranteed and are a vital element in financing homeownership for middle-income Americans," the *GNMA* official said.

"The pace of new mortgage-backed security issues has accelerated particularly during the past year," Mr. Dalton said. "More than \$15.5 billion has been guaranteed since the beginning of the year and... \$5.4 billion was guaranteed during the last 3 months alone."

GNMA guarantees private-issued securities backed by pools of mortgages. The guaranty runs to the investor—the holder of the security certificates—and assures the timely payment of monthly principal and interest. Most of the mortgage-backed security issues are so-called 'pass-throughs'... the issuers simply 'pass through' to the investors the principal and interest payments made each month on the mortgages.

The securities bear the full faith and credit guaranty of the *Federal Government*. They have proved an attractive investment to large numbers of investors who otherwise would not be involved in home finance. "*Ginnie Maes* are probably the single most innovative approach to housing finance in the past 40 years," Mr. Dalton said.

HUD newsletter

HUD-318-309-ASI
December 5, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. The Secretary of HUD has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through September 30, 1979.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401
FIRST-CLASS



HUD NEWSLETTER
December 5, 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



December 12, 1977

Vol. 8 No. 50

Current Trends

Mutual Savings Banks had an above-average net deposit inflow of \$290 million in October... according to the *National Association of Mutual Savings Banks*. In September... adverse seasonal factors had contributed to a net deposit outflow of \$137 million. Interest credited to accounts in October totaled \$300 million, resulting in a net increase in savings bank deposits of \$590 million. In October 1976... savings banks had a record \$582 million inflow. At that time, yields on competing open-market instruments were lower than is now the case.

While the *Mutual Savings Banks* were experiencing a substantial inflow in October... *S&Ls* felt a downward trend. The *U.S. League of Savings Associations* reported that savings flows into *S&Ls* were 27 percent below the October 1976 rate... down to \$2.5 billion... from \$4.3 billion a year ago. For the first 10 months... the rate of increase was a moderate 4.7 percent above the same period of 1976. The *Association* reports that the slowdown in new savings reflects the rise in short-term interest rates... which creates more competition for the savings dollar from other types of investments. Despite the savings slowdown... however... the pace of mortgage lending continues high. In October... *S&Ls* increased their mortgage lending by \$9 billion... 32 percent higher than the same month of 1976. For the first 10 months... the total was \$89 billion... 36 percent above a year ago.

The *Conference Board*... one of the Nation's most authoritative research groups... reports that home-buying plans of Americans are running at near-record rates... showing a 10 percent improvement from September to October. This is true even though general consumer confidence seems to be more lackadaisical. According to the *Board*... "in the 10-year history of our nationwide survey... consumer sentiment has never remained as noncommittal as it has during the past 20 months."

FNMA's mid-November auction of mortgage yields were down and conventional mortgage yields were up in the sale of commitments on *FHA/VA* loans. The auction included \$69.5 million in commitments on *Government*-backed mortgages at a weighted average yield of 8.856 percent. The average in the previous auction was 8.862 percent. In the conventional auction... \$202.8 million in commitments were sold at a weighted average yield of 9.159... up from 9.140 in the previous auction.



Significant Decision

Sadie Cole, et al. v. Patricia Roberts Harris, et al., U.S. Court of Appeals for the District of Columbia, Civ., Nos. 75-2268, 2269, and 77-1360. The *Court of Appeals* has ruled that tenants in the *HUD*-owned *Skytowers Apartments* project, acquired following foreclosure of an *FHA*-insured mortgage, are entitled to benefits under the *Uniform Relocation Act* subsequent to receiving from *HUD* a notice to vacate the property in order to facilitate the property disposition program approved for the project. To qualify for benefits under the *Act*, individuals must fit within the *Act's* definition of "displaced persons". The *Court* interprets the definition to create two categories of "displaced persons": those who move as a result of a conscious and voluntary decision of a Federal or federally-funded agency to acquire property for a Federal program or project; and those who move as a result of a written order of the acquiring agency to vacate the property for a Federal program or project. Under the second circumstance the *Court* rules that as long as the written order furthers a Federal program or project (in this case the demolition of *Skytower Apartments*) the acquisition need not be voluntary or for a Federal program or project.

