STANDARD FORM NO. 1012a
7 GAO 5300
1012-206

TRAVEL VOUCHER
MEMORANDUM

Copy for Mayor Allen

DEPARTMENT, BUREAU, OR ESTABLISHMENT
Housing and Urban Development

VOUCHER NO.

PAYEE'S NAME
Ivan Allen, Jr.

PAID BY

MAILING ADDRESS
City Hall
Atlanta, Georgia 30303

OFFICIAL DUTY STATION
Washington, D. C.

RESIDENCE
Atlanta, Georgia

FOR TRAVEL AND OTHER EXPENSES

FROM (DATE)	TO (DATE)
November 27	November 28,1966

APPLICABLE TRAVEL AUTHORIZATION(S)

NO.	DATE
0212	11-10-66

TRAVEL ADVANCE

Outstanding	$ NONE
Amount to be applied	
Balance to remain outstanding	$

CHECK NO.

TRANSPORTATION REQUESTS ISSUED

TRANSPORTATION REQUEST NUMBER	AGENT'S VALUATION OF TICKET	INITIALS OF CARRIER ISSUING TICKET	MODE, CLASS OF SERVICE, AND ACCOM-MODATIONS *	DATE ISSUED	POINTS OF TRAVEL FROM–	POINTS OF TRAVEL TO–
[redacted]						

	Dollars	Cts
AMOUNT CLAIMED →	116	00

APPROVED *(Supervisory and other approvals when required)*

DIFFERENCES:

NEXT PREVIOUS VOUCHER PAID UNDER SAME TRAVEL AUTHORITY

VOUCHER NO.	D.O. SYMBOL	DATE (MONTH–YEAR)

Total verified correct for charge to appropriation(s)

Applied to travel advance (appropriation symbol)

NET TO TRAVELER →

ACCOUNTING CLASSIFICATION *(Appropriation symbol must be shown; other classification optional)*

* Abbreviations for Pullman accommodations: MR, master room; DR, drawing room; CP, compartment; BR, bedroom; DSR, duplex single room; RM, roomette; DRM, duplex roomette; SOS, single occupancy section; LB, lower berth; UB, upper berth; LB–UB, lower and upper berth; S, seat.

SCHEDULE OF EXPENSES AND AMOUNTS CLAIMED

PREVIOUS TEMPORARY DUTY *(Complete these blocks only if in travel status immediately prior to period covered by this voucher and if administratively required)*

DEPARTURE FROM OFFICIAL STATION (DATE)	(HOUR)	TEMPORARY DUTY STATION LAST DAY OF PRECEDING VOUCHER PERIOD (LOCATION)	(DATE OF ARRIVAL)

DATE	NATURE OF EXPENSE	AUTHORIZED MILEAGE RATE ____ ¢		AMOUNT CLAIMED		
19 66		SPEEDOMETER READINGS	NO. OF MILES	MILEAGE	SUBSISTENCE	OTHER
November	Eastern Standard Time					
27	Taxi - residence to airport					4 50
	Departed Atlanta, Georgia 6:00 pm via Delta					
	Arrived Washington, D. C. 7:30 pm					
	Taxi - airport to hotel					3 50
	Per diem				4 00	
28	Taxi - hotel to airport					3 50
	Departed Washington, D. C. 5:55 pm via Delta					
	Arrived Atlanta, Georgia 7:30 pm (per diem)				16 00	
	Taxi - airport to residence					4 50
	Traveler purchased ticket with cash - receipt					
	attached - Atlanta, Ga., to Washington, D. C.					
	and return					80 00
	Grand total to face of voucher (Subtotals, to be carried forward if necessary) → $116.00				20 00	96 00

U.S. GOVERNMENT PRINTING OFFICE 1962 O-...78...-C

JAY — Jay

ITEMS OF INTEREST RELATED TO HUD RAISED AT HEARINGS OF RIBICOFF SUBCOMMITTEE ON EXECUTIVE REORGANIZATION

November 29, 1966 (morning)

The Ribicoff subcommittee resumed today its hearings on the proper role of the federal government in the attack on urban problems. Senator Ribicoff released a list of 37 witnesses who will appear before the Subcommittee during the period November 29-December 15. A copy of the list is attached.

David Rockefeller, President of the Chase Manhattan Bank, was the sole witness at this morning's session. Mr. Rockefeller described several efforts by private businesses in the field of urban rehabilitation which indicate that the private sector has the capacity for increased participation in the solution of urban problems. He discussed the factors influencing the amount of business involvement in the affairs of the city. The main points raised in his testimony and during the questioning period were the following:

1. <u>The Need for Commercially Orientated Redevelopment</u>

Mr. Rockefeller stressed that unless urban redevelopment projects in the central cities generate substantial tax revenues they will have a harmful impact on the financial position of the city as a whole.

2. <u>The Proper Role of Business in the Solution of Urban Problems</u>

Mr. Rockefeller declared that urban rehabilitation is primarily the job of private enterprise.

3. <u>The Need for Government Encouragement of Business Participation in Urban Development</u>

Mr. Rockefeller maintained that greater government encouragement of business participation in urban development is necessary. He called for tax incentives to encourage investment in urban rehabilitation as well as closer liason between government units and the private sector. Note

4. <u>The Establishment of a Business Advisory Committee to the Secretary of Housing and Urban Development</u>

Mr. Rockefeller urged that consideration be given to setting up a group from the business and financial community which would advise the Secretary of Housing and Urban Development. He noted that an advisory group assists the Secretary of the Treasury on International Monetary Arrangements.

5. <u>The Advisibility of Establishing a "Comsat" Type Corporation for Urban Rehabilitation.</u>

Senator Javits expressed the hope that the administration finally had realized the value of the "Comsat" approach to housing problems.

Mr. Rockefeller commented that the success of the original "Comsat" undertaking is no guarantee that a similar approach would necessarily succeed in the housing field. He stressed that participation by private business in urban rehabilitation will be assured only if a profit can be realized.

6. <u>The Action of FNMA in Making Available $250 Million in Special Assistance Funds.</u>

Senator Ribicoff suggested that in view of the tightness of the money market the total amount of special assistance funds authorized by Congress should have been released.

Mr. Rockefeller stated that the administration policy on special assistance funds was reasonable.

ITEMS OF INTEREST RELATED TO HUD RAISED AT HEARINGS OF
RIBICOFF SUBCOMMITTEE ON EXECUTIVE REORGANIZATION

November 30, 1966 (morning)

Senator Abraham Ribicoff, Chairman of the Subcommittee

At the start of today's hearing Senator Ribicoff acknowledged the receipt of a report prepared at the request of the Subcommittee by Mr. Hilbert Fefferman on behalf of the Department. Senator Ribicoff described Mr. Fefferman as "a noted authority on urban affairs" and declared that the report made an important contribution to the understanding of urban problems.

ROY WILKINS, Executive Director, National Association for Advancement of Colored People.

Mr. Wilkins discussed the reasons why government programs aimed at helping the Negro had not completely allevisted his plight. He criticized the viewpoint that the existence of despair and mistrust among Negroes justifys a slackening of governmental efforts. The expansion of federal programs in housing, education, employment, and civil rights was urged. The following specific points were made during his testimony:

1. Increased Expenditures for Low Income Housing

Mr. Wilkins advocated an immediate and largescale expansion of government expenditures which provide housing for low income families. He suggested that the $50 billion figure mentioned in recent discussions of urban rehabilitation needs was a realistic estimate of the amount necessary to achieve a substantial impact on the problem of substandard housing. The enactment of housing legislation during the 89th Congress represented merely a first step.

2. The Demonstration Cities Program

Mr. Wilkins declared that the Demonstration Cities Program must not become a glorified form of urban renewal. He expressed confidence that Secretary Weaver would administer the program so that its objectives would be realized.

HARRY GOLDEN, Publisher, Carolina Israelite

Mr. Golden maintained that the Federal government was the only institution which could direct the attack upon urban problems. He stressed that reliance upon the private sector should not lead to a weakening of the Federal government's leadership role.

Knowledgable Persons in Neighborhood Centers Field

Dr. Fred Duhl (Dr. Duhl's brother)
Mass. General Hospital
Boston, Mass.

Marvin Labes
Mayor's Committee for Total Action Against Poverty
Detroit, Michigan

Mr. _______________ Lall
Director, Poverty Program
New Orleans, La.

Robert Choate
Public Affairs Foundation
Washington, D. C.

Mel Roman
Albert Einstein College
Bronx, New York

Hyland Lewis
Howard University

Howard Nemorovski (lawyer)
San Francisco, California

Norman Lourie
Pa. Dept. of Public Welfare

Lee Rainwater
Washington University
St. Louis, Missouri

Herman Gallegos (Mexican)
National Committee on Civil Rights

Barney Old O'Cayote
U. S. Dept. of Interior
Salt Lake City, Utah

Preston Wilcox (Negro)
Columbia Univ. School of Social Work

✓ Sanford Karvitz
Brandeis University

✓ Richard Strickhartz
Detroit, Michigan

✓ David Hunter
Stern Family Fund

Henrik Blum, M.D.
Contra-Costa County Health Dept.
Martinez, California

Dimitri Iatrides ~~(Greek)~~
Boston College (Available in January)
have in Greece

Antonia Chayes
ABCD
Boston, Mass.

Mortimer Brown
Chicago, Illinois

Richard Poston
N. C. Dept. of Welfare

Dr. George Esser, Director
North Carolina Fund

Francis McKinley (Indian)
Arizona State University

Rev. Arthur Brazier (Negro)
Pres. Woodlawn Orgz.
Chicago, Illinois

John Martin (Negro)
OEO San Francisco Regional Office

* Those names checked are considered most knowledgeable by Len Duhl of HUD

Preliminary Draft - LANDLORD-TENANT LAW REFORM

I

Archaic landlord-tenant law and practices, once appropriate to an agricultural society, must be reformed and modernized to meet the need of industrialized urban America.

