

CITY OF ATLANTA



October 4, 1968

CITY HALL ATLANTA, GA. 30303

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IVAN ALLEN, JR., MAYOR

CECIL A. ALEXANDER, Chairman
Housing Resources Committee
MALCOLM D. JONES
Housing Coordinator

MEMORANDUM

To: Mr. Dan E. Sweat, Jr.
Director of Governmental Liaison

Reference is made to your Memo of September 20 and Bill Wofford's letter of September 12 to Mayor Allen pertaining to difficulties encountered in Housing Code enforcement in the Cooper-Glenn area.

FHA has recently liberalized its policy by relaxing its requirements for mortgage insurance. This should help. A copy of the liberalized policy is attached.

The billion dollar commitment by the Insurance Industry to the President for purchase of mortgages in hard-core and previously uninsurable areas, should also assist somewhat in this field. However, insurance companies are still extremely reluctant to make the loans without FHA insured mortgages.

The Housing Act of 1968 has liberalized the requirements for direct 3% Federal Loans, under Section 312 of the Act, and has increased maximum Federal Grants, under Section 115, for rehabilitation from \$1,500 to \$3,000 for needy home owners. However, both the Federal Loans and Grants are still limited to certain areas; these are: Urban Renewal areas, Code Enforcement areas, Neighborhood Development Program areas, Section 117 areas (which require little acquisition), Certified areas (See sub-par. (B)(i), Section 509) and the so-called "Fair Plan" areas (See Section 1211 of the Act and sub-par. (C)(i), Section 509).

At present, it appears that the Cooper-Glenn area does not automatically qualify under any of the above indicated Sections of the Act; and if sufficient improvement is made in the area through rehabilitation, this could still possibly prevent subsequent qualification of the area for an Urban Renewal Project. This has been confirmed by a Federal official.

I have been advised by Mr. Phillip Johnson of the Rehabilitation Loans and Grants Branch of Renewal Assistance Administration of HUD, the mere fact that this or other areas are included in Atlanta's Model Cities area is insufficient within itself to enable property owners to qualify for assistance under the 1968 National Housing Act; that perhaps the simplest and quickest means of qualifying the

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the Cooper-Glenn area, as well as other similar areas, for direct Federal Loans and Grants would be through the filing and Federal approval of an application for a "Certified" area; and further, that in order to qualify for direct 3% Federal Loans and Rehabilitation Grants, the property involved must be residential and owner-occupied; definite boundaries must be established for the area; the area must be eligible for Urban Renewal within a three (3) year period; and the City must demonstrate its ability to meet its share of the Urban Renewal costs within that length of time; and the Federal authorization will be limited to a 1 year's duration. A owner-occupied residential structure may comprise 1-4 units; the Federal Loans and Grants are 100%. However, administration of applications and follow through, except in Urban Renewal areas, must be borne 100% by City funds; and the individual applications must be processed by a City designated LPA and filed with the Rehabilitation Loans and Grants Branch of the Renewal Assistance Administration of HUD at 645 Peachtree.

Even though the application for a Certified area may be approved by HUD, I have been informed that the Federal authorization for expenditures is still extremely limited and funds may not be available until additional funding by Congress.

The "Fair Plan" to which reference is made in sub-par. (C)(i), Section 509 and Section 1211 of the Act (See "Fair Plan", page 83, Public Law 90-448) requires the passage by the State of Fair Act legislation. To date, no State has passed such legislation and only one State is working on it. If and when the State passes the required Fair Act legislation, specific areas will not then have to qualify as "Certified" areas.

It thus appears that the liberalization of extending the direct 3% Federal Loans and increasing the Federal Grants to \$3,000 will not apply on a City wide basis (but will apply only within certain specified areas discussed above); that it can only be taken advantage of on a city wide basis when and after the State Fair Act has been enacted by the State Legislature.

All of the above has been derived from current interpretations of the Act by those in HUD who have attended special briefing conferences in Washington on provisions of the Act. It is still without interpreting administrative material.

To me, this all appears to boil down to this: Federal Assistance in the form of Direct Loans and Rehabilitation Grants to owner-occupants of residential properties can only be obtained in Urban Renewal areas, Code Enforcement areas, Neighborhood Development Program areas, Certified areas, Section 117 areas and Fair Plan areas, only one type of which currently exists in Atlanta i.e. Urban Renewal areas.

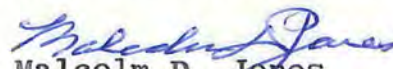
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Furthermore, it is also quite clear that Atlanta does not have enough time nor money to qualify all of its slum areas for Federal assistance; and that it is a fallacy to deliberately hold in suspense any area which is in need of substantial residential improvement, while hopefully waiting for extensive direct Federal assistance.

If we are to eliminate the slums and put every family in a decent, safe and sanitary dwelling, as the Mayor has indicated, in a 5-year period, or even within the next 10 years, in addition to such Federal Assistance as may become available in any of the various type Federal approved areas which may be designated, the following steps are necessary:

- A. The Housing Code and appropriate Sanitary Regulations will have to be rigorously enforced in all areas of the City (which are not definitely scheduled for acquisition within the next 1-2 years) against property owners who are able to pay (and also against tenants, as appropriate) for the necessary improvements. (As Bill Wofford's letter states, this is not being done now in all areas of the City.)
- B. The Zoning Ordinance should be amended to permit structural changes in Non-Conforming Use Residential property (if used for residential purposes) to meet full requirements of the Housing. (This would encourage improvement of residential properties, rather than perpetuating slum conditions. This was recently unsuccessfully recommended by the HRC.
- C. Churches and Non-Profit Organizations will have to financially assist those home owners who are not financially able to pay for the required improvements; and,
- D. In order to improve residential environment in many areas, the City should adopt a Commercial and Industrial Code.


Malcolm D. Jones
Housing Coordinator

MDJ/mc

Encl: Copy, FHA MEMO on Relaxation of Mortgage Insurance Requirements.