NOT TO BE TAKEN
FROM THE LIBRARY

Dodge Predicts Continued High Construction Activity

The *F.W. Dodge Division of McGraw-Hill* monthly report of new construction contracts entered into in September... and reflecting future construction activity... showed a 39 percent rise above the September 1976 level... reaching a total of \$13.7 billion. Broken down... nonresidential construction contracts were \$3.6 billion... up 31 percent above the same month in 1976... housing up 44 percent to \$5.5 billion... and heavy construction up 40 percent... to \$4.6 billion. In the housing category... a significant development was the sharp increase in multifamily structures... which for the past 3 years have lagged behind single-family activity. For the first 9 months of the year... contract volume was \$108.3 billion... 29 percent higher than the same period of 1976.

As it does each October... *Dodge* also issued its prediction for the next year. Its annual *Construction Outlook for 1978* states that the 3-year-old construction industry recovery has entered the phase that will see housing activity begin to recede... that nonresidential construction will take over as the stronger element... and that the overall growth of construction in 1978 will be sustained at a moderate level.

In actual figures... an 8 percent rise in total contract value for all types of construction is expected in 1978... to a \$147 billion level. This follows the 24 percent rise in 1977 over 1976... and a 19 percent increase in 1976 following 1975's poorest-in-a-decade performance.

In the residential construction category... the *Dodge* analysis foresees a 20 percent rise in apartment construction value during the year... with single-family dollar expenditures remaining unchanged from 1977. The estimated value of new manufacturing buildings (up 30 percent over 1977) is the only category of building that is expected to show a higher rate of rise than multifamily construction.

Residential construction *in toto* is likely to rise 3 percent in 1978 over the current year's activity... from \$59.7 billion to \$61.6 billion. Nonresidential (office buildings, commercial, manufacturing) is foreseen as increasing 20 percent from \$17.8 billion to \$21.4 billion. Nonbuilding construction (streets, highways, sewers, etc.) will probably rise 9 percent... according to the *Dodge* estimate... from \$43 billion to \$46.9 billion.

The breakdown of the dollar value of the residential category is: 1- & 2-family units... (1978) \$48.6 billion... (1977) \$48.8 billion; apartments... (1978) \$11.8 billion... (1977) \$9.78 billion; nonhousekeeping residential... (1978) \$1.15 billion... (1977) \$1.25 billion. In number of units produced... a drop of 6 percent is estimated in single-family; a 16 percent rise in apartments; and 3 percent in nonhousekeeping units.



U.S. is Tenth in Home Ownership

Many people are of the opinion that this country is among the leaders in homeownership in the world. A recent article in the *Los Angeles Times*... using 1970 Census figures as its authority... says that only 63 percent of the 63.5 million dwelling units in the U.S. 1970 housing inventory were owner-occupied. The *United Nations* has issued figures that show that India, Israel, Australia, Mexico, Tunisia, South Korea, the Philippines, Pakistan, and Mongolia have higher ratios of owner-occupancy. Canada... our northern neighbor, with a 60 percent rate, falls behind both our southern neighbor... Mexico... and the U.S.

The percentages: Australia, 67; Mexico, 66; India, 85; Israel, 65; Tunisia, 71; South Korea, 69; Philippines, 79; and Pakistan, a surprising 85. For other countries... that have comparable or smaller percentages than the U.S., the figures are: Japan, 58 percent; Panama, 63; United Kingdom, 50; Argentina, 59; Switzerland, 28; Uruguay, 39; Sweden, 35; Chile, 54; France, 45; Brazil, 60; West Germany, 34; and Colombia, 61.

In the U.S., while California and New York have the largest number of dwelling units... Michigan, Indiana, and Iowa lead in owner-occupancy.

HUD Strengthens Labor Standards Enforcement

Citing "long standing organizational and staffing deficiencies" that have deprived workers of their rights on federally-assisted and insured construction, Secretary Harris has announced a major increase in the *Department's Labor Standards Enforcement Staff*.

The Secretary said: "*HUD's* labor relations personnel will be more than doubled from 32 to 70, so that each *Area Office* for the first time will have a representative to enforce compliance with the law. Each of *HUD's* 10 *Regional Offices* already has a *Labor Relations Officer*.

The Secretary's announcement followed a review of *HUD's* track record for labor laws enforcement, which included findings by the *General Accounting Office* and *HUD Inspector General* of "prevalent violations with no indication of any enforcement activity taken by *HUD*" under the two previous administrations.

