

THE RENEWER

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FOR URBAN RENEWAL

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NEW PROGRAM FINANCES REHAB OF HOUSES BY NON PROFIT SPONSORS, COMMITTEE HEARS A new federal funding program under the Federal Housing Administration, known as 221 H, provides means by which non profit sponsors can undertake rehabilitation of deteriorating housing units, our committee was informed at its first fall meeting, Sept. 20. Introduced by Henry Fillmer, urban renewal representative in the regional HUD headquarters, Kenneth Finn, architect in the architectural section of the Georgia FHA office, explained the details of the program for which \$20 million has been appropriated by Congress. Accompanying Mr. Finn were Otis M. Haire, Georgia FHA real estate evaluator, and Glenn Barger, chief of HUD's disposition branch. At the outset Mr. Finn first stressed the point that the main purpose of 221H is to provide homes for those who cannot purchase houses at current market prices. The chosen instrument through which old but restorable houses can be rehabilitated to achieve the program's purpose will be a non profit sponsor. Such can be Chambers of Commerce, church groups, civic organizations, our committee. In substance Mr. Finn explained, any going concern that can be certified by the internal revenue service as non profit organization may enter into this program.

FHA'S FINN OUTLINES PROCEDURES BY WHICH SPONSOR PUTS PROGRAM INTO ACTION To qualify for funding under 221H plan, a sponsor must designate not less than five houses for rehabilitation, Mr. Finn pointed out. These can be anywhere within the city, in an urban renewal area or elsewhere but for efficient operation, should be within a two mile radius for each project. After selecting the houses to be rehabilitated, the sponsor with the assistance of Mr. Finn and Mr. Haire applies to the federal agency for an allocation of funds. Following approval of the application FHA appraises the property. Then a work sheet is made out for the contractor to bring the property up to code standards established for this program. To finance this work a conventional construction loan is obtained. Upon completion of the rehab work, a loan at 3 percent interest, guaranteed by the Federal National Mortgage Association goes into effect, under terms of which a qualified purchaser can buy the home under 25 year. terms at this low rate of interest. Mr. Finn further explained that certain limits on income and cost of house had been set. For example, under the present market analysis for the Atlanta area, a family of four can have an income of \$3,800 a year and under the 221 H plan, can pay up to \$11,400 for a house. He pointed out that this means that the head of a family of four, earning \$75 to \$80 a week, can purchase a \$11,400 house and pay for it at 3 percent interest over 25 years. This works out at a monthly payment of \$54.50. In reply to a question, he said there was no terminal limit for home purchasers.

MORRIS BROWN COLLEGE FIRST SPONSOR OF A 221H PROJECT IN ATLANTA AREA First non profit sponsor to apply for an allocation in Atlanta is Morris Brown College, Mr. Finn reported. In reply to a question he said the 221 H is not limited to single family dwelling units, but if multiple units are included, they must be side by side on the ground and not superimposed. Each unit must be occupied by a home owner. To facilitate home ownership, the sponsor can act as a cosigner on the property. So can a close blood relative of the purchaser. In reply to questions about maintenance of properties, Mr. Finn pointed out that annual inspections would be made and that the sponsor would work with the new owner to help him keep his house up to code standard. He added that FHA requires all units to be equipped with a new cooking range, a 30 gallon automatic water heater and an automatically defrosting refrigerator.

Replying to a question, Mr. Finn said that if the original purchaser sells without the sponsor's consent to an ineligible purchaser, interest on the purchase loan would go up to the standard market rate. If the owner's income increases, he still can live in the house and pay off his purchase price at 3 percent interest. Answering another question, Mr. Finn said that to participate in 221H, a sponsor would need some \$2,500 to \$3,000 "seed money" and some volunteers to do the paper work, etc. The overhead for which initial money would be needed would include fees for drawing deeds, passing on titles, and interest on the construction loans.

**MANY POINTS ON 221 H DETAILS RAISED
IN SPIRITED QUESTION AND ANSWER SESSION**

Keen interest by committee members in the 221 H program was indicated by questions

asked in a lively question and answer session following Mr. Finn's talk. For example, it was stressed that occupancy limits would be enforced in rehabilitated dwellings. Also, it was explained that the only new construction to be permitted would be the addition of a bathroom, where needed, and the reconversion of a duplex to a single family dwelling. In that event, each unit would have to be purchased at a single dwelling price. In reply to another question, it was explained that financial assets (other than income) of a purchaser are not considered. With regard to relocation of people during rehab work, Mr. Finn expressed the hope that the city relocation service would help in this. Lester Persells, AHA associate executive director, made the point that the sponsor should seek this help from the Housing Authority. Asked how rapidly a sponsor might expect a reply from his allocation request, Mr. Finn said he would think a reply could be received in two weeks. As closing time for our meeting approached, Chairman Sommerville summed up by saying "This committee will pursue the 221 H program with the banks, the housing authority, and others with the idea of getting some sponsors."

**COMMITTEE ENDORSES CHAMBER OF COMMERCE CALL
FOR UPDATED LAND PLAN AND ZONING RULES**

Our committee on Sept. 20 unanimously endorsed the Atlanta

Chamber of Commerce Board of Directors recently adopted resolution calling upon the city of Atlanta to adopt an updated land plan and a new zoning ordinance based upon this plan. The resolution was presented to our meeting by Executive Committeeman, George Kennedy, chairman of the Chamber's Housing and Development Committee. Because of its important bearing upon all redevelopment and housing activities, the text of the resolution follows in full:

"The Atlanta Chamber of Commerce Board of Directors recognizes as a matter of serious concern to the entire community the current shortage of adequate housing available to the low-income and moderate-income families in the City of Atlanta. This Board is further aware that this shortage of housing, unless the problem is dealt with forcefully and effectively with all the resources at hand, likely will become even more serious in nature.