Ancient legal doctrine, construing a lease as a conveyance of an interest in land rather than an agreement, leads to the holding that the obligation of the tenant to pay rent is independent of the duty of the landlord to repair and maintain the premises. The sole remedies thus available to the tenant to secure his rights are limited to his vacating the premises and then claiming termination of the lease or himself repairing the premises, financing the cost and thereafter claiming a set-off against future rents.

Such limitations, while onerous to all tenants, are intolerable in their application to poor people. Their choice of accommodations within their means is minimal; they can neither finance repairs nor, often, even gain access to the parts of the premises requiring repair. While states and local governments, in proper concern for the lives, health and safety of all citizens, prescribe minimum standards for housing accommodations, out-dated legal practices thwart the poor in direct assertion of their rights.

II

Reformation of landlord-tenant law is a state and local government responsibility burdened with consequence to the National welfare.

While appropriate solutions may vary between jurisdictions, certain broad principles must apply throughout:

A. State and local enforcement of building, health and safety codes must be streamlined and improved. Administrative flexibility and fact finding must be fostered and the power of local courts strengthened. The obligation of code compliance must be a prior charge on the property itself and all rights therein, rather than merely a personal obligation of the owner.

B. Compliance with law must be a basic part of every agreement and every right. Obligations of landlord and tenant alike, as provided in building, health and safety codes, must be construed as creating independent rights enforceable by direct legal action. Determination of such issues in the courtroom must be facilitated.

C. Public funds must not reward illegal conduct. Appropriate rent withholding procedures must be developed for the welfare tenant. Appropriate actions must be taken in all public acquisitions to the end that prices paid disregard values achieved from income derived in property operation contrary to minimum building, health and safety codes.

* * * * * * * * * * * * * *

While these responsibilities are local, the Federal Government can and has assisted:

1. The establishment of neighborhood legal centers in slums by the Director of the Office of Economic Opportunity, who are making a major effort to help tenants secure their rights to safe and sanitary housing.

2. The convening of a Conference by the Attorney General to develop new procedures to insure that the rights of tenants are fully and effectively enforced.

3. The appointment of a Commission to make a comprehensive review of codes, zoning, taxation and development standards.

III

Programs and activities of the Federal Government, while indirect in that enforcement of fire prevention, housing, building, health and sanitation law is a responsibility of local government, can be of decisive importance:

A. 1. Section 101(a) of Public Law 171 qualifies Federal assistance upon the appropriate local public bodies undertaking "positive programs" and "a workable program" for community improvement through the

> "adoption, modernization, administration and enforcement of housing, zoning, building and other local laws, codes and regulations relating to land use and adequate standards of health, sanitation and safety for buildings, including the use and occupancy of dwellings."

Administrative regulations heretofore issued by the Secretary of Housing and Urban Development should be further clarified to direct specific enumeration and attention to the application and enforcement of local codes and ordinances related to life, health and safety throughout the locality and to demonstrate increased effort and progress in such enforcement. Such enforcement of minimum codes shall be required as protection of lives and health of occupants, irrespective of whether a basically sound and stable area is thereby created.

2. The Secretary of Housing and Urban Development can further implement the purposes of the legislation through the development of national uniform statistical reporting, whereby yardsticks of comparable municipal performance may be established.

3. The Secretary of Housing and Urban Development can tighten existing regulations to the end that mortgage insurance available through the Federal Housing Administration for property acquisition, rehabilitation and improvement must be conditioned upon code compliance. At the same time, mortgage insurance and grants under Section 312 can be promoted and expedited. Special personnel can be designated in each insuring office of the Federal Housing Administration with the specific assignment of coordinating the insuring activities of that agency with city building departments and community organizations to the end that provision of proper financing for complete rehabilitation to meet code standards be greatly expedited.

B. The Secretary of Health, Education and Welfare can, by administrative regulation, require that each local authority participating in administration and disbursement of relief funds establish, in collaboration with appropriate local authorities, systems of housing inspection and certification to the end that appropriate withholding of rents, where justified, be undertaken.

C. All Departments of Government concerned with property acquisition, wherever Federal investment is involved, can require that the acquiring public authority demonstrate and certify that no part of the award granted or payment made represents values achieved by operation contrary to local codes of building, health and safety.

D. All Departments of Government dealing with the audit and verification of real estate and mortgage loan assets can require certification that as to the property concerned no complaints are presently pending by any local authority charging violation of local minimum codes of building, health and safety.

IV

At this time property owners in deteriorated or declining city areas assume that the municipality either cannot or will not enforce its building, housing, health and sanitation laws -- an assumption based on experience and occasionally supported by Federal statement:

> "Characteristic of a typical slum area is the overcrowding of housing units well beyond the levels permitted by local codes. Any effort to enforce the occupancy standards of the code would have as its immediate consequence a massive displacement of the families occupying the overcrowded units. This might be acceptable if it were coupled with a concurrent program to make available to such families decent housing at prices they can afford. Unfortunately, the latter tends to be far slower and more costly than the carrying out of code enforcement. In many cases local courts have recognized this consequence and, as a matter of public policy, have refused to permit enforcement action.

"By its very nature, a program of code enforcement requires property owners to make substantial investments in repairs and improvements in order to avoid prosecution. Unless that investment is coupled to an increase in rental returns or property values, the owner is likely never to be able to recover the cost. But since we are still dealing with a seriously blighted area, neither the increase in rentals or property values is likely to occur. The present tenants usually cannot afford higher rentals, particularly if occupancy is reduced and there are fewer wage earners to pay the rent. Tenants with higher incomes usually cannot be persuaded to move into a still blighted area. The value of the property in a private sale cannot be expected to increase unless the rentals increase nor would the repairs or improvements add significantly to the property value in the event of a future public condemnation.

"It has been argued that rigid code enforcement in deteriorated areas will so depress property values that new purchasers will be able to afford to make the necessary repairs without increasing rents. In fact, this does not happen on any broad scale. While our understanding of the factors which motivate owners of slum property is very limited, a recent study does cast some light on this. The large 'sophisticated' owners of slum property usually have so little of their own money invested that any feasible reduction in cost of purchasing could not equal the cost of needed repairs. On the other hand, the small 'unsophisticated' investor is usually incapable of taking advantage of any such economic effects.

"In sum, it is our belief that concentrated code enforcement by itself in badly blighted areas would result in more turmoil than improvement of housing conditions. But to say that this one approach will not work is not a satisfactory answer to a very real and pressing problem. Although we have not yet arrived at anything we regard as an adequate solution, it would be extremely valuable to present some of the problems and possible approaches in order to get broader consideration." (Staff Report, Housing and Urban Development, forwarded by the Secretary to Senator John Sparkman, Chairman, Subcommittee on Housing, Senate Committee on Banking and Currency, 7/26/66)

The assumption becomes a self-fulfilling prophecy:

A. Property owners reduce expenditures for property maintenance and repair wherever possible.

B. Tenant and community morale collapse.

C. Constructive community leadership is denied credibility.

If it be assumed that power of state and local government to regulate housing condition in order to preserve life, health and safety is a prior charge on all interests in property, then the equation as to the feasibility of property repair to minimum standard is simply whether the gross rent roll will cover current operating expense, current taxes, and principal and interest payments to cover the cost of repair. Antecedent mortgage commitments, as well as the equity investment, are irrelevant to the issue. Were mortgagees and property owners, contrary to existing assumptions, convinced of this contingency, their conduct concerning property repair and maintenance would be altered significantly. In these circumstances, it would not be necessary that public action be asserted against each property in a given neighborhood in order to reverse the prior assumptions.

A formidable case exists, therefore, for selection of a few neighborhoods in which, after complete inventory of structure condition, ownership, mortgage debt, and prior history of code enforcement, an experimental program be undertaken by the appropriate local public authority, working in collaboration with the local community, in which a number of the possible Federal sanctions here enumerated were employed. The effort is attractive in:

1. Presenting a new attack upon the syndrome of community decline and collapse.

2. Offering promise of reduced public expenditures by imposing costs upon non-conforming properties.

3. Generating increased voluntary compliance with minimum codes and standards.

A PILOT PROGRAM TO PROMOTE HOME OWNERSHIP AMONG SLUM RESIDENTS

The desire to own a home is a basic part of our tradition. Today 62% of American families have achieved that desire. Yet there are still millions of families who would like to own their own homes, but cannot. They are too poor to do so under present financing arrangements. At least half a million such households now rent substandard housing in our metropolitan areas. 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 sense of control over their own destiny. They could gradually build a stake in their communities, and would learn how to use and benefit from legal and political institutions they now regard with hostility.

Furthermore, providing these low-income households with home-ownership assistance would merely be giving them the same advantage we already extend to millions of middle-income and upper-income households. These households now receive a large subsidy in the form of federal income tax deductions for the interest and property taxes paid on their homes. This subsidy amounts to at least $1.7 billion per year for just the wealthiest 20% of our families. This is double the housing subsidy we extend to the poorest 20% in the form of all public housing payments, welfare payments, and tax deductions combined. Clearly, tax deductions aren't much help to families with little or no taxable income. So simple justice demands that we encourage home ownership for them in some other way more suited to their needs.

Therefore, we recommend enactment of a pilot program of aid to low-income families to help them achieve home ownership. This program should concentrate upon slum dwellers because they now have the least opportunity to own decent homes, and because it would help improve slum living conditions in general. The program should assist slum residents either to move out of slums by buying homes elsewhere, or to acquire ownership of newly rehabilitated units in neighborhoods which are being up-graded through a wide variety of other programs too -- as in the Model Cities Program. This home-ownership program would help low-income families buy single family houses, individual units in multi-family condominiums, or apartment buildings which they operated as resident landlords -- replacing absentee landlords who had neglected their properties.