"Many of these problems I found were the result of long standing organizational and staffing deficiencies combined with the absence of any priority for meeting statutory requirements for labor standards," said Mrs. Harris.

Under the *Davis-Bacon Act*, *HUD* is charged with enforcing the requirement that prevailing wages, set by the *Labor Department*, are paid workers on *HUD*-assisted and insured construction.

In addition, the *Department* is responsible for enforcing overtime provisions of the *Contract Work Hours and Safety Standards Act*, and the *Copeland Act* protecting workers from being forced to kick back part of their wages to secure employments.

Secretary Harris, quoting from a *HUD Inspector General* report of 1976, said: The prevalence of labor standards violations was so widespread and so extensive that it was clear to us that *HUD* had not met its responsibilities in obtaining compliance with labor standards provisions."

The *Inspector General* had called for "extensive organizational change, increased and more efficient use of staff, and assigning a much higher priority to achieving labor standards compliance in *HUD* programs."

"My review has disclosed that none of those recommendations was followed," Mrs. Harris said.

"We must now assure that the working people who restore our neighborhoods and build our cities and towns do so with dignity."

The increased staff, she said, would stress prevention of labor standards violations through more intensive contractor education as well as more frequent construction site enforcement inspections.

She said "Every attempt will be made to move qualified *HUD* employees into the new positions for labor standards enforcement before looking outside *HUD* for personnel."

"We hope to have the most effective labor standards enforcement of any Federal contracting agency," the Secretary added.



New Publication

Beyond URLTA: A Program for Achieving Real Tenant Goals. A reprint of an article in the *Harvard Civil Rights-Civil Liberty Law Review*...describing the contents and State-by-State progress of the *URLTA... Uniform Residential Landlord-Tenant Act*. Single copies of the reprint are available without charge from the *National Housing and Economic Law Project... Earl Warren Legal Institute, University of California, 2313 Warring Street, Berkeley, CA 94704*.

New NAHRO Publications

The *National Association of Housing and Redevelopment Officials*. . . the professional organization of housing management officials. . . has recently issued the following publications:

Housing for the Handicapped and Disabled: A Guide for Local Action. . . by Marie McGuire Thompson. . . the book offers local community groups, public housing officials, architects, and developers a step-by-step guide to the housing development process. It covers functional design; accessible site location; special service and management requirements; new Federal programs; and subsidies. *NAHRO Publication No. N588*. . . 176 pages, softbound . . . Price: \$5.00 prepaid.

The Target Program: A Basic Resource Book. . . by Amy Kell. . . This technical bulletin analyzes, in narrative form, the concept, history, and scope of the *Target Projects Program* and, shows how *PHAs* have used the goals and objectives of *TPP* to improve the livability of Public Housing projects through management innovations; maintenance improvements; tenant services; and social service programs. *NAHRO Publication No. N589*. . . 72 pages, softbound. . . Price: \$6.50 prepaid. . . (*NAHRO* Members: \$3.50 prepaid.)

Trends in Housing Management. . . a series of reprints from the *Journal of Housing* 1972-1976. . . provides Public Housing officials and public and private multihousing project managers with reference materials, ranging from perspective of management problems and trends to specific approaches to specific local problems. *NAHRO Publication No. N586*. . . 204 pages, softbound. . . Price: \$9.00 prepaid. . . (*NAHRO* Members: \$6.00 prepaid.)

Public Housing Management in the Seventies—Readings. . . edited by Frederic M. Vogelsang. . . Views public housing management in the 70's against its full history and evolution, drawing from a background of experience that dates back to 1935. *NAHRO Publication No. N564*. . . 180 pages, softbound. . . Price: \$15.00 prepaid. . . (*NAHRO* Members: \$6.00 prepaid.)

All are available from *NAHRO*, 2600 Virginia Avenue, N.W., Washington, D.C. 20037. Payment should accompany orders. Quantity discounts are available.

HUD newsletter

HUD-318-310-ASI
December 12, 1977

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development. . . Patricia Roberts Harris, Secretary. . . James C. Biller, Editor. Subscription rate \$12.50 per year, domestic. . . \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. The Secretary of HUD has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through September 30, 1979.

