

October 25, 1968

Mr. James L. Wright, Jr.
Physical Planning Coordinator
Model Cities
673 Capital Avenue, S.W.
Atlanta, Georgia 30312

Dear Mr. Wright:

Reference is made to my Memorandum of October 18 to Mr. J. C. Johnson, Model Cities Director, and my subsequent discussion with you re construction of low-cost single-family houses on scattered lots in the Model Cities area, as a means of getting some tangible housing improvements started in the area as soon as possible.

Yesterday, I talked with a reputable builder who is ready and willing to construct immediately one or more "Imperial Homes", on a trial basis, on the home owner's lot(s) in the Model Cities area, to be financed under Section 235 of the 1968 Housing Act. I understand that limited funds for implementing this program may be available to the local FHA office next week. In any event, application can be made under Section 221 d (2) and transferred to 235.

Under the 235 program the owner must occupy a unit of a 1-2 family dwelling and is required to pay 20% of his monthly income to the purchase (maximum mortgage is \$15,000). The difference between the 20% income payment and the monthly payment on principal, interest, taxes and insurance (if the purchase had been financed at market interest rates) above a 1-3% interest rate, according to family income, may be subsidized to the mortgagee directly by FHA.

If you and your staff will find owner(s) of scattered lots in the Model Cities area who would like to have a home(s) constructed on their lot(s) under this program and occupy the home(s), I will be glad to put the builder in touch with them for selection of houses and filing of application with FHA. A subdivision "Exie" developed exclusively with these houses may be seen near Jonesboro just off Highway I-75.

The builder is also ready and willing to purchase vacant lots in the Model Cities area on which to construct and sell these houses to qualified purchasers, providing the land cost per unit is reasonable.

Mr. James L. Wright, Jr.

October 25, 1968

Page 2

Under this program it is doubtful that a builder could afford to pay more than \$1,500 per unit for the land on streets which have utilities already installed.

Similar financing is available for rehabilitating residential structures to be sold to owner-occupants.

It appears that this is the most feasible way of getting much needed residential improvements started right way in appropriate portions of the Model Cities area.

Very truly yours,

Malcolm D. Jones
Housing Coordinator

MDJ/mc

cc: Mr. Dan E. Sweat, Jr. ✓
Mr. Cecil A. Alexander
Mr. J. C. Johnson