Several types of aid would be involved in this program. First, the slum housing units involved would be substandard ones rehabilitated by a public agency or a non-profit group before being sold to new owners. Second, below-market-rate loans should be used to finance owners on a no-downpayment basis. Third, potential owners should receive advanced training in the skills of minor maintenance, financing, and other responsibilities of ownership. Fourth, new owners from the lowest-income groups would need a monthly housing supplement similar to the rent supplement, but applicable to ownership payments. Fifth, some tenants in resident-landlord buildings would receive rent supplements. Sixth, owners should receive follow-on counseling about financing and repairs. Seventh, the public agency running the program would agree to buy back the housing involved during a fixed period in case the owners could not carry the required burdens.

1 — 2 — 3 — 4 — 5

6 — 7 — 8 — 9 — 10

A pilot program incorporating these devices could be undertaken for 10,000 units at an annual cost of about $5.1 million for rent and ownership subsidies, plus a reservation of $125 million in below-market-rate (3%) loan funds, plus administrative costs. These figures assume that ownership opportunities would be extended to even the lowest-income families.

This program would improve the life of slum residents in several ways besides allowing them to become home-owners. Many would take much better care of their properties and develop a stronger interest in good neighborhoods. Even landlord-tenant relations might improve because resident landlords would replace absentees. Hence conditions in slums might be significantly improved even for people not involved in the program.

In our opinion, this is a program solidly in the American tradition, and well worth trying.

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 <u>outside</u> the slum, as well as in it.

4. The program should be based on rehabilitation of the unit to standard condition, and <u>prior</u> 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.

###

WORKING PAPER

COMMENTS ON THE

PROPOSED URBAN DEVELOPMENT CORPORATION

1. Concept

In its proposal for the establishment of an Urban Development Corporation* HUD asserts, "The greatest domestic challenge that faces America today is the need to rehabilitate and rebuild the nation's slum neighborhoods and the 5,000,000 substandard and deteriorating dwellings in which 20 million Americans live. The problem exists in large and small cities throughout the entire country." The Proposal points out that neither government nor industry can do this alone, and proposes a nationally based, private, non-profit institution--UDC--which has access to substantial amounts of FHA insured mortgage credit, and the ability to offer major inducements to cities, industry, labor, and residents of slums. It proposes that UDC be directed at rehabilitation, with the objective of rehabilitating 500,000 slum dwelling units within the next decade. The proposed short term goal is rehabilitating 30,000 dwelling units during the first two years of its operation. For these first two years it is asserted the UDC will require a reservation of $200 million in 221(d)(3) below market interest rate (BMIR) mortgage credit funds, $200 million in FNMA special assistance funds for rent supplement dwellings, and $9 million in rent supplement funds. In addition, $12 million in working capital will be required for the first two years of operation which is to be supplied by foundation and corporate grants and loans, and HUD demonstration funds.

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*"A Proposal for a Nationally Based Private Non-Profit Urban Development Corporation to Rehabilitate and Replace Substandard Urban Slum Dwellings," HUD, Nov. 1966

The kernel of the UDC concept is that the large and orderly market it provides will produce an efficient, aggressive and technologically advanced rehabilitation industry. This new industry will serve the total rehabilitation market, private as well as public.

2. Feasibility

There appear to be four key questions concerning feasibility of this proposal:

- Technological
- Social
- Scale of operations required
- Acceptability

The technological feasibility of massive rehabilitation of many types of slum dwellings has been demonstrated. The most striking example is the 114th Street program in Harlem. There the buildings were largely gutted, and attractive, healthy, modern apartments created, one for each of the far below-standard units that were scrapped. HUD estimates that there are more than 5 million units in the nation's slums that are structurally sound and susceptible to such rehabilitation.

That many slum neighborhoods have potential to respond to the impact of rehabilitation is also strikingly demonstrated by the 114th Street experiment. The pride shown by the residents of the rehabilitated units, the low level of vandalism during construction, and the enthusiasm of the neighborhood for the project illustrate this. HUD estimates that 5 million units suitable for rehabilitation are located in slum neighborhoods with the potential to respond to the improvements offered.

The minimum effective scale is largely a matter of judgement. Experts consulted seem to agree that the scale proposed (30,000 units in the first two years, 50,000 units annually thereafter) is sufficient to provide the leverage needed with labor, contractors, the materials industry, and city administrations to achieve the innovations desired and to visibly affect the quality of life in the nation's slums. A commitment to only the first 30,000 units may be sufficient but on this opinions differ.

HUD has been in contact with industry, labor and city representatives and reports that in every case those interviewed were persuaded of the merits of the UDC idea. Organized labor's reaction was favorable to the suggestion of a national contract with UDC containing work rules appropriate to efficient rehabilitation and providing for crews which include labor from the slum neighborhoods. Builders and developers were pleased with the significant role the private sector could play. Manufacturers expressed interest in undertaking research and development of products for a new rehabilitation market.

3. Costs

In the UDC proposal the average total cost per dwelling units is estimated to be $13,000. This is a conservative estimate based on the very limited experience to date. There is reason to believe that UDC activity will bring the unit costs down due to economies of scale, improved contractor management, increased labor productivity, and to technological innovations induced by the new rehabilitation industry. That there will be cost reduction is highly likely, and that this reduction will spur private rehabilitation seems probable, but there is no basis for quantitatively estimating the degree of reduction possible and, in all likelihood, will not be until after a few years of UDC operation. It is possible that costs could go as low as $9,000 per unit.

The UDC proposal suggests that the initial 30,000 units be financed half with BMIR (Below Market Interest Rate) mortgage credit and half with FNMA special assistance funds for rent supplement dwellings. The annual rent supplement funds that would be required depends, of course, on the average ability to pay. If the BMIR funded 15,000 units were all rented to families with annual incomes over $4,000, the annual rent supplement required for the remaining 15,000 units would be between $12.2 million and $19.6 million, depending upon the tenants' incomes.

The mortgage credit and rent supplement funds required for the first five years of operation are shown in Table 1, based on the estimated cost of $13,000/unit. The average annual tenant income can be expected to be between $2,000 (which was the 1965 national average income of the 2.5 million slum families with incomes below $4,000/year) and $4,000 which is typical of incomes in Harlem.

The commitment to future rent supplement payments depends, of course, on the degree to which costs are reduced by the new rehabilitation industry and upon the changes in family income. Table 2 illustrates this. It can be seen that unless costs are reduced to below $9,000/unit

TABLE 1

Funding Requirements

(For Unit Cost = $13,000)

	YEAR				
	1967	1968	1969	1970	1971
Units Constructed During Year	5,000	25,000	50,000	50,000	50,000
Units Completed	5,000	30,000	80,000	130,000	180,000
Average Units Completed During Year	2,500	17,500	55,000	105,000	165,000
Annual BMIR Mortgage Credit ($,millions)*	33	167	325	325	325
Annual FNMA Mortgage Credit*	33	167	325	325	325
Annual Rent Supplement Funds($,millions)** (Tenant Income = $4,000)	1.0	7.1	22	43	63
Annual Rent Supplement Funds($,millions)** (Tenant Income = $2,000)	1.6	11.5	36	69	108

*Based on half the units being financed with BMIR 3%-40 year mortgages, the other half with 6%-40 year mortgages.

**Based on rent supplements applicable to the one-half of the units that are financed at 6%-40 years.

TABLE 2

Annual Rent Supplement in $ Millions,
After Five Years
(90,000 Units, 6% 40 Year Mortgages)

Average Tenant Annual Income	Average Unit Cost		
	$9,000	$11,000	$13,000
$4,000	23	48	73
$3,000	45	70	95
$2,000	68	93	118

or average incomes rise to over \$4,000/year, rent supplements will be required indefinitely.

4. Additional Benefits

a. Cost Reduction for Private Rehabilitation

The total market for rehabilitation is far greater than the 500,000 units proposed for UDC action during the next decade. Even if half of the 5 million units presently suitable for rehabilitation are torn down, the private sector market for rehabilitation is 4 times larger than that proposed for UDC over the next decade. Cost reductions stimulated by UDC will therefore pay a large dividend in terms of reduced economic rent for slum families. This can be considered to multiply by 5 the savings which are reflected in the rehabilitation directly sponsored by UDC.

b. Slum Employment

Rehabilitation is, and probably will remain, a labor-intensive industry. Approximately one-half man year of on-site labor is required per rehabilitated unit. If half of this were to be provided by local labor, rehabilitation at the rate of 50,000 units per year will directly employ some 12,000 slum dwellers. Since, presumably, the same people would participate in the private rehabilitation market, the number of slum dwellers employed in the new rehabilitation industry might be 50,000.

c. Application of New Technology to New Construction

The degree to which technological innovation stimulated by rehabilitation will be effective in reducing the cost of new construction is uncertain. What is clear is that new products will be used when they become available market items, thereby improving the quality if not the cost of new construction.

d. Interaction With Other Programs

UDC-sponsored rehabilitation activities can strongly reenforce other programs. Among these are the Demonstration Cities, home ownership for slum dwellers, and neighborhood Service Centers.

5. Additional Problems

a. Mortgage Terms and Economic Life

The use of 40 year mortgages (and consequently an implied remaining economic life of 55 years) has been assumed by HUD. However, it is by no means clear that rehabilitation can provide either physical or economic lifetimes approaching this in a substantial fraction (perhaps most) of the neighborhoods under consideration. Reduction of the mortgage terms to 20 years would require an increased annual rent supplement of $330/unit.

b. Property Acquisition

Limited experience suggests that it is possible to assemble properties for rehabilitation, using only the threat of rigid code enforcement to keep prices from rising. Alternately, or in conjunction, condemnation proceedings can be used in Urban Renewal Areas.

c. Rehabilitation vs. New Housing

While rehabilitation has well known social advantages over slum clearances followed by new construction, it offers far less opportunity for cost reduction through technological innovations and raises the thorny problem of the wisdom of investing heavily in obsolescent properties. An intriguing proposal for neighborhood redevelopment using a mix of rehabilitation and new housing was developed in a working session on UDC*. UDC's concern with rehabilitation to the exclusion of new housing could become a block to the kind of federal effort needed to obtain cost reduction through major innovations in construction technology and project management.