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
HUD-401



FIRST-CLASS

HUD NEWSLETTER
December 12, 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



December 19, 1977

Vol. 8 No. 51

RECEIVED
DEC 22 1977
SEASON'S GREETINGS
from all offices at HUD

Current Trends

In the November 18 *Federal Register*... the *Federal Trade Commission* published a proposed regulation covering home insulation. The proposed rule would require all package labels and advertisements to disclose the insulating materials ability to lower energy use. Comments from the public are invited... and a hearing will be held late in February 1978.

Property tax revenue of State and local governments rose 10.7 percent during fiscal 1976... from \$51.5 billion to \$57.0 billion... according to the *Census Bureau*. This represents the largest such increase since an 11.5 percent rise in 1971-72. Local property taxes are the major source of these revenues... accounting for \$54.9 billion in fiscal 1976. Property subject to local general property taxation in 1976 was officially assessed at \$1.2 trillion. Copies of *Assessed Valuations for Local General Property Taxation, Preliminary Report No. 2 of the 1977 Census of Governments*, are \$1.15 from the *Census Bureau*, Washington, D.C. 20233.



HUD Forms to be Simplified

HUD plans to ease one of life's vexing ordeals for many thousands of Americans... filling out the forms required to do business with the *Department*.

Relief for these frustrated citizens is in sight. Secretary Harris has decided they have suffered enough from the agonies of:

- . Filling out forms with boxes and spaces so small as to invite writer's cramp.
- . Trying to read type so small you need a microscope.
- . Translating into readable English the technical jargon that appears in so many of the forms the average citizen is asked to fill out.

As a beginning... all *HUD* forms... both new and revised... will be written in everyday English. Also... forms will have spaces roomy enough for required answers. The type-size will follow the guidelines required by some States that specify a minimum type-size for consumer contracts.

How Americans Rate Their Neighborhood

Almost four-fifths (79 percent) of the Nation's households with incomes of \$5,000 to \$14,999 per year considered their neighborhood a good or excellent place to live ... according to a joint report by HUD and the Census Bureau.

The 1973 *Annual Housing Survey* showed that a good or excellent rating was given to their neighborhood by fully 89 percent of the \$15,000 or more income group and even by 74 percent of the less than \$5,000 income group.

Only 4 percent of the middle-income households indicated that specific conditions in their neighborhood, such as crime, were so objectionable they wanted to move.

The statistics indicate that higher value units (\$35,000 or more) generally had fewer "problems" than lower value units (less than \$10,000) and that higher rent units (\$200 or more per month) generally had fewer "problems" than lower rent units (less than \$70).

Copies of the report, *Financial Characteristics by Indicators of Housing and Neighborhood Quality: 1973, Series H-151-73, No. 1*, are available for \$4.60 each from the Superintendent of Documents, Washington, D.C. 20402.

In another report in the series... it was discovered that although approximately 4 out of every 5 American households feel that they live in good or excellent neighborhoods ... almost half (49 percent) considered them too noisy... according to another joint HUD-Census Bureau report.

Heavy traffic and poor street lighting were also frequently reported as annoying neighborhood conditions... by approximately 31 percent and 21 percent, respectively, of the Nation's households. In regard to neighborhood services... roughly 41 percent of all households felt that public transportation was inadequate... and about 14 percent reported shopping facilities as being unsatisfactory.

Despite these complaints... only about 3 percent of the residents of these households want to move because of objectionable neighborhood street conditions, and only 4 percent want to move because of inadequate neighborhood services.

Copies of the second report, *Part B, Indicators of Housing and Neighborhood Quality, Series H-150-74B, Advance Report*, are available for \$1.90 from the Subscriber Services Section, Census Bureau, Washington, D.C. 20233.



California Grants Solar Tax Credit

A *Los Angeles Times* article said: "Always alluring in theory, the use of sun power in the home became a significantly more practical dollars-and-cents concept for California homeowners."

Governor Brown signed into law a bill that gives Californians an income tax write-off of up to \$3,000 for installation of solar energy systems in their homes.

With the legislation, there now is a double incentive for use of solar energy: (1) a savings on utility bills (natural gas for a hot water heater runs about \$40 a year) and (2) an initial investment, after the tax cut, that is more within the means of most homeowners.

