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DEPARTMENT OF HOUSING  
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# JACKSON, TENNESSEE HOUSING MARKET

as of July 1, 1971

A Report by the  
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
U.S. FEDERAL HOUSING ADMINISTRATION,  
WASHINGTON, D. C. 20411

September 1971

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**JACKSON, TENNESSEE**

**HOUSING MARKET**

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## FHA Housing Market Analysis

Jackson, Tennessee, as of July 1, 1971

### Foreword

This analysis has been prepared for the assistance and guidance of the Federal Housing Administration in its operations. The factual information, findings, and conclusions may be useful also to builders, mortgagees, and others concerned with local housing problems and trends. The analysis does not purport to make determinations with respect to the acceptability of any particular mortgage insurance proposals that may be under consideration in the subject locality.

The factual framework for this analysis was developed by the Economic and Market Analysis Division as thoroughly as possible on the basis of information available on the "as of" date from both local and national sources. Of course, estimates and judgments made on the basis of information available on the "as of" date may be modified considerably by subsequent market developments.

The prospective demand or occupancy potentials expressed in the analysis are based upon an evaluation of the factors available on the "as of" date. They cannot be construed as forecasts of building activity; rather, they express the prospective housing production which would maintain a reasonable balance in demand-supply relationships under conditions analyzed for the "as of" date.

Department of Housing and Urban Development  
Federal Housing Administration  
Economic and Market Analysis Division  
Washington, D. C.

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FHA HOUSING MARKET ANALYSIS - JACKSON, TENNESSEE  
AS OF JULY 1, 1971

The Jackson, Tennessee, Housing Market Area (HMA) is defined as consisting of Madison County, Tennessee. The HMA had a population of 66,400 on July 1, 1971, up 1.0 percent from the April 1970 Census count of 65,727.

In the past decade, rapid industrial expansion has changed Jackson from a west Tennessee county seat with a cotton mill, some small church-related colleges, and an agricultural hinterland to an area of diversified industry. While the mill and the colleges and the agricultural base still are significant, nearly half the manufacturing jobs in the area are provided by plants that have been established since 1960.

In response to this stimulus, there has been a steady growth in the level of housing activity. While the current markets are sound, further expansion should await the absorption of projects now under way.

Anticipated Housing Demand

On the basis of the level of increases in employment, population, and households anticipated for the Jackson HMA during the two-year forecast period of this report, ending in July 1973, demand for additional nonsubsidized housing is set at 300 units a year, including 200 single-family houses, 60 units in multifamily structures, and 40 mobile homes. The suggested level of single-family activity is about equal to the nonsubsidized single-family volume in 1970; the number of multifamily units recommended is, however, below recent levels of activity and takes account of the large number of rental units now being built in the area which will be on the market during the next year or so. Absorption of these units should be observed carefully and appropriate adjustments made in projected demand on the basis of experience. Production of 60 additional rental units a year should be about evenly divided between one- and two-bedroom units at the lowest rent levels possible without subsidy. A distribution of sales housing demand by price class is provided in table I.

## Occupancy Potential for Subsidized Housing

Federal assistance in financing costs for new housing for low- or moderate-income families may be provided through a number of different programs administered by FHA: monthly rent supplements in rental projects financed with market-interest-rate mortgages insured under Section 221(d)(3); partial payment of interest on home mortgages insured under Section 235; partial interest payment on project mortgages insured under Section 236; and federal assistance to local housing authorities for low-rent public housing.

The estimated occupancy potentials for subsidized housing are designed to determine, for each program, (1) the number of families and individuals who can be served under these programs and (2) the proportion of these households that can reasonably be expected to seek new subsidized housing during the two-year forecast period. Household eligibility for the Section 235 and Section 236 programs is determined primarily by evidence that household or family income is below established limits but sufficient to pay the minimum achievable rent or monthly payment for the specified program. For public housing and rent supplement, all families and individuals with income below the income limits are assumed to be eligible. Some families may be alternatively eligible for assistance under more than one of these programs or under other assistance programs using federal or state support. For the Jackson HMA, the total occupancy potential is estimated to be 300 units annually.

The annual occupancy potentials<sup>1/</sup> for subsidized housing discussed below are based on 1971 incomes, the occupancy of substandard housing, estimates of the elderly population, income limits in effect on July 1, 1971, and on available market experience.