It has been suggested that the reason the Proposal selected rehabilitation rather than a mixed rehabilitation/new housing objective for the UDC was the concern that labor in particular (and perhaps the construction and materials industries as well) would strongly oppose the UDC unless it clearly restricted its activities to rehabilitation. This is a matter of judgment and could very well be correct. It must be noted, however, that acceptance of UDC might be forthcoming if these groups realize that new construction based on improved and economizing technology is inevitable and UDC can provide a sympathetic client with which they could cooperate to gradually modernize traditional practices. This is a subject that future staff work might illumine.

d. Effect on Equity Holders

If the costs of rehabilitation remain high, the federal government, UDC and the cities involved will be predisposed to use all means at their disposal to drive down the costs for acquiring the properties for rehabilitation. Rigid code enforcement has been suggested as the major tool for this. It is not clear that a self-avowed policy of liquidating the equity holders by code enforcement won't develop a fatal backlash.

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*Interim Report: Study of the Feasibility of an Urban Development Corporation

e. Relationships

The proposed relationships of UDC with the local government, various national groups, and the neighborhood (including the question of continuing responsibility for maintenance and upkeep of the rehabilitated buildings) are largely undefined.

6. Conclusions

a. While very many details of UDC remain to be worked out, it appears highly likely that the major objectives will be met if a strong Presidential commitment is given.

b. This is the only practical mechanism that has been found for visibly improving the quality of slum housing within the next few years.

c. The minimum effective scale of the UDC is one which can stimulate a new industry in the U.S.--the rehabilitation industry. Without the UDC this industry will probably not develop. The proposed level of UDC effort appears to be the minimum needed if it is to be successful.

d. The costs--in terms of below market interest rate mortgage credit and rent supplements amount to a subsidy of a substantial fraction of the total rent. The rent supplements involve a firm long term commitment, which is uncertain.

CONFIDENTIAL

Memorandum November 2, 1966

To: Paul Ylvisaker
From: Stuart Chapin

This is to set down a few ideas for the TF agenda. Some of them spell out further the ideas I listed at the end of our meeting in Washington on October 28. The first proposal could be considered in the short-range category, whereas the other two fall mainly in the longer range category. They are in rough form and need "debugging," and I leave it to you to judge whether any of them have utility for the December 1 assignment.

1. A Program for Easing the Situation of Trapped Minority Groups. Let me first state what is quite obvious to most members of the TF, simply to underscore the urgency of finding solutions. Two statistics about Washington, D. C., dramatize the gravity of the situation and provide clear testimony of the necessity of action -- (1) the fact that approximately 65 percent of the population of the District are nonwhite, and (2) the fact that approximately 95 percent of the school children are nonwhite. Only Federal employment opportunities and constant work by concerned community service groups appear to be keeping this tinderbox from bursting into flame. Though the figures for other central cities have probably not yet reached these dramatic proportions, the indications are that similar buildups are in process in most large central cities.

Reports from studies of these areas are clear enough that those trapped see no relief in sight and that problems involving education, employment, housing, health and opportunities for upward mobility have reached a critical mass. As brought out in our session on October 28, a total program is urgently needed to bring this segment of the population into the Great Society. Assuming that very strong recommendations in this respect are presented to the President and become operative, I would urge inclusion in the total Administration package a new HUD program -- call it a "Program for Humanizing Metropolitan Areas" or a "Program for Urban Development," or some other positive-sounding substitute title for "urban renewal." Two features would distinguish it from earlier emphases: first, it would set up renewal and housing programs on a metropolitan-wide basis as the new Title II type of emphasis in the Demonstration Cities and Metropolitan Development Act has achieved for other federal grant and loan programs, and second, it would expand on the "workable program" concept to require certain steps for humanizing metropolitan areas as a basis for qualifying for loan and grant assistance.

More particularly, under such a program current statutory provisions for the array of different grants-in-aid, loan, and rent supplement authorizations would be amended so that the eligible LPA's would be new-type Metropolitan

Area Development Commissions.[1/] In addition to the jurisdictional change, the key feature of these new Commissions would be an entire new philosophy in the execution of the traditional renewal, public housing, rehabilitation housing, cooperative housing and middle income housing programs, and the new rent supplement program. While the Demonstration Cities Program would become the major central city program, it would be required to meet the workable-program-type criteria developed by the Metropolitan Area Development Commission.

Under the new philosophy an emphasis on "community enclaves" would be featured in contrast to the old massive area-wide clearance and redevelopment or rehabilitation emphasis. The essential objective of this new approach would be dual -- (1) it would seek to humanize the city environment by an across-the-boards effort for the improvement of facilities and services in these enclaves,[2/] each sensitively attuned to the mosaic of living patterns in its environs, and (2) it would develop and utilize workable programs that would progressively put into effect voluntary open housing guarantees and introduce various services and improvements in all enclaves. Enclaves would be small in scale, sometimes one block in extent, sometimes two or three, and perhaps affecting no more than a dozen structures in a four or five block area. They would be identified on the basis of a wide range of criteria, including structural conditions in the area, housing vacancies, vacant land, type of existing land use, the proposed transportation and land uses in city plans, the pattern of community organizations in the area, social interaction characteristics in the area, and attitudes of residents about their neighborhood. The proposal for humanizing an enclave would vary with the characteristics, opportunities, and needs of each. Program emphases would probably differ in close-in areas from those in suburban areas. Experimentation in ways of securing community participation in enclave areas would be an important part of attaining responsible involvement of residents in such an effort.

The housing aspect of the program might involve public land acquisition of scattered properties a few at a time and the replacement of outworn structures with new ones; some might involve rehabilitation by private groups

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1/ The title "Metropolitan Area Development Commission" is intended to convey emphasis on building and development functions, and might be consolidated with the metropolitan planning and programming functions that are emphasized under Title II of the 1966 Act. Whether it is politically feasible to phase out the present-day municipal programs in renewal and public housing, I would defer to others on the TF on this question, but under any circumstances, the new metropolitan emphasis, after allowing for a transition period, should receive the lion's share of loan and grant authorization.

2/ This would mean introducing some of the same coordinative mechanisms provided for under the Demonstration Cities Program into this Program.

or cooperatives and be planned variably, some with and some without rent supplements. The key concept in the development of plans for these enclaves would be voluntary open housing guarantees.[3] Enclaves in outlying suburban areas would be encouraged to receive small numbers of deprived families from the central city, and those in central areas would be designed to receive families of varying socio-economic circumstances seeking close-in locations. For success of such a Program a great deal depends on developing responsible participation by residents of enclave communities and in keeping the scale of adjustment at a low key.

To achieve the full leverage of a program of this kind, special related efforts in local services, education, employment, health, social work, and recreation would be developed, especially in the central city areas. By and large schools would be found in interstitial areas between enclaves and depended upon to help supply a cementing force to the efforts in surrounding enclaves. In short the Program for Humanizing Metropolitan Areas is based on a philosophy of responsible involvement of small groups in making their block or locale a "foster home" for a few new families. A backup effort in special education, employment and other services would be an essential feature of the Program. In effect, in the large metropolitan areas this Program in a metropolitan-wide framework would become a complement to the Demonstration Cities Program which centers on the central city problem.

2. <u>A Stepped-Up Effort in Research on Inter-Group Relations and Livability in the City</u>. The several recent crises in central cities of large metropolitan areas and the groping action efforts to alleviate these situations clearly indicate a failure in backup research. In some respects more serious, there is a lack of an evaluation effort on action taken which would enable conclusions to be drawn on the relative effectiveness of measures used.

In any effort to institute action programs in areas as sensitive as those of trapped populations, and certainly in any program to eliminate causes of these conditions, a major research thrust is required, one on the order of that which this country has mounted in space research or in medical research in recent years.

Certainly the social problems of today should be high in priority of attention. But in belatedly researching these problems, the big problems of tomorrow should not be overlooked. One problem rapidly descending on cities is that of adjustments to changed patterns of living which will come from shorter work week. There is a great deal of speculation on the boredom

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3/ Obviously vigorous Administration leadership in amending the Demonstration Cities and Metropolitan Development Act of 1966 to eliminate Sec. 205(f) would be essential.

of urbanites and their social psychological problems of adjustment; there is speculation about two-house living arrangements becoming much more widespread with attendant changes in recreation emphases and traffic patterns; and there are all sorts of unknowns involved in new transportation and communications technologies. With all this interest and speculation, there is little systematic research going on that would enable cities to take account of these changes in the public works and service programs of a catching-up and remedial sort being launched today, much less enable them to embark on programs of a more positive kind designed for the Great Society.

A third research emphasis clearly needed is one which frontally examines the new kind of urban environment respresented in the belts of urban development extending over several states. These appear to be superceding the metropolitan area as an urban environment (just at the time when metropolitan-wide approaches are receiving attention in Federal legislation for the first time to a significant extent). The qualitative aspects of living conditions in such regions of the kind noted above is one facet of this environment, but also involved is the whole area of governmental mechanisms for dealing with needs and problems in these belts.

Sec. 1011 on the Urban Environmental Studies of the Demonstration Cities and Metropolitan Development Act of 1966 needs to be greatly broadened in concept to recognize these three areas of needed research.

3. The Wheaton Proposal for Metropolitan Area Fiscal Responsibility and Action. Although W. L. C. Wheaton's proposal is already in the public domain, it has not been widely circulated as yet. In any case, there are features of his concept of "Metropolitan Target Planning" which may have merit for consideration by the TF in the second stage of our work. Very briefly he proposes using Federal grant programs to achieve a more equitable distribution of fiscal responsibility among the municipalities of a metropolitan area, particularly in the areas of education and housing. I attach a copy of his paper.