And, Brown said in signing the bill, the new law provides "a considerable subsidy to an infant industry."

The bill allows a homeowner to deduct up to 55 percent of the cost of a solar unit (a maximum credit of \$3,000) from his or her income tax. Commercial or industrial units costing more than \$6,000 qualify for a 25 percent *State* income tax credit.

County Government Employment Rises

County employees in the United States totaled 1.6 million in October 1976... an increase of 2.4 percent of an estimated 37,000 employees... from October 1975. At the same time... payrolls amounted to \$1.3 billion... a 9.4 percent increase, while the average October pay of full-time employees rose 6.5 percent over the same month in 1975.

These figures are part of a *Census Bureau* annual report on county government and payroll data. The report notes that... in 1975-1976... the number of county government employees rose at a rate higher than that of State governments (up 2.2 percent) and other types of general-purpose local governments (cities were down 2.5 percent from October 1975 to October 1976).

During the period from 1971 to 1976, full-time equivalent employment in county governments rose at an average annual rate of 4.7 percent and the payrolls increased at an annual rate of 12.4 percent. Average October earnings of full-time county employees rose at an annual rate of 7.3 percent during this 5-year period. (The full-time equivalent measure is calculated by dividing the average monthly pay for full-time employees into the aggregated pay for all full-and part-time employees.). The trend of county employment in October of each year:

Year	All employees (full-time and part-time	Monthly payroll
1946	417,000	\$ 58 million
1956	620,000	162 million
1966	1,043,000	414 million
1976	1,600,000	1.3 billion

Governmental functions most commonly conducted by counties include building and maintenance of highways, public welfare, health, police protection, correction, financial administration, and general control. However, other services provided in some counties, such as schools or hospitals, comprise a considerable portion of all county employment and payrolls.

In most States, public schools are provided by school districts, but in Alaska, Maryland, North Carolina, Tennessee, and Virginia, public schools for elementary and secondary education are provided primarily by county governments. In these States, education represents about three-fifths to four-fifths of total county employment and payrolls, the report shows.

In October 1976, education and hospital functions accounted for more than one-third of all employment and payrolls of county governments. Education accounted for more than 20 percent of full-time equivalent and 22 percent of the payrolls; hospitals 15 percent of the employment and about 14 percent of payrolls.

The report provides national and population size group estimates for all county governments and shows data individually for each of the 332 counties which had an estimated population of 100,000 or more in 1973. Although the 332 largest counties comprise only about 10 percent of the total of all county governments, they had more than

61 percent of all county employment and 70 percent of all county payrolls in October 1976.

The report... *County Government Employment in 1976, GE76, No. 4...* is available for 70 cents from the *Subscriber Services Section, Census Bureau, Washington, D.C. 20233.*



New Publication

Enclosing Behavior... by Robert B. Bechtel, *Environmental Research and Development Foundation*, Tucson, Arizona... Shows how ecological psychology... a relatively new field of social investigation... can be used to design better environments, and how the architect and planner can grasp the global view of human behavior he needs for designing. From *Dowden, Hutchinson and Ross, Inc.*, Publishers... 523 Sarah Street, Box 699, Stroudsburg, Pa. 18360.

Publications Available

Ecology and Environmental Planning... by J.M. Edington and M.A. Edington, of *University College*, Cardiff, Wales. In recent years there has been a growing realization that ecology as a scientific discipline has an important bearing on the day-to-day work of the planner. This volume surveys the ecological implications of various land uses, urban and industrial development, transport systems, and manmade lakes... and shows how the planning strategy adapted for an entire region can be analyzed comprehensively in ecological terms. 195 pages. \$17.95 from *Halsted Press*, 605 Third Avenue, New York, N.Y. 10016. Order No. ISBN: 0-470-99276-X.