Section 235 and Section 236. Subsidized housing for households with low to moderate incomes may be provided under either Section 235 or Section 236. Moderately-priced, subsidized sales housing for eligible families can be made available through Section 235. Subsidized rental housing for the same families may be provided, alternatively, under Section 236; the Section 236 program contains additional provisions for subsidized rental units for elderly couples and individuals. In the Jackson HMA, it is estimated, based on regular income limits, that there is an occupancy potential for an annual total of 100 subsidized family units utilizing either Section 235 or Section 236, or a combination of the two programs. In addition, there is an annual potential for about 50 units of Section 236 rental housing for elderly couples and individuals. The

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<sup>1/</sup> The occupancy potentials referred to in this analysis have been calculated to reflect the strength of the market in view of existing vacancy. The successful attainment of the calculated potentials for subsidized housing may well depend upon construction in suitable accessible locations, as well as distributions of rents and sales prices over the complete range attainable for housing under the specified programs.

use of exception income limits would make no difference in the potential in the Jackson area. About a fourth of the families and half of the elderly households also would qualify for public housing. Half of the families eligible for Section 235 housing are five- or more-person households (see table II).

As of the end of June 1971, funds had been made available for a total of 219 units of Section 235 housing in the Jackson area. Of this total, probably 180 houses had been sold to eligible purchasers, although some of the houses were still being built (a total of 79 Section 235 loans were insured in 1969 and 1970). This program has been well received in the Jackson area.

There are no completed Section 236 projects in the area, but a project of 138 units is now under construction.

The Section 236 project now being built and the remaining Section 235 authorizations for the Jackson area will satisfy a substantial part of the occupancy potential projected for the July 1971 to July 1973 period in the Jackson area. Future approvals should consider carefully the marketing experience of the housing now being built under these programs in the area.

#### Rental Housing Under the Public Housing and Rent Supplement Programs.

These two programs serve households in essentially the same low-income group. The principal differences arise from the manner in which net income is computed for each program and from other eligibility requirements. For the Jackson HMA, the annual occupancy potential for public housing is estimated at 125 units for families and 75 units for the elderly (see table II). About a fifth of the families and a third of the elderly also would be eligible for Section 236 housing. In the case of the somewhat more restrictive rent supplement program, the potential for families would be reduced to about 100 units yearly, but the potential among the elderly would be unchanged.

The Jackson Authority manages a total of 1,196 units of low-rent public housing, including a 151-unit turnkey high-rise project for the elderly completed in 1971. Of the total, 271 units are designated for the elderly. In addition to the 151 units for the elderly, a rent-supplement project (Parkway East) with a total of 125 units was completed, in two stages, in 1969 and 1970. It is interesting to note that the availability of 276 additional units of low cost housing, plus the Section 235 program has virtually satisfied the backlog of demand for housing of this type in the Jackson area and present waiting lists are small. The Jackson Housing Authority now has a fund reservation for another 200 units of low-rent public housing which they plan to develop on a scattered-site basis. Assuming that sites are obtained and the housing is built during the next two years, this program would appear to be almost sufficient to satisfy the estimated occupancy potential among families.

### Sales Market

Tight money conditions in the area tended to inhibit home purchases in 1969 and 1970. With the easing of the mortgage money market in late 1970 and early 1971, there was a resumption of home buying in the area and some quickening of activity in the sales of both new and existing homes.

New nonsubsidized construction is concentrated in areas just north of I-40 with the highest priced housing (\$35,000 or more) in the Northside area. Other areas of new construction, with housing priced at \$18,000 to \$29,000 are located off Hollywood Drive and just outside the southern section of Jackson, in the Harts Bridge Road area.

### Rental Market

A survey, in June 1971, of the apartment market in Jackson indicates that a total of 373 modern apartment units in structures of 10 units or more were completed in Jackson during the 1962 to 1970 period, or an average of about 50 units a year. There was somewhat more activity later in this period when about 60 units a year were built. Rents in these apartments range from \$110 to \$140 for one-bedroom units and \$125 to \$160 for two-bedroom apartments. At the time of the survey, there was virtually 100 percent occupancy in these apartments. It was reported, however, that many of these projects experienced substantial turnover and that the typical tenant is a temporary resident who may be expected to seek other accommodations if he remains in the area. In recent years, the rental market of the area has been supported in part by families who had postponed home purchasing because of high interest rates and other financing difficulties and in part by an influx of new area residents with jobs in one of the several new industrial developments; it is not certain that these influences will be as strong during the next years as they have been in the recent past.

The apartment survey referred to earlier reported that 180 units of non-subsidized rental housing were under construction in June 1971. It is likely that about another 125 units will be started in the near future.