November 2, 1966

MEMORANDUM

To: Task Force Members

From: ArDee Ames

The following are some items of interest:

1) A list of phone numbers for each of the Task Force members and a list of subcommittee assignments are enclosed.

2) The Task Force office is located in Room 237 Executive Office Building. The phone numbers are 395-3247 and 395-5663.

3) The chairman's office is Room 233 Executive Office Building and the phone number is 395-3440.

4) The subcommittee chairmen are requested to notify this office of any meetings that are scheduled or travel planned in connection with the work of the Task Force.

5) For admittance to the Executive Office Building please contact this office.

SUBCOMMITTEE MEMBERSHIP

Homeownership

Anthony Downs, Chairman
Julian Levi
Edwin C. Berry

Landlord-tenant

Julian Levi, Chairman
Stuart Chapin

Urban Development Corp.

Ben Alexander, Chairman
Paul Ylvisaker
John Dunlop
Ezra Ehrenkrantz

Neighborhood information center

Theodore Sizer, Chairman
Paul Ylvisaker
Ivan Allen
Ralph Helstein

MEETING OF TASK FORCE ON CITIES

Washington, October 28, 1966

Rough Notes taken by Paul Ylvisaker

Distribution:-

Dr. Julian Levi
Honorable Ivan Allen
Mr. Ben Alexander
Mr. Edwin C. Berry
Mr. Stuart Chapin
Mr. Anthony Downs
Professor John Dunlop
Mr. Ezra Ehrenkrantz
Mr. Ralph Helstein
Dr. Theodore Sizer

Mr. ArDee Ames

Notes taken at meeting with Joe Califano, White House, Saturday, October 22, 1966

Mr. Califano

The Task Force is to have a short and long-range agenda with respective deadlines being December 1 and June 1. For the short-range the questions:-

(1) Should we encourage home-ownership in the slums and if so by what methods?
(2) Does the idea of an urban development corporation for rehabilitation make sense?
(3) How can we honor the Presidential pledge to provide legal services for tenants in the ghetto?
(4) How can we honor the Presidential pledge for neighborhood service centers?
(5) What about the proposed metropolitan expediter?

Task Force should proceed without constraints of costs and politics. We should keep in mind several other task forces operating in areas close to ours. For example, the "In-House" task force under Shriver to develop more permanent answers to the hot summer problem. Another headed by Bill Carmichael on personnel for the Great Society.

The subject of transportation is currently being thoroughly examined with a view towards setting up a new Department of Transportation; to that extent it's not a subject on our task force's agenda.

Two Congressional committees having the same personnel will be holding hearings during our tenure. One chaired by Senator Muskie, exploring the proposal for a domestic security council. The second chaired by Senator Ribicoff which will resume in December will not call government witnesses for a while. It will concentrate first on non-governmental experts, beginning with the problems of data and areal power arrangements.

Meeting with Secretary Weaver

Concerned with:-

(1) the development of national urban policy respecting migration and location of the national population;
(2) encouraging a more positive role by the states in urban policy development;
(3) metropolitan organization.

Robert C. Wood
Under Secretary
Department of Housing and Urban Development

HUD is now concerned with several major problems:-

(1) working at scale: for example, they now have $2 billion of urban renewal applications with only $200 million available;
(2) building up the staffing capabilities of the Department;
(3) general reorganization;
(4) de-centralization of HUD operations -- better information systems are needed if de-centralization is to be carried out.

The new programs occupying HUD's attention of late: "model" cities; new communities; expediter; metropolitan desks; metropolitan planning.

HUD has been proceeding on the strategy of open options; the expansion of free choice for the individual; model for neighborhood facilities; home ownership & jobs in the ghetto; provide counterparts for the public sector.

Wood's advice to the Task Force:-

(1) Address ourselves to thoughts about cities; not only response to them and their needs.

(2) Concentrate on the infra-structure in research & training. Real constraint has been manpower.

M. Carter McFarland
Assistant Commissioner for Programs
FHA

Has been working closely with Henry Schechter since they were assigned to check out the idea of indigenous ownership of slum property. They have begun with as sympathetic an outlook as possible. At the very least they are convinced there is no single panacea; I detected more of a grain of cynicism than he tried to allow in his discussions.

They start from a few basic statistics: 9 million sub-standard dwelling units nationwide; of which 48% are owner-occupied and 52% rented. However, a great variance between central city and suburb. In the slums: 21% owner-occupied and 79% rented -- in the suburbs: 52% owner-occupied and 48% rented.

It is their impression that absentee owners are less responsive to maintenance efforts than owners who occupy. Also that absentee ownership is increasing and getting "less desirable."

They feel that ownership hasn't been stressed as part of urban renewal and OEO operations.

Some proposals:
(1) tie in any program with the model cities program which offers supporting services;
(2) use the urban development corporation if legislated;
(3) allow for several forms of ownership ranging from individual ownership to cooperative.

Task Force questions included:-

(1) Are there other and more effective techniques for getting the desired results other than encouraging ownership?

(2) Can you use old and new techniques for driving down the costs of property in the slum areas? These costs are now being sustained by present governmental programs.

(3) What can we say about the possibility of "steady state" maintenance?

(4) Aren't we trying to eliminate slums and how does slum ownership fit into that objective?

William D. Carey
Assistant Director
Bureau of the Budget

So far no comprehensive strategy has been arrived at in the federal government replying to varying proposals for the neighborhood information service centers. During the summer several agencies produced "talking documents" for the Cabinet Committee. Then the President's Syracuse speech "overtook" the Task Force with a "get cracking" order. There emerged a service group for the facilities approach of HUD, the latter focusing on recreation, etc. They were then talking about $50 million drawn from "pooled" program monies.

Presently they are thinking of experiments in 14 cities of 3 classes -- the sponsoring coalition would be OEO, HUD, Labor and HEW. The purpose would be to provide one-stop social services to use 3 different models. Physical facilities would not be the primary emphasis. The key would be to bring together all services and clients and evaluate the experiments.

Ralph Taylor
Assistant Secretary for Demonstrations and Intergovernmental Relations
HUD

If model cities program is to succeed, need a rehabilitation industry of a scale that hasn't yet emerged. Industry, large contractors and labor are skittish. The proposed UDC approach using low interest rates and much volume as levers, hopefully might break through. The question remains whether the UDC would have its own R&D or let industry do this according to performance standards that UDC would set. Major questions have to do with the market. Another question has to do with local mechanisms. Indigenous cooperatives might be one answer.

As for the proposed expediter -- it's now being called a representative. It should not be confused with the idea of the metropolitan coordinator which is dead. The representative is to be the federal "presence" -- housed in HUD but available to all agencies. It would be a source of information on federal programs; clearing house; liaison; feedback; facilitator. HUD is ready to go in six experimental cities not necessarily the model cities and concentrating on state capitals.

Martin Richman
Office of Legal Counsel
Department of Justice

The Attorney General's work with landlord-tenant relations has taken its marching orders from the Syracuse speech. It will be calling a conference in early December. They will be apparently concerned with tax incentives, though they are not dealing directly with the question of reducing local property taxation.

Comments from Task Force

Mayor Allen

Naturally and necessarily is concerned with immediate problems especially the need for public housing and the problems of race and minorities.

Mr. Helstein

Agrees that the most pressing problem is that of the ghetto.

Mr. Downs

Disagrees with Secretary Wirtz if it means forgetting the immediate problems of the ghetto and race.

Dr. Chapin

Especially concerned with three subjects:

(1) Impact on living patterns of the shorter work week.
(2) Emerging urban form; concentrating on the inner-city and regional arrangements necessary to get linear development.
(3) The dynamite of the central city -- wondering if there isn't a General Gavin idea of enclaves of development.

Mr. Ehrenkrantz

Two matters on his mind: (1) urban development corporation
(2) developing the data systems and inventory we need on an accumulating basis.

Mr. Alexander

Impressed with the fundamental outline of the urban problem. We have neither a theory on which to operate nor criteria by which to measure purpose.

Paul

10/24/66

NEW PROGRAMS

of the

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Initiated (or to be Initiated) under Legislation
Enacted from June 30, 1961 to Date

1. MAJOR NEW PROGRAMS OF SPECIAL SOCIAL OR ECONOMIC IMPORTANCE

1961

Below-market interest rate FHA rental housing for low- and moderate-income families.

1964

Urban mass transportation matching grants.

1965

Rent supplements for special categories of low-income families occupying new low-cost FHA housing.

Matching grants for basic water and sewer facilities.

Matching grants for neighborhood facilities.

1966

Demonstration cities program.

Supplemental incentive grants for planned metropolitan development.

Mortgage insurance program for "new communities".

FNMA "participation sales" program for obligations of Department and other Government agencies.

2. OTHER SUBSTANTIAL NEW PROGRAMS

1961

Matching grants for open space land acquisition.

Grants for demonstrations of new or improved means of providing housing for low-income families.

Two special loan insurance programs for housing rehabilitation.

Mortgage insurance under new long-term low-downpayment sales housing program.

Mortgage insurance for experimental housing.

Mortgage insurance for condominiums.

Loans for mass transportation facilities, and grants for mass transportation demonstrations.

1964

Direct loans at 3 percent for rehabilitation of housing or business properties in urban renewal areas.

Fellowships for city planning and urban studies.

Matching grants to States for training urban professional personnel. – never funded

Mortgage insurance for rehabilitation loans outside urban renewal areas.

"Relocation adjustment payments" to displaced families and businesses.

1965

Clearinghouse service and technical assistance for States and localities on community and metropolitan development problems.

Matching grants for demolition of unsafe structures.

Rehabilitation grants to homeowners in urban renewal areas.

Leasing of private housing for low-income families under public housing program of Department.

Matching grants for urban beautification.

Matching grants for advance acquisition of land for public facilities.

Matching grants for code enforcement in deteriorating areas.

Mortgage insurance for development of land for subdivisions.