Architectural Guide Standards—Ocean Avenue... published by the *San Francisco Development Fund*, a California nonprofit corporation. This plan to rehabilitate 100 commercial storefronts in a declining neighborhood shopping district in San Francisco was prepared with funding from the *National Endowment for the Arts...* a *Federal Agency...* in collaboration with the *San Francisco Department of City Planning*. The report represents a major element in the *Development Fund's* current *Housing Conservation Institute (HCI)* program, which has been in operation for 2½ years. In an effort to foster full neighborhood conservation, *HCI* staff also offer free technical and financial counseling to homeowners in three adjacent neighborhoods to encourage voluntary rehabilitation of older owner-occupied homes. The *HCI* program is funded by the *Mary Crocker Trust*, the *Urban Reinvestment Task Force*, the *San Francisco Foundation*, *The Ford Foundation*, the *Evelyn & Walter A. Haas, Jr. Fund*, and the *Louis R. Lurie Foundation*. Copies of the 30-page report are available for \$5.00 each plus applicable sales tax from the *San Francisco Development Fund*, 315 Granada Avenue, San Francisco, CA 94112.

Tenants Handbook... published by the *National Lawyers Guild...* highlights legal rights and tenant organizing. The book was prepared for use in California, but is readily transferable in concept and detail to other areas of the country. Contains information on use of Small Claims Courts, housing discrimination, and community redevelopment. The primary focus is on tenant organizing... tactics and issues. Available from the *National Lawyers Guild, Housing Panel*, 712 South Grandview Street, Los Angeles, CA. 90057, at \$1.00 per copy.

HUD newsletter

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. The Secretary of HUD has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through September 30, 1979.

HUD-318-311-ASI
December 19, 1977

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT
HUD-401



FIRST-CLASS

HUD NEWSLETTER
December 19, 1977

HUD newsletter

U.S. Department of Housing and Urban Development
Washington, D.C. 20410 (202) 755-5499



Vol. 8 No. 52

December 26, 1977

Current Trends

A consensus forecast at the recent *National Association of Business Economists* convention was 1.9 million housing starts in 1977 and 1.8 million in 1978. *Advance Mortgage* called these figures on the low side and predicted total starts for 1977 "very close" to 2 million with next year "at least as high" after "a particularly strong first half." The *Advance Mortgage* forecast was 1.45 million singles and 550,000 multifamily starts this year with a modest upturn next year in rental unit starts and a shift of some 50,000 starts from single-family to condominium units. The firm said that while there is concern about saturated demand, resistance to high home prices, tightening mortgage market, and shortage of materials. . . in its opinion, all of them are overstated.

The *Census Bureau* reports expenditures of \$6.2 billion for upkeep and improvement of residential properties in the second quarter of 1977. This represents \$31.1 billion at a seasonally-adjusted annual rate. The first quarter rate was \$30.9 billion. Of the second-quarter total. . . 72 percent was spent by owner-occupants of 1- to 4-unit properties and the remaining by all other residential property owners. Owner-occupants of single-unit properties spent \$4.3 billion on additions, alterations, and major replacements (78 percent of expenditures for improvements on all residential properties) and \$1.6 billion for maintenance and repairs.



Additional Homesteading Grants Announced

Secretary Harris has announced an additional allocation of \$5.8 million in HUD-acquired properties to 22 of 39 demonstration cities in the *Urban Homesteading Program*.

Some \$6 million in low-interest loans is also earmarked for these cities to rehabilitate their homesteading neighborhoods.

Homesteading is now operating on a national basis. . . and it is open to participation by States, units of general local government, or their designated public agencies.

The new allocation will allow homesteading of some additional 850 properties. The first round of 23 cities had received \$11.1 million for about 2,000 HUD-acquired homes and \$12.2 million in low-interest *Rehabilitation Loan Funds*. One of the original group of cities. . . Jersey City. . . did not need additional funds.

Under the *Program*. . . HUD transfers to a city structurally-sound, unoccupied homes in locally-designated homesteading neighborhoods. The city selects homesteaders who agree to rehabilitate these properties and live in them for a minimum of 3 years in exchange for full legal title to their homes. The cities also agree to upgrade neighborhood public services and facilities.

As of November 1. . . an estimated 1,503 residential properties had been conveyed by HUD to the 23 first-round demonstration cities; 1,238 homesteaders had been selected and 1,043 had received conditional title to an urban homestead property; and 808 homesteaders were occupying their newly-acquired homes. Rehabilitation was in progress on 1,006 properties and was completed on 607 properties.

HUD Helps Develop New Data System

A new service called *ACCESS*, which gives a computer non-specialist the ability to produce special tabulations quickly and inexpensively has been announced by the *Massachusetts Institute of Technology*. *ACCESS* can be used anywhere in the United States through a simple terminal and telephone—in most cases toll-free. The system translates a request in ordinary English into computer language, performs the analysis, and returns the results to the user's terminal.