Employment. In April 1970, there was a total of 19,540 nonagricultural wage and salary jobs in Madison County, reflecting a continuation of a growth trend in area employment that had been evident for some time. As shown in table III, between April 1967 and April 1970, the total number of jobs in the area increased by over 2,000, or about 675 a year. The gain of 970 in the nonmanufacturing sector, was concentrated almost entirely in trade and government.

In 1967 through 1969, unemployment was reported to comprise about 2.3 to 2.9 percent of the work force. In 1970, however, unemployment had increased to about 3.2 percent of the work force.

There has been a sharp change in the nature of the economic base of Madison County in the past decade. On the basis of data provided by the Jackson Chamber of Commerce, it appears that nearly 2,900 jobs, 48 percent of the current manufacturing employment in the area, is provided by plants that have been established since 1960. Of the 14 principal employers (2,550 jobs) only two--the Bemis Cotton Mill and the Consolidated Aluminum plant--were established before 1960. Of these two, Bemis dates back to 1900, but the aluminum plant only to 1949. The important development of the recent past has been the establishment of four new factories of substantial size in the area by the Environmental Products Division of I.T.T., Owens Corning Fiberglass Corporation, Proctor and Gamble, and Quaker Oats. The plants will produce tire cord, air conditioners, potato chips, and frozen waffles, respectively. Reported by the Industrial Directory to employ a total of about 1,225 people, these establishments may be expected to employ as many as 3,100 at peak levels of activity. In any event, expansion by about 1,400 jobs at these plants seems reasonable in the next few years.

The establishment of these new sources of employment and the movement of a fairly large number of executives and their families into the Jackson area of course, has had a stimulating effect on the local housing market, the economy as a whole, and even more, on the future outlook of local officials. In this connection, it is probably necessary to mention the fortunes of the Milan Arsenal, 27 miles north of Jackson, in Gibson County. The Arsenal had about 7,000 employees at its peak. There has been a sharp cutback in the past two years, however, and employment is now about 3,000. Since about one-third of the staff of the Milan Arsenal are Madison County residents, it is reasonable to assume that one-third of the 4,000 people who lost jobs at the Arsenal in the past two years (about 1,300) were Madison County residents. That this is so tends to be confirmed by the reports of increased unemployment and employment simultaneously in Madison County. In other words, a substantial number of new jobs created in Madison County in the past two years and some of the employment increase anticipated for the next two years will serve merely to provide jobs closer to home for area residents who had worked in an adjoining county. Thus, although the employment trend will be sharply upward (about 2,000 jobs in the next two years), the impact on demographic trends and housing demand will be moderate.

There are three institutions of higher learning in Jackson, Lambuth, Lane, and Union Colleges, each a small church-related school. Total enrollment is about 2,900, of whom perhaps half live at home and the rest live in college-owned facilities. Other than staff, there is therefore little impact on the local housing market.

Income. The current median income, after deduction of federal income tax, of all families in Madison County is \$7,000, and the median after-tax income of two-or more person-renter households is \$5,950. Comparable median annual family incomes in 1969 were \$5,600 and \$4,775, respectively. Detailed distributions of all families and renter households by income classes are presented in table IV.

Population. The population of Madison County was estimated at 66,400 as of July 1, 1971, reflecting growth at the rate of 540 persons a year since the April 1, 1970 Census. As shown in table V, growth in the last year and a quarter was only slightly above the level of the prior decade. As in the decade of the 1960's, population growth was concentrated in the city of Jackson and the population of the rest of the county declined. There has been some annexation activity, however, as subdivisions wishing to obtain city water and sewer services have been taken into the city.

The number of deaths among residents of Madison County increased slightly between 1960 and 1969, with the overall population increase. As in other areas, however, there has been a fairly steady decline in the yearly total of resident births. As a result, net natural increase (the difference between resident births and deaths) has declined, from nearly 800 in 1960 to an average of less than 350 a year in the 1966 to 1969 period. For the decade as a whole, net natural increase amounted to 5,405, indicating a net out-migration of 333 when compared to the population increase.

As shown below, the median age of the population of Madison County declined from about 30 in 1960 to less than 28 in 1970. The population under five years of age declined rather sharply, reflecting the declining birth rates since the mid-1960's and the population between 35 and 44 years old also dropped; these were the "depression babies" born between 1925 and 1935. The very sharp gain in the 15- to 24 years-old bracket reflects both increased enrollment at local colleges and universities and the post World War II boom in births. These data suggest that a substantial part of the housing demand in the short-run future is to be expected in units suitable for young households, i.e., apartments and houses of modest size and cost.