Mortgage insurance for veterans homes.

1966

Matching grants for urban information centers and technical assistance for small cities.

Mortgage insurance for group medical practice facilities.

FHA mortgage insurance program for below-market interest rate sales housing for low-income families. (rehabilitation by nonprofit corporations)

Variety of financial assistance to the preservation and restoration of historic structures and areas.

Loans and grants for Alaska housing.

Provision of Metropolitan Expediters.

Research program on cost reduction techniques for housing construction and rehabilitation and urban development.

Research program on actions to improve understanding and improvement of urban environment.

PUBLIC HOUSING ADMINISTRATION

The 1965 Housing Act authorizes the Public Housing Authority to fund the purchase and rehabilitation of existing structures through local Housing Authorities.

This program permits local Housing Authorities to contract a property purchase and rehabilitation with a builder. Upon project completion, the builder is reimbursed for total project costs (land acquisition-rehabilitation). The project title and management reverts to the local Housing Authority.

FNMA financing is not included in this provision. The Public Housing Authority makes the appraisal, reviews cost contracts and will accept a cost figure from a builder without competitive bids. Upon completion, the project is turned over (turnkey) to the local Housing Authority.

The one requirement under this program stipulates that acquisition and rehabilitation costs do not exceed 90% new construction costs.

1965 HOUSING ACT: Contains new legislation that provides a below market interest rate (3%) on rehabilitation financing for non-profit sponsors and limited profit corporations.

221(d)3: 1965 Housing Act provision that defines financial methods available to non-profit sponsors and limited profit corporations. The non-profit sponsor category has two provisions:

1) Non-profit sponsor who holds property title. Rehabilitates and continues ownership.

2) Builder-Seller who purchases and rehabilitates the property under an agreement with a non-profit sponsor to purchase the property upon rehabilitation completion.

221(d)3 provides a 100% total mortgage (acquisition, reconstruction) at 3% for 40 years.

221(d)3 Limited Dividend Sponsor - Limited to 90% total mortgage at 3% for 40 years. Investment return on 10% equity is limited to 6%.

221(d)4 Conventional FHA Financing - Limits sponsors to 90% total mortgage at $5\frac{1}{4}$% for 40 years.

FINANCING METHODS

1965 HOUSING ACT
Section 221 (D) (3)

LIMITED DIVIDEND SPONSOR	-	Agrees to a 6% return on initial investment.
Mortgage Terms	-	90% total project cost (land acquisition-rehabilitation) at 3% for 40 years.*

A limited dividend sponsor must have 10% equity in the total project cost.

(Example)

Building Purchase Price	$ 30,000
Rehabilitation Costs	170,000
Total Project Costs	$200,000
Final FNMA mortgage at 90% project cost	$180,000
10% investment (equity)	$ 20,000
6% return on investment allowed under this provision	$ 1,200 per year

* 40 year maximum under law. Actual term determined by local FHA.

FINANCING METHODS

1965 HOUSING ACT
Section 221 (D) (3)

BUILDER-SELLER	-	Builder purchases property with agreement to sell property to a non-profit sponsor after property has been rehabilitated.
Mortgage Terms	-	100% total project cost (land acquisition-rehabilitation) at 3% for 40 years. * Assigns 100% mortgage to non-profit sponsor upon job completion.
Property Title	-	Is transferred to non-profit sponsor after FHA final inspection upon job completion.
Invested Monies	-	(Same as non-profit sponsor)
Mortgage Loan	-	3% interest (below market rate) by FNMA after FHA insures loan after rehabilitation job completion. 100% mortgage is assigned non-profit sponsor. FNMA reimburses property purchase price. FNMA reimburses rehabilitation cost. FNMA reimburses incidental fees.
Construction Loan	-	(Same as non-profit sponsor)
Final Settlement	-	(Same as non-profit sponsor) Upon final mortgage settlement, property ownership and management is the responsibility of the non-profit sponsor.

* 40 year maximum under law. Actual term determined by local FHA.

FINANCING METHODS

1965 HOUSING ACT
Section 221 (D) (3)

NON-PROFIT SPONSOR - Foundation, church, university, etc., incorporated as a non-profit organization.

Mortgage Terms - 100% total project cost (land acquisition-rehabilitation) at 3% for 40 years. *

Property Title - Must be held for mortgage term.

Invested Monies - Property purchase (FNMA) reimbursed after (FHA) final inspection upon project completion.

Mortgage Loan - 3% interest (below market rate) by FNMA after FHA insures loan. FNMA mortgage loan made after final FHA inspection upon job completion.

Construction Loan - For actual rehabilitation costs made by private lending institution to non-profit sponsor as a temporary loan until final FNMA mortgage loan is closed. The construction loan is made in timed stages as rehabilitation costs become due. Construction loan insured by FHA.

Final Mortgage Settlement - Permanent FNMA mortgage finalized. Private lending institution repaid construction loan by FNMA.

Final mortgage balance minus construction loan payment awarded to non-profit sponsor by FNMA. (This balance covers property purchase and other fees, e.g., architect, legal, etc.)

Non-profit sponsor pays mortgage for term set in mortgage from property rentals.

* 40 year maximum under law. Actual term determined by local FHA.

FINANCING METHODS

1965 HOUSING ACT
Section 221 (D) (4)

CONVENTIONAL FHA FINANCING - For individuals or groups who do not qualify under 221 (D) (3) provisions.

Mortgage Terms - 90% total project cost (land acquisition-rehabilitation) at $5\frac{1}{4}$% for 40 years. *

All other 221 (D) (3) financing provisions apply except private lending institutions lend the monies instead of FNMA.

Under this provision, there is no limit on amount of return on initial investment.

* 40 year maximum under law. Actual term determined by local FHA.

MEMORANDUM December 12, 1966

TO : Ivan

FROM : Ann

RE : Special Task Force meeting in Washington

I talked with Ardee Ames and the meeting is set for Thursday, December 15th at 10:00 a.m. I explained to him you inability to get there before noon, and he said that it usually took them an hour or so to warm up.

At the luncheon, Mr. Chester Rapkin, who was Chairman of the study group last year, will talk about how they went about what they did.

The meeting will be in room 444, Executive Office Building, and the luncheon will be in the caf eteria in the same building. You should go to room 444, and if they have left, check by room 237 (Ardee Ames office) for instructions where to meet for lunch.

You are confirmed as follows:

EASTERN flight 130, leave Atlanta 10:35
Arrive Washington National 12:00 N, A

EASTERN flight 137, Leave Washington National 5:40 p.m.
Non-stop to Atlanta 7:12 (dinner served)

Also at this meeting, plans will be made as how to continue in January, with interviews, etc. It sounds like a rather important meeting.

WITNESS LIST

Subcommittee on Executive Reorganization
of the
Senate Committee on Government Operations

Tuesday, November 29 (9:30 a.m.)

David Rockefeller, President, Chase Manhattan Bank

Richard Scammon, Vice President, Governmental Affairs Institute

Wednesday, November 30

Roy Wilkins, Executive Director, National Association for the Advancement of Colored People

Harry Golden, author and publisher, Carolina Israelite

Honorable George Edwards, Judge, U. S. Court of Appeals, 6th Circuit

Dr. Robert Coles, Research Psychiatrist, Harvard University Health Services

Friday, December 2

Dr. James M. Hester, President, New York University

Dr. George Sternlieb, Professor, Rutgers University Urban Studies Center

Lee S. Sterling, Executive Director, American Property Rights Association, Inc New York City

Monday, December 5

Constantinos Doxiadis, President, Doxiadis Associates, Inc.

Walter Reuther, President, United Auto Workers, (accompanied by Jack Conway, Executive Director, Industrial Union Department, AFL-CIO)

Tuesday, December 6

A. Philip Randolph, President, Brotherhood of Sleeping Car Porters, (accompanied by Bayard Rustin, Executive Director, A. Philip Randolph Institute)

Lee Rainwater, Professor of Sociology and Anthropology, Washington University, St. Louis, Missouri

Anthony Dechant, President, National Farmers Union

Milton Kotler, Institute for Policy Studies

Wednesday, December 7

Gerald L. Phillippe, Chairman of the Board, General Electric Company

Dr. Philip B. Hallen, President, Maurice Falk Medical Fund, Pittsburgh, Pa.

James W. Rouse, President, Community Research and Development, Inc.

James H. Torrey, Senior Vice President, and Bruce P. Hayden, Vice President, Connecticut General Life Insurance Company

Dr. William Doebele, Graduate School of Design, Harvard University

Thursday, December 8

Floyd McKissick, National Director, Congress of Racial Equality

Herbert J. Gans, Senior Research Sociologist, Center for Urban Education

Joseph Monserrat, National Director of the Migration Division, Department of Labor of Puerto Rico

Dr. John Spiegel, Director, Center for the Study of Violence, Branddeis University

Friday, December 9

Budd Schulberg, author, (accompanied by Mr. Harry E. Dolan, Mr. Johnie Scott, and Mr. Stan Sanders)

Derek V. Roemer, Psychologist, National Institute of Mental Health

Helen Peterson, Director of Community Relations, Denver, Colorado

Monday, December 12

Reverend Leon H. Sullivan, Chairman, Board of Directors, Opportunities Industrialization Center, Philadelphia, Pa.

Mrs. Hortense Gabel, Former Administrator, City Rent and Rehabilitation Administration, New York City

Tuesday, December 13

Daniel P. Moynihan, Director, Joint Center for Urban Studies, Harvard-MIT

Herbert J. Sturz, Director, Vera Institute of Justice, New York City

Dr. Kenneth B. Clark, Director, Social Dynamics Research Institute, City College of New York

Edward J. Logue, Administrator, Boston Redevelopment Authority

Wednesday, December 14

McGeorge Bundy, President, Ford Foundation

Whitney M. Young, Jr., Executive Director, National Urban League

Howard R. Leary, Commissioner of Police, New York City

Thursday, December 15

Dr. Martin Luther King, President, Southern Christian Leadership Conference

Don Sweat
Jan Mayor

Program: Low Rent Public Housing

Nature and Purpose:

This program provides loans or guarantees of loans to local housing authorities to assist them in the development of safe, decent and sanitary low-rent housing projects for low-income families and others who cannot afford standard private housing.