ACCESS is presently tied into data files that provide information in two major categories:

- Individual and business data...from such sources as *Dun and Bradstreet*, the *U.S. Census*, and *Social Security* records.
- Geographical data collected and summarized to give information on such matters as population, employment, work force, local government, climate, and housing.

ACCESS was developed as part of a contract with *HUD*. The contract was funded jointly by *HUD*, the *Department of Transportation*, and the *Economic Development Administration*.

ACCESS already has been used successfully by several Government Agencies during the past year to answer questions and it is fully operational at this time.

For additional information: *Program on Neighborhood and Regional Change*, Room 9-322, *Massachusetts Institute of Technology*, Cambridge, Massachusetts 02139.



Home Prices Drop. . . Mortgage Rates Rise

New home prices declined in September and October...while sales continued high...and mortgage interest rate increases neared record highs...according to several reports issued in early November.

The *Census Bureau* reported new single-family home sales for September were at the seasonally-adjusted annual rate of 891,000...virtually tied with the all time high rate of 893,000 set in February 1977. For the first 9 months of 1977...actual sales totaled 652,000...33 percent higher than the comparable period of 1976. The report also showed a drop in sales prices...with a September median of \$48,000...compared to the August rate of \$49,000...and almost 2 percent below the \$49,300 peak in May. The average price in September was \$54,000...down from the peak of \$54,600 in April.

A *Federal Home Loan Bank Board* report on home prices confirmed the *Census Bureau findings*...showing a drop of \$2,000 in average prices of new homes from early September to early October to \$54,000...and for existing homes from \$49,500 to \$46,800.



New Publications

Housing and Related Statistics, 1976 Edition...a *Housing Fact Book* issued by the *National Association of Home Builders Economics Department*. Historical and current data on housing starts, permits, flow of funds, housing market data, and housing industry facts and figures. 200 pages. \$17.50 from *NAHB*, 15th & M Sts., N.W., Washington, D.C. 20005. \$15 for *NAHB* members.

Environmental Impact Assessment, Growth Management, and the Comprehensive Plan... by Professor Joseph Lee Rodgers, Jr., of the *University of Oklahoma*. Reports on the increasing concern at all government levels for both the natural and man-made environment. Deteriorating environmental conditions have transformed formerly local environmental problems into major State and national issues. This new awareness is reflected by new laws, new citizen and governmental environmental agencies, boards, and commissions, and improved standards and processes for measuring and assessing environmental quality. How to prepare *Environmental Impact Statements* is the primary focus of the book. \$15.00...208 pages... from *Ballinger Publishing Company*, Harvard Square, Cambridge, Mass. 02138.

'Redlining' Report Available

'Redlining' and 'Disinvestment' as a Discriminatory Practice in Residential Mortgage Loans... a report funded by HUD has been issued. It concludes that any lending, appraisal, or underwriting practice in the purchase of a home is prohibited if it is discriminatory in effect... even though it may not discriminate openly on the basis of racial considerations.

This conclusion is among findings and recommendations of a HUD-sponsored administrative meeting reported in the 168-page publication. *'Redlining'* generally is the restriction of credit to a neighborhood based on its geographical location; *'disinvestment'* refers to the withdrawal of mortgage and home improvement money from an area.

The publication includes findings and recommendations growing out of a Philadelphia meeting in July 1976, conducted by HUD's *Office of Fair Housing and Equal Opportunity*, and focuses primarily on changes in Federal law and administrative remedies.

The findings and recommendations are based on the testimony of 58 witnesses and analysis of selected literature on the subject.

The publication was prepared by the *Urban-Suburban Investment Study Group, Center for Urban Studies of the University of Illinois at Chicago*, under contract with HUD's *Office of Fair Housing and Equal Opportunity*. It is available at \$4.50 from the *Superintendent of Documents*, Washington, D.C. 20402. Stock No. 023-000-00396-1.



Economic Censuses to Begin

The *Census Bureau* has announced that questionnaires for the *1977 Economic Censuses*... taken at 5-year intervals... will be in the mail by the end of the year. Some 2.5 million business and industrial firms will participate.