Distribution of the Population by Age  
Madison County, Tennessee, 1960-1970

<u>Age</u>	<u>1960</u>	<u>1970</u>	<u>Net Change</u>	
			<u>Number</u>	<u>Percent</u>
0-4	6,573	5,608	- 965	- 14.7
5-14	12,344	12,662	318	2.6
15-24	8,252	11,845	3,593	43.5
25-34	6,589	7,298	709	10.8
35-44	7,257	6,767	- 490	- 6.8
45-64	13,022	13,596	574	4.4
65 and over	<u>6,618</u>	<u>7,951</u>	<u>1,333</u>	<u>20.1</u>
Total	60,655	65,727	5,072	8.4
Median age	30.2	27.7	-	-

Source: 1960 and 1970 Censuses of Population.

Households. There were estimated to be 20,900 households in Madison County as of July 1, 1971, reflecting an increase at the rate of 335 a year (1.6 percent) over the April 1970 Census total of 20,484. In the 1960 to 1969 decade, household growth averaged 254 a year (1.3 percent). Growth was much more rapid in Jackson than in the rest of the county; to some extent this reflects annexation of developing areas to the city (see table V).

It will be noted that the number of households in the area has been increasing more rapidly than the population; this is because the average household size has been dropping quite rapidly. Census data indicated that the size of the average Madison County household dropped from 3.34 persons in 1960 to 3.12 persons in 1970. It is estimated that, in 1971, the average was 3.09 persons and that the size will be 3.04 persons in 1973.

Future Population and Households. On the basis of the anticipated employment increase for the next two years and the likelihood that the impact on population growth will be moderated by the fact that many jobs will be absorbed by persons who formerly worked at the Milan Arsenal, it is estimated that the population of Madison County will total 67,700 as of July 1, 1973 which would represent growth at the rate of 650 persons a year. Allowing for a modest increase in the nonhousehold population (college students) and a continued decline in average household size, it is anticipated that there will be 21,600 households in the area on July 1, 1973, indicating an increase of 350 a year over the present total.

Housing Inventory. As of July 1, 1971, there were estimated to be 22,300 housing units in the HMA, a net increase at the rate of 420 a year over the April 1970 Census count. As shown in table VI, this was substantially higher than in the 1960 to 1970 period when the inventory grew by 271 units a year. Reflecting the increased interest in apartments in the past few years, tenure in the area is believed to have changed from 60.3 percent homeownership in 1970 to 59.8 percent in 1971, after shifting rather sharply in favor of homeownership between 1960 and 1970.

Current available vacancy rates are comparatively high in the area as they were at the time of the 1970 Census. Since the observable evidence is that good quality housing is not in excessive supply, it is likely that substantial proportions of the available sales and rental vacancies consist of units of comparatively poor quality. The trend of vacancy rates is shown in table VI.

New Construction. As shown by the data in table VII, there have been three distinct levels of new construction activity in the Jackson area in the 1962 to 1970 period, reflecting the economic expansion of the area. In 1962 to 1965, new, nonsubsidized residential construction averaged 250 units a year. The average climbed to 312 units yearly in the 1965 to 1967 period and to about 375 units a year in 1968 to 1970. The level of single-family construction increased much less rapidly, but there has been a sharp increase in multifamily activity.

Table I

Estimated Annual Demand for Nonsubsidized Sales Housing  
Jackson, Tennessee, Housing Market Area  
July 1, 1971 - July 1, 1973

<u>Sales price</u>	<u>Number of units</u>	<u>Percent of total</u>
\$18,000 - \$19,999	35	17.5
20,000 - 22,499	25	12.5
22,500 - 24,999	25	12.5
25,000 - 29,999	40	20.0
30,000 and over	<u>75</u>	<u>37.5</u>
Total	200	100.0

Table II

Estimated Annual Potential for Subsidized Rental Housing  
Jackson, Tennessee, Housing Market Area  
July 1, 1971 - July 1, 1973

	<u>Section 236<sup>a/</sup></u> <u>exclusively</u>	<u>Eligible for</u> <u>both programs</u>	<u>Public housing</u> <u>exclusively</u>	<u>Total for</u> <u>both programs</u>
<b>A. <u>Families</u></b>				
1 bedroom	10	5	10	25
2 bedrooms	25	10	30	65
3 bedrooms	25	5	30	60
4+bedrooms	<u>15</u>	<u>5</u>	<u>30</u>	<u>50</u>
Total	<u>75</u>	<u>25<sup>b/</sup></u>	<u>100<sup>b/</sup></u>	<u>200</u>
<b>B. <u>Elderly</u></b>				
Efficiency	15	15	25	55
1 bedroom	<u>10</u>	<u>10</u>	<u>25</u>	<u>45</u>
Total	<u>25</u>	<u>25<sup>c/</sup></u>	<u>50<sup>c/</sup></u>	<u>100</u>

a/ Estimates are based on regular income limits.

b/ About 75 percent of these families also are eligible under the rent supplement program.

c/ All of the elderly couples and individuals also are eligible for rent supplements.