This program also provides annual contributions to local housing authorities to assist them in achieving and maintaining the low-rent character of the projects.

This program provides direct benefits for poverty-striken people.

This program also provides financial assistance to local housing authorities to assist them in meeting the special housing needs of the low-income elderly.

When providing accommodations designed specifically for the elderly, higher than normal "Low-Rent Public Housing Program" per room cost limitations are permitted. An additional contribution to the local housing authority (up to $120 per dwelling unit per year) may be authorized.

~~This is a special program of assistance within the Low-Rent Public Housing Program that provides direct benefits to individuals in poverty groups.~~

Eligibility:

The applicant agency must be a local housing authority established by the local government, under state enabling legislation, to be eligible. The formal application must be approved by the local governing body. The Atlanta Housing Authority operates the program for the City.

Although the program is generally limited to low-income families, single persons are eligible for admission in the case of the elderly, handicapped, and those displaced by urban renewal or other governmental action.

There are only five real factors determining eligibility to live in Atlanta Public Housing:

(1) The applicant must have an address in Metropolitan Atlanta. This does not mean he must have residence for any length of time, but he must be living, upon application somewhere in the area.

(2) The applicant may not have a net income (determined from gross reported income, employer's records, and including certain deductions for children, health, and other factors) higher than the maximums established by the Housing Authority. These are: for a family of 1 - $3,000; 2 - $3,400; 3 - $3,600; 4 - $3,800; 5 - $4,000; 6 - $4,300; 7 - $4,400; 8 - $4,500; 9 - $4,600; 10 or more - $4,700. These new maximum income limits were set in December, 1965, and are the first increases since the 1950's. Once eligibility has been found, families may earn more than the maximum and continue occupancy up to certain limits. These continued occupancy maximums are

Eligibility continued:

$3,750 for one person, rising at increments of about $300 per person, to a maximum of $5,875 for a family of 10 or more. Every family moving into public housing must show some source of income whether it be employment, welfare or social security.

(3) Families of 10 or more must receive a special waiver from the authority to be eligible. All other families, meeting other qualifications, are eligible.

(4) Families must pass a police check as to moral character. While past convictions will not prohibit eligibility, being presently wanted for a crime will.

(5) Each family must demonstrate the physical and mental capacity to care for themselves without placing a burden upon the Housing Authority.

In addition, there are two further requirements for the elderly: (a) a doctor's health certificate; (b) a sponsor who can be called in case of death or illness. Finally, first priority in public housing goes to persons who have been displaced by government housing. Although occupancy is 99% full, space is held to a very small degree for such persons. The Housing Authority will also house persons on an emergency basis. 8 or 9 Cuban families are now being so housed.

Rents are determined upon the basis of income, source of income, family size, standard deductions, needs and other variables including the number of children under school age. The minimum rent is $20 and rent can be as high as $65 or more. For the elderly the average rent is $29.00, while the minimum elderly rent in a high rise is $25.00.

Present Utilization:

8,784 units built, 1140 units in planning, 1200 units reservation made but no planning as yet. Total funds received to date - $63,808,000.00 for 15 projects.

Name	Units	Funds	Date Built	Race
Techwood	604	2,619,000	1936[3]	W
Clark Howell	630	3,215,000	1940	W
Capitol	815	3,634,000	1941	W (I)[4]
Grady	616	2,490,000	1942	N
Carver	900	10,200,00	1953	N
Harris	510	6,397,000	1957	W (I)
Perry	1000	9,217,000	1955	N
Bowen	650	9,736,000	1964	N
University	675	2,523,000	1940	N
John Hope	606	2,595,000	1940	N
Egan	548	1,942,000	1941	N
Herndon	520	1,883,000	1941	N
Graves *	210	2,177,000	1965	N
Childs *	250	2,780,000	1965	W (I)
Palmer *	250	2,400,000	1966	W

* Units for the elderly only. There are 2,383 (including those in Graves, Childs, and Palmer) elderly units scattered throughout the projects.

1. Unless otherwise noted, structures are 2 or 3 stories high and do not have hall ways.

2. A high-rise with hall ways.

3. It is interesting to note that in 1941 about 550 units cost 2 million dollars; today 2 million will not build half that many units.

4. This means that the project is predominantly white with a small amount of integration. When (I) is not shown it indicates the project is 100% of the indicated race.

Program: Low Rent Public Housing, "Turnkey" Method

Nature and Purpose:

This is a new technique for the provision of public housing which permits a private developer or builder to deal with a local housing authority in essentially the same way as he is accustomed to deal with his private clients. Under this system, called the "turnkey" approach, a developer who has a site or an option, or can obtain one, may approach the Atlanta Housing Authority with a proposal to build in accordance with plans and specifications prepared by his own architect and to a standard of good design, quality and workmanship. In the event that the developer's proposal is acceptable to the Housing Authority, the parties will enter into a contract under which the Housing Authority agrees to purchase the completed building. This contract will be backed by the Housing Assistance Administration's financial assistance commitment to the Housing Authority, and it will enable the developer to secure commerical construction financing in his usual way.

It is anticipated that the developer will be working with architects, contractors and subcontractors of his own choice and will bring to the Housing Authority the benefits of his experience and know-how in producing the desired housing and related facilities and amenities.

The housing should be suitable, well-designed, and well-constructed, able to stand hard wear for at least 40 years, be designed for economical administration and maintenance, be produced in the most efficient and economical manner, and be located in neighborhoods that will provide a healthful and decent environment and on sites acceptable to the Housing Authority and HAA for low-rent housing. It will be necessary for the developer and the Housing Authority to discuss in general terms the types and sizes (number of bedrooms) of the housing and facilities to be developed. The developer should consult with the Housing Authority from time to time during the course of his planning to insure the acceptance of his plans when they are developed.

In order to promote smaller publicly-owned developments, especially to enable low-income families to live in the same environment with families or individuals of higher income and possibly under arrangements whereby the tenants and the property are not specifically identified as being public or private. For these reasons developers are encouraged to propose sites considered to be too large for exclusively public housing to plan combined private-public developments which will benefit both the low-income tenants subsidized by the HAA through the Housing Authority and the tenants of the developer who may be low, middle, or higher income, depending on financing and economic feasibility. Such a combination could also include cooperative or condominium housing.

Eligibility:

Private developers who have sites or options on sites should contact the Atlanta Housing Authority.

Present Utilization:

None. This should be an excellent means through which to construct in a shorter length of time the 1,200 units for which the Atlanta Housing Authority presently has a reservation.

Program: FHA 221 Mortgage Insurance for Low and Moderate Priced Homes.

Nature and Purpose:

A program of mortgage insurance to assist private industry for the construction or rehabilitation of individual sales housing, and for the purchase and repair of new or existing multi-family units (up to 4-family units) that are to be sold or rented to low-income families.

The program provides housing for families displaced by urban renewal or other government action. Also for families with low or moderate incomes and elderly or handicapped persons.

FHA does not grant mortgage insurance directly to the contractor. Instead upon approach by a contractor, and following approval as to property standards, location, need, etc., the FHA issues a committment to the contractor to issue 221 mortgage insurance to the buyers of the homes once they are built. The contractor then finances his operations as normal on the private market.

221 mortgage insurance is also available for non-new construction when an individual is buying a house and rehabilitating it to live in. The same eligibilities and down payments apply.

Normally, the FHA mortgage insurance will be for all costs. However, if construction has started on the house before the 221 insurance was received, the mortgage insured cannot be for more than 90% of value. Additionally, if the borrower is not to be an owner-occupier (for example, a person renting housing or multi-family units), or if he is refinancing the property, the mortgage cannot be more than 85% of the amount insurable for an owner-occupier, or 85% of the property value, whichever is less.

Normally, the maximum mortgage term is 30 years. However, it can be increased to 40 years when:
(a) in the case of a displaced family, the FHA determines the mortgagor cannot make the required payments on a shorter-term mortgage,
(b) in the case of other mortgagors, the mortgagor is the owner-occupant and the FHA determines he can't make the necessary payments in a shorter-term mortgage, provided the house was approved by FHA or VA before, and inspected during, construction.

Normally, builders have sold homes at a price allowing for the maximum mortgage to cover the purchase price. Therefore, the average purchase price would normally be the maximum mortgage to cover the purchase price. Therefore, the average purchase price would normally be the maximum mortgage plus $200 for certified buyers or plus 3% for others.

In Atlanta the maximum mortgage has risen as the national maximum has risen. However, as the maximum mortgage in

Nature and Purpose continued:

1958 was $11,000 and today it is $12,500, the average purchase price can be said to have been from about $11,200 to $12,700 for certified buyers and from about $11,330 to $12,850 for other buyers.

It should be noted that mortgages on the multi-family rental housing or homes rented under this program are all at the established FHA interest rate (5 3/4%) and that on this housing there are no income limitations on occupants as there are on the below-market interest rate housing under 221(d)(3).

Eligibility:

Priority is given to families who are qualified on credit, family-related by blood, and certified by the U.R.A. as being displaced by governmental action. These persons can pay a minimum $200 down payment. Other persons who are not families but are over 62 years of age or physically handicapped can, if otherwise qualified, qualify for the minimum $200 down payment, or $400 for a two-family dwelling, $600 for three, $800 for four. All other persons, if they are families or over 62 or handicapped are eligible for 221 home mortgage insurance but only for single family units, but they must pay down 3% of the total aquisition cost of the home -- which would be about $375.00 today as the maximum mortgage insurable in Atlanta under 221 is $12,500. Non-certified families are allowed to purchase 221 housing because, although the program is intended for displaced persons, the FHA desires to see all units, constructed with FHA encouragement under 221, purchased.