"It is heartening to this Board to note the efforts and the tangible results achieved by the Mayor's Housing Resources Committee, which is serving as a coordinating agency in the community-wide effort to encourage construction of new housing. The Committee has accepted the responsibility to help assure the construction of some 16,800 new housing units in Atlanta by the end of 1971. It has been directed to the attention of the Board, as a result of the studies of the Atlanta Chamber's Housing and Redevelopment Committee, that one of the major obstacles in attempts to alleviate the housing shortage is a severe scarcity of available land which has been suitably zoned for construction of multi-family structures. Whereas some 1,565 acres of suitable zoned land would be required for fulfillment of the five year goals, it is apparent that only about 68 acres can be reasonably anticipated for use for this purpose. The last comprehensive zoning for the City of Atlanta was done in 1954, and countless amendments to the zoning ordinance have been made in the intervening years. It is the belief of this Board that a new zoning ordinance for the City of Atlanta is not only essential but long overdue.

"Therefore, it is resolved by the Atlanta Chamber of Commerce Board of Directors that immediate steps should be taken by the City of Atlanta, through its Planning Department and the Board of Aldermen, to adopt an updated land use plan, and that new zoning ordinance, based on the land use plan, should be prepared for submission to the Board of Aldermen at the earliest possible time.

"It is further resolved by this Board that any new zoning plan adopted by the City of Atlanta should make provision for adequate land for multi-family housing and open up land for increased density of housing in all quadrants of the city, in order to serve the best interests of a changing and progressive City of Atlanta. This Board also declares its willingness and desire, and that of the Atlanta Chamber's Housing and Redevelopment Committee, to counsel and assist in any way possible toward the attainment of this end." September 13, 1967.

**TRACK BEING CLEARED FOR PROPOSAL FOR
COMMITTEE TO SPONSOR A 221-H PROJECT**

Immediately following the explanation of the new 221 H program to our full committee

Sept. 20, Chairman Sommerville and Director Howland began setting the wheels in motion for a proposal to be made to our executive committee October 19 that CACUR sponsor an Atlanta rehab project. At a luncheon meeting Sept. 27 FHA's Kenneth Finn outlined the steps for applying to the agency for an allocation of funds. Attending the luncheon, in addition to Mr. Finn and Mr. Haire of FHA and Mr. Fillmer of HUD, were Lester Persells, associate executive director, and Howard Openshaw, rehabilitation director of the Atlanta Housing Authority, Cecil A. Alexander, founding chairman of our committee and now chairman of the Atlanta Housing Resources committee, George Kennedy, chairman of the Atlanta Chamber of Commerce Housing and Redevelopment committee, A. B. Padgett, chairman of our CIP subcommittee, Mr. Sommerville and Mr. Howland. In addition to discussing procedural details, a number of possible project sites were mentioned by the luncheon group. Following this meeting the city attorney was asked to give our committee guidance on the legal specifics necessary for us to participate actively in 221 H. It is Chairman Sommerville's intent to present a definite proposal to the executive committee Oct. 19.

**CODE ENFORCEMENT, PLANNING GAINS PRAISED
AS WORKABLE PROGRAM IS RECERTIFIED**

Atlanta's progress in housing code enforcement and planning was recertified until August 1,

1968. Accompanying HUD Regional Administrator Edward H. Baxter to present the certificate to Mayor Allen were George Papageorge, workable program branch director, and Richard L. Larkin, special assistant for public affairs. Representing our committee were Chairman Sommerville and Director Howland. As he handed the certificate to Mayor Allen, said Mr. Baxter "Atlanta has met all requirements and is moving steadily ahead on its program of improvement." Replied Mayor Allen: "Without the help of the federal government, Atlanta would not have the standards it has today. We are going to continue to do the job required and we are counting on you to help us do a better job." Then Mr. Papageorge chimed in, saying "Three years ago there was some difficulty with code enforcement. Now there is tremendous improvement. We are so proud of Atlanta's achievements that we are pointing it out to other cities as an example." Mr. Baxter added a pat on the back to City Planning Engineer Collier Gladin, saying "Planning is a lot better." Commented Chairman Sommerville: "The city is doing a wonderful job. Our committee seeks to help the city departments whenever it can." (Note as an example of this, we arranged the certification ceremony.)

CHURCH CONGRATULATED ON HOUSING PROJECT

Our committee joined the Atlanta Housing Authority, city

officials and other agencies in congratulating Ebenezer Baptist Church on being chosen as the developer of 152 housing units in the Rawson-Washington urban renewal project. Representing our committee at the contract signing ceremony were J. B. Blayton, Sr., Mrs. Grace Hamilton and Director Howland. Speaking for our committee, Mr. Howland said: "On behalf of Chairman Sommerville and our entire committee, we heartily congratulate Ebenezer Baptist Church and its co-pastors, The Rev. Martin Luther King, Sr. and Jr., upon their outstanding proposal, which includes notable social considerations as well as excellent design."