

STATEMENT ON HOMEOWNERSHIP BY THE POOR

The Task Force is convinced that the encouragement of homeownership by those now living in slum areas would have great value. It is an idea solidly in the American tradition, and well worth trying as a pilot program.

Offering slum dwellers a chance to own a decent home of their own might have a profound effect upon their attitudes toward society. Instead of feeling like frustrated and helpless transients floating along in the poverty and filth of the slums, they could begin developing a stake in their community and a chance for control over their own destiny.

It should be stressed, however, that if the program is to actually reach the poor, substantial subsidies will be required. Based on an experience in Pittsburgh, the acquisition and rehabilitation of a dwelling cost \$10,400 which required for all charges a monthly payment of \$106 or an income of \$5,000 -- even with 40 year, 3 percent financing.

The justification for housing subsidies for the poor is more than morally compelling. The federal government subsidizes middle-income homeowners by \$2.9 billion a year through tax deductions. It subsidizes the poor by only \$820 million through public housing, public assistance, and tax deductions.

Recommendations: The Task Force therefore recommends: that the following criteria should apply:

1. The pilot program should seek to provide opportunities for all forms of ownership among slum dwellers: single family ownership, cooperative or condominium ownership, or ownership by resident landlords of multi-family dwellings.

2. Subsidies in the form of low interest loans, rent supplements, or "ownership supplements" should be provided to reach low-income levels.

3. The program should provide opportunity for ownership outside the slum, as well as in it.

4. The program should be based on rehabilitation of the unit to standard condition, and prior to assumption of ownership by the slum dweller.

5. The program should be undertaken only where major efforts are underway to upgrade the surrounding neighborhood.

6. Organizational capacity should be provided to acquire and rehabilitate the property, prepare persons for ownership responsibility, and provide continuing financial and other counseling.

7. The program should provide agreement to buy back the house during a limited period in case owners cannot manage the newly assumed burdens.

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