Present Utilization:

From 1935 through 1965, 3,831 home mortgages have been issued under this program at a value of $37,991,450. In 1965, 252 home mortgages were insured for construction under 221 at a value of $2,565,900 (these figures included in 1935-65 total above). In 1965, 69 home mortgages were proposed for construction, but as of January 1966, not constructed, for a total of $769,000 (not included in 1936-65 total above). These totals include 221 new sales housing, homes bought and rehabilitated under 221, and homes bough and rehabilitated by a non-occupant under 221. These figures are for the standard Metropolitan Atlanta area. There has not been any market-rate 221 mortgage insurance for multi-family housing (up to 4-family units) in Atlanta as of January, 1966.

Program: FHA 221(d)(3) Mortgage Insurance At Below Market Rate Interest For Rental and Cooperative Housing For Families of Low and Moderate Income

Nature and Purpose:

There are a number of families whose incomes are too high for public housing, but not high enough to compete for adequate housing in the private market. Some of these families have been forced into the market because of urban renewal or other governmental action.

To help these families obtain housing at prices they can afford, the Federal Housing Administration insures mortgages on special terms under the provisions of Section 221(d)(3) of the National Housing Act.

To keep the rents within the means of the people for whom the housing is intended, the Act authorizes a mortgage interest rate below the current market rate on FHA-insured mortgages.

Priorities for occupancy are given to families displaced by governmental action. Other families whose incomes are within the limits established by FHA also can qualify for occupancy, as can single elderly or handicapped persons.

Proposed new construction, and existing properties requiring rehabilitation, with five or more units may be eligible for mortgage insurance.

A mortgage insured under Section 221(d)(3) may carry a market interest rate (at the present time not more than $5\frac{1}{4}$ percent), or a below-market rate.

Under these provisions, the interest rate during construction may be as high as the established FHA maximum interest rate at the time of construction. Upon final endorsement of the loan, the interest rate will be lowered to 3 percent. FHA waives the mortgage insurance premium of $\frac{1}{2}$ percent for projects with this low interest rate.

For public agencies, cooperatives (including investor-sponsored), and non-profit sponsors, mortgages on new construction may not exceed the replacement cost of the project; on rehabilitation projects, the estimated cost of rehabilitation plus the value of the project before rehabilitation; or if refinancing is involved, the estimated cost of rehabilitation plus the amount required to refinance the out-standing indebtedness. For limited-distribution mortgagors, mortgages may not exceed 90 percent of these amounts.

The mortgage on any project is further limited by such factors as family income limits established by the FHA, and debt service considerations.

Nature and Purpose continued

The maximum mortgage term is 40 years or three quarters of the FHA estimate of the remaining economic life of the property, whichever is less. The maximum mortgage amount is $12,500,000. The mortgage on any project is limited by construction costs and median income figures established by FHA for the area. Information regarding these limitations for a particular area may be obtained from the local FHA insuring office.

Public and private limited distribution projects: If advances are to be insured during construction two percent of the original principal amount of the mortgage will be required as working capital. This fund must be deposited with the mortgagee by the mortgagor and must come from sources other than mortgage proceeds.

Private nonprofit projects: An allowance of two percent to make the project operational, in lieu of working capital, may be included in the mortgage.

With respect to rent, carrying charges, and occupancy requirements, FHA controls will be maintained until the insured mortgage is paid in full. To prevent early refinancing and release of FHA controls, full or partial pre-payment of the insured mortgage without approval of the FHA Commissioner is prohibited, except that limited distribution mortgagors may pay in full after 20 years from the date of final endorsement without such approval.

All housing financed under the program must operate in accordance with regulations as to rentals, charges, methods of operation and occupancy requirements set forth by the FHA.

Occupancy is limited to families and to elderly or handicapped individuals of low and moderate income, with preference being given to displacees.

Projects may be sold only with the prior approval of FHA and subject to prescribed conditions.

Eligibility:

Projects may be developed by public agencies (except local housing authorities that obtain their funds exclusively for public housing from the Federal Government) or by co-operatives (including investor-sponsored), private nonprofit corporations or associations, or limited distribution corporations, or other mortgagors approved by the FHA Commissioner.

A nonprofit mortgagor is a corporation or association organized for purposes other than the making of profit for itself or persons identified with it and found by FHA to be in no manner controlled by or under the direction of persons or firms seeking to derive profit from it.

Eligibility continued

A builder-seller mortgagor is a special type of limited distribution mortgagor organized to build or rehabilitate a project and sell it, immediately upon completion, to a private nonprofit organization at the certified cost of the project.

A public mortgagor is a Federal instrumentality, a State or its political subdivision, or an instrumentality of a State or of its political subdivision, which certifies that it is not receiving financial assistance exclusively for public housing from the Federal Government and which is acceptable to the FHA.

A limited distribution mortgagor is a corporation restricted as to distribution of income by the laws of the State of its incorporation (or by FHA) - or a trust, partnership, association, individual, or other entity restricted by law or by the FHA as to distributions of income - formed exclusively for the purpose of providing housing and regulated as to rents, charges, rate of return, and operating methods in a manner satisfactory to the FHA.

A cooperative mortgagor is a nonprofit cooperative ownership housing corporation approved by FHA. Permanent occupancy is restricted to the members, and eligibility and transfers of membership are subject to FHA controls.

An investor-sponsor mortgagor is a special type of limited distribution mortgagor organized to build or rehabilitate a project and transfer it to a cooperative. If the project is not sold to a cooperative within two years after completion, the investor sponsor will operate it as a limited distribution corporation, for the purposes authorized.

To live in these low rent projects, families must be making less than $5,250 per year. It should be noted that these income limitations do not apply to regular 221 housing.

This is a maximum income limitation which varies by family size. There is no absolute minimum but a minimum net income after taxes and obligations, which varies by the type of apartment involved and the types of obligations outstanding, is required.

Priorities are given to families certified by U.R.A. as displaced by government action. For individuals to be eligible, they also must have sufficient financial capacity and be blood-related (except for persons over 62 or the handicapped). There are no minimum income limits, but each family must pass a credit check to show they can afford the housing.

Present Utilization:

A total of 16 projects, providing 2,071 units have been built, are under construction, or in planning in Metropolitan Atlanta. Those projects, status and rental ranges and income limitations follow:

Occupied

Wheat Street Gardens

323 Irwin Street, N.E.
Sponsor: Church Homes, Inc. (Private, nonprofit)
280 units - $2,975,000 - Opened 1965
Rental Housing
Income Limits: 2 persons - $5,650
3 & 4 - 6,650
5 & 6 - 7,650
All 2 bedroom apartments, unfurnished, light, gas and telephone additional.
Rents: Upstairs - $69.50 month
Downstaris - 72.50 month

Allen Temple Apartments # 1

11 Allen Temple Court, N.W.
Sponsor: Allen Temple Church (Private, nonprofit)
150 units (10 buildings, 15 units each), financing not yet closed - Opened December, 1965.
Rental Housing
Income Limits: 2 persons - $5,250
3 & 4 - 6,650
5 & 6 7,150
7 or more - 8,500

2 and 3 bedroom apartments, unfurnished. Light, gas and telephone additional.

Rents:	2 bedroom on terrace	$62.00 month
	2 bedroom 1st and 2nd fl.	65.00
	3 bedroom on terrace	72.50
	3 bedroom 1st and 2nd fl.	75.00

Eastwyck Village

2892 Eastwyck Circle, Decatur
Sponsor: FCH Company, Inc. (Foundation for Cooperative Housing, Stanford, Conn.) (Private, nonprofit)
6 sections, 441 units - $5,373,400 - Opened 1965
Cooperative Housing

Income Limits:	1 person	$4,650	(must be over 62 years)
	2	5,650	
	3 & 4	6,650	
	5 & 6	7,650	
	7 or more	8,650	

Eastwyck Village continued

Furnished apartments. Water,sewerageand garbage are $3.70 additional.
Payments:

1 bedroom	$53.00 month	
2 bedroom	69.00 month	
2 bedroom, 1½ baths, basement		- $79.00 month
3 bedroom	77.00	
3 bedroom, 1½ baths, basement		84.00
4 bedrooms, 1½ baths, basement		94.00

Under Construction

Allen Temple Apartments # 2

11 Allen Temple Court, N.W.
Sponsor: Allen Temple Church (Private, nonprofit)
225 units, completion early 1967
Rental Housing
Income Limits: Same as Allen Temple Apartments # 1
Rents: Same as Allen Temple Apartments # 1

Cambridge Square

3061 Oakdale Road, Doraville, Georgia
Sponsor: FCH Company, Inc. (Private, nonprofit)
134 units - completion March 1967
124 units - completion September, 1967
Cooperative Housing

Income Limits:		
	1 person	$4,350 (must be over 62 years)
	2	5,250
	3 & 4	6,200
	5 & 6	7,150
	7 or more	8,050

Unfurnished apartments. Water, sewerage and garbage are an additional $3.70 charge

Payments:		
	1 bedroom	$58.00
	2 bedroom	69.00
	2 bedroom, 1½ bath, basement	79.00
	3 bedroom	79.00
	3 bedroom, 1½ bath, basement	86.00
	4 bedroom, 1½ bath, basement	97.00

In Planning or discussion:

Wheat Street Gardens (addition)

323 Irwin Street, N.E.
Sponsor: Church Homes, Inc. (Private, nonprofit)
240 units in planning, construction to start spring 1967
(will probably be mostly 3 bedroom apartments)
Rental housing.

In Planning or discussion continued

College Plaza

97 units in planning, commitment issued (but, because rent values were too low, might be reconsidered), no construction plans yet.

Ballard Heights

84 units in planning, no formal application yet

Halycon

200 units in planning, no formal application yet

Park West

96 units in planning, no formal application yet