"The results of the censuses represent an important decisionmaking resource for all levels of business and Government," *Secretary of Commerce* Juanita M. Kreps said. "They serve as barometers indicating future pressures and changes in the economy and also provide us with a detailed profile of the Nation's current state of vitality."

The *Economic Censuses*... a regular collection of facts about the country's business and industry since 1810... cover manufacturing, mineral industries, retail and wholesale trade, services, construction, and transportation.

The censuses show how many business and manufacturing enterprises there are, what and how much these enterprises produce, sell or provide; the totals of their sales, receipts, or value of shipments; how many people they employ, the amounts of their payrolls, and much more.

Census forms will be in the mail to all 2.5 million firms by the end of the year and early in 1978, though the questions relate to operations in 1977. Completed forms should be returned to the *Census Bureau* in the preaddressed, postpaid envelopes provided.

Responding to the *Economic Censuses* forms is a legal requirement. The same law also requires that information about an individual firm must be kept confidential.



New Publication

The Cities... a volume of articles and analyses taken from the pages of the *New York Times* from 1866 to 1974. The items demonstrate that many of the present day urban problems had their beginnings in the second half of the 19th century. Urban growth, the impact of the automobile on urban life, urban housing, the changes in the ethnic and racial structure of American cities, the interaction of urban and suburban communities and the problems of urban corruption and reform are covered. 386 pages... paper... Price \$35 from *Arno Press*, 3 Park Avenue, New York, N.Y. 10016.

From the States

Governor Dukakis of Massachusetts has asked the State's Attorney General to adopt regulations to protect consumers from fraud in the purchase and installation of home insulation materials.

He said that "There are preliminary indications some unsuspecting consumers are in danger of purchasing low quality, inefficient, unsafe insulation improperly installed by hastily trained workers."

Dukakis also said the *State Energy Policy Office* will award \$40,000 of a forthcoming Federal grant to the *State Building Code Commission* to make a study of whether insulation installers should be licensed. The *Commission* has the power to order such licensing.

Such actions... the Governor said... were not aimed at the "hundreds of reputable insulation dealers," but only at the "fast-buck operators" who prey on unsuspecting consumers.

The proposed regulations drafted by the *State Consumer Affairs Office*... would deal specifically with problems surrounding the installation of insulation and its resistance to heat loss and flammability.

A new brochure, '*Insulate Yourself Against Consumer Ripoffs*,' is available free of charge from the *State Office of Consumer Affairs* in Boston.

The *Massachusetts Housing Finance Agency* has announced that its annual report for the fiscal year 1977 has been completed and is available to the public upon request from the *MHFA*, Old City Hall, 45 School Street, Boston, MA 02108 (617/723-9770).

The year's major events and accomplishments include a record number of bonds sold: Six bond issues... including one that was completed after the close of the fiscal year... totaled \$354,395,000. Interest rates declined from 8.3078 percent on August 5, 1976 to 6.809 percent on July 14, 1977. The *Agency* was able to start the construction of 23 additional housing developments which will provide 3,683 dwelling units. New loans totaling \$125,927,205 included \$49,282,305 funded through the sale of bond anticipation notes and \$76,674,900 funded through the sale of construction loan notes.

HUD newsletter

Published weekly by the Publications and Information Division, Office of the Assistant Secretary for Administration, U.S. Department of Housing and Urban Development... Patricia Roberts Harris, Secretary... James C. Biller, Editor. Subscription rate \$12.50 per year, domestic... \$15.65 foreign. Address all communications regarding subscriptions, change of address, etc. to the Superintendent of Documents, Washington, D.C. 20402. The Secretary of HUD has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Department. Use of funds for printing this periodical has been approved by the Director of the Office of Management and Budget through September 30, 1979.

HUD-318-312-ASI
December 26, 1977

UNITED STATES
GOVERNMENT PRINTING OFFICE
PUBLIC DOCUMENTS DEPARTMENT
WASHINGTON, D.C. 20402

Official Business
Penalty for Private Use, \$300

POSTAGE AND FEES PAID
DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

HUD-401
FIRST-CLASS



HUD NEWSLETTER
December 26, 1977

DEPARTMENT OF HOUSING
AND URBAN DEVELOPMENT

APR 9 - 1960

LIBRARY
WASHINGTON, D.C. 20410

HUD Newsletter. Vol. 8, 1977

DATE	ISSUED TO

