



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

April 9, 1968

OFFICE OF THE ASSISTANT SECRETARY
FOR RENEWAL AND HOUSING ASSISTANCE

LOCAL PUBLIC AGENCY LETTER NO. 454 (SUPERSEDES NO. 284)

SUBJECT: Using the Urban Renewal Program to Provide Low Cost
Public Housing Sites

To encourage housing for low-income families, it is HUD policy to use the urban renewal program to provide sites for low-rent public housing, and to expedite the provision of such housing. (See LPA Letter No. 418 for a discussion of HUD policy pertaining to the designation of urban renewal projects for "priority consideration" if they contribute to the national goal of expanding the housing supply for low and moderate income families.)

Use of the urban renewal program to provide such sites is particularly advantageous in high-cost housing areas since it absorbs the high cost of acquisition of built-up land, site clearance and relocation. In addition, project property for low-rent public housing is made available at the special prices provided under Section 107(b) of the Housing Act of 1949, as amended.

In areas with high per-unit costs, where public housing is necessary as a relocation resource to serve other urban renewal projects, the Department will give special consideration to Survey and Planning Applications for separate single-purpose public housing site projects, or other projects involving substantial amounts of public housing.

These projects may acquire and clear sites, or acquire housing for rehabilitation by a Local Housing Authority (LHA) for low-rent public housing. Several techniques may be used separately, or in combination, to expedite the carrying out of such projects:

1. Handling of such sites or housing as single-purpose urban renewal projects.
2. Acquisition of land under an Early Land Acquisition Loan.
3. Carrying out project execution activities with local funds during the planning stage.

4. Priority staging of acquisition, site preparation work, and land disposal during the execution stage.
5. Arranging for site preparation work to be carried out by the LHA.

1. PUBLIC HOUSING SITES AS SEPARATE URBAN RENEWAL PROJECTS

{ An urban renewal project for the exclusive use of low-rent public housing is particularly useful to meet the relocation housing needs of low-income families in other urban renewal projects. Such a single-purpose project may be separated in planning from another urban renewal project or may be in a separate location.

{ While such a project must meet basic urban renewal requirements, it may be planned and carried out much more rapidly, and simply, than multiple-use projects.

Project area selection--Aside from eligibility factors, planning considerations are limited to the suitability and the boundaries of the project area for housing uses.

Urban renewal plan--The urban renewal plan and the report on planning proposals will be very simple. The land use plan will be limited to a single use, residential, and the controls and other elements of the plan and report will be correspondingly simplified.

Land Disposal--Since the real property will be committed to a single public use, land utilization and marketability studies and reports, evidence of mortgage financing and certain other documentation will not be pertinent.

Since the Local Housing Authority is committed, at an agreed price, to purchase the site from the LPA, before Part II of the Loan and Grant Application is approved, disposition activities related to the public housing project or site will be comparatively minor during the execution phase. They will consist primarily of appraisal and price determinations, in accordance with the provisions of Section 107(b), and preparation of disposition instruments.

Financing plan--The noncash local grant-in-aid credit for the local public housing contribution, under Section 107(b) of the Housing Act of 1949, as amended by the Housing Act of 1964, may provide the local share of net project cost of the urban renewal project. Therefore, no further commitments for financing the local share may be necessary. This does not, of course, preclude the furnishing by the locality of additional noncash grants-in-aid for pooling purposes.

2. ACQUISITION OF LAND UNDER EARLY LAND ACQUISITION LOAN

If early land acquisition activities are permitted by State or local law, the LPA may apply for an Early Land Acquisition Loan to finance the acquisition of land, property management, relocation of site occupants, and demolition and site clearance during the planning stage.

When land is to be disposed of for low-rent public housing, a commitment by the LHA, guaranteed by the Department of Housing and Urban Development (D/HUD) under an Annual Contribution Contract (ACC), to assume responsibility for any loss to the Federal Government if an urban renewal project is not carried out, will be accepted in lieu of a commitment by the local governing body.

Early land acquisition will expedite the completion of site preparation work, and delivery of the site for the public housing project after execution of the loan and grant contract.

3. CARRYING OUT EXECUTION ACTIVITIES WITH LOCAL FUNDS DURING PLANNING

If it will contribute to the acceleration of the acquisition, preparation and disposal of low-rent public housing sites, HUD may issue a "Letter of Consent" authorizing the LPA to undertake these activities with local funds during the planning stage.

A "Letter of Consent" (as used for this and other purposes) is merely a determination that expenditures made by the LPA in carrying out the specified activities will not be excluded from gross project cost solely because they were incurred prior to the effective date of a contract for loan and grant, or the issuance of a project expenditures budget. However, for the costs to be eligible for inclusion in gross project cost, the activities authorized by the Letter must be carried out in full conformance with all HUD policies and requirements applicable under an executed contract for loan and grant.

The LPA should consult with the HUD Regional Office concerning the requirements to be met before a "Letter of Consent" may be issued.

4. PRIORITY STAGING OF PROJECT EXECUTION ACTIVITIES

The LPA may give priority to the acquisition, preparation, and disposal of low-rent public housing sites in multi-purpose projects during the execution stage.

While this will not permit as much acceleration as the carrying out of separate single-purpose public housing projects, the construction and completion of new public housing frequently can be carried out while acquisition, relocation, rehabilitation, and site clearance

activities are still underway in other parts of the project.

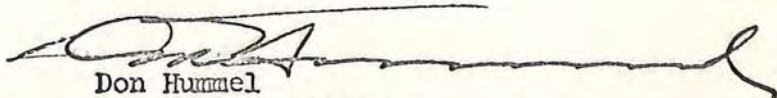
Frequently, activities can be expedited in both single-purpose and multi-purpose projects. For example, the HUD Regional Office may authorize the LPA to contract for second land acquisition appraisals prior to the submission of Part I of the loan and grant applications if:

- (1) the boundaries of the low-rent public housing site have been firmly established,
- (2) the public housing use is consistent with the urban renewal plan being prepared for the project area, and
- (3) such action is necessary to assure completion of the appraisal work before execution of the loan and grant contract.

5. SITE CLEARANCE AND PREPARATION BY LOCAL HOUSING AUTHORITY

In some cases, considerable time may be saved if the LHA carries out site clearance and preparation activities. The LHA may carry out site clearance and preparation activities under a contract or other written agreement (see Urban Renewal Manual, Section 30-2-1); or land in the low-rent public housing site may be disposed of with existing improvements, and responsibility for site clearance and preparation activities included in the LHA's contract with Housing Assistance Administration.

In any case, the LPA is responsible for carrying out relocation of site occupants and making relocation payments in accordance with the approved Relocation Program using its own staff or contracting with the LHA or other agency. The LPA shall not dispose of improved land in the low-rent public housing site before the buildings have been vacated.


 Don Hummel
 Assistant Secretary