Table III

Nonagricultural Wage and Salary Employment by Industry  
Madison County, Tennessee, 1967-1970

	<u>April</u> <u>1967</u>	<u>April</u> <u>1968</u>	<u>April</u> <u>1969</u>	<u>April</u> <u>1970</u>
Nonag. wage & salary employ.	17,520	18,050	18,850	19,540
Manufacturing	4,960	5,010	5,570	6,010
Nonmanufacturing	12,560	13,040	13,280	13,530
Construction	1,330	1,440	1,330	1,300
Transp., comm., pub utils.	1,450	1,370	1,260	1,260
Trade	3,890	4,180	4,190	4,350
Services	1,720	1,820	1,850	1,870
Government	3,560	3,560	4,000	4,050
All other nonmfg.	610	670	650	700

Source: Department of Employment Security, State of Tennessee.

Table IV

Estimated Percentage Distribution of All Families and Renter Households  
By Income After Deduction of Federal Income Tax  
Jackson, Tennessee, Housing Market Area, 1969 and 1971

<u>Annual after tax income</u>	<u>Percentage distributions</u>			
	<u>1969</u>		<u>1971</u>	
	<u>All families</u>	<u>Renter households<sup>a/</sup></u>	<u>All families</u>	<u>Renter households<sup>a/</sup></u>
Under \$2,000	15	18	12	15
\$2,000 - 2,999	10	13	8	10
3,000 - 3,999	11	12	9	10
4,000 - 4,999	9	9	8	8
5,000 - 5,999	8	9	7	8
6,000 - 6,999	8	9	6	7
7,000 - 7,999	7	8	6	7
8,000 - 8,999	7	6	5	6
9,000 - 9,999	5	4	5	5
10,000 - 11,999	8	7	10	8
12,000 - 14,999	7	3	10	8
15,000 and over	<u>5</u>	<u>2</u>	<u>14</u>	<u>8</u>
Total	100	100	100	100
Median	\$5,600	\$4,775	\$7,000	\$5,950

<sup>a/</sup> Excludes one-person renter households.

Source: Estimated by Housing Market Analyst.

Table V

Population and Household Trends  
Madison County, Tennessee, 1960-1973

	April 1, 1960	April 1, 1970	July 1, 1971	July 1, 1973	Average annual change					
					1960-1970		1970-1971		1971-1973	
					No.	Pct. <sup>1/</sup>	No.	Pct.	No.	Pct.
<b>Population:</b>										
Madison County, total	60,655	65,727	66,400	67,700	507	0.9	540	0.8	650	1.0
Jackson	33,849	39,996	40,850	-	615	1.7	685	1.8	-	-
Rest of County	26,806	25,731	25,550	-	-108	-0.4	-145	-0.6	-	-
Total white population	39,980	44,768	-	-	479	1.1	-	-	-	-
Total nonwhite population	20,675	20,959	-	-	28	0.1	-	-	-	-
<b>Households:</b>										
Madison County, total	17,945	20,484	20,900	21,600	254	1.3	335	1.6	350	1.6
Jackson	10,933	13,081	13,450	-	215	1.8	295	2.3	-	-
Rest of County	7,012	7,403	7,450	-	39	0.5	40	0.5	-	-
Total white household	12,757	15,053	-	-	230	1.7	-	-	-	-
Total nonwhite household	5,188	5,431	-	-	24	0.5	-	-	-	-

<sup>1/</sup> Compound rate.

Sources: 1960 and 1970: U.S. Bureau of the Census, 1971 and 1973 estimated by Housing Market Analyst.

Table VI

Inventory, Tenure, and Vacancy Trends  
Madison County, Tennessee, 1960-1971

	<u>April 1,</u> <u>1960</u>	<u>April 1,</u> <u>1970</u>	<u>July 1,</u> <u>1971</u>	<u>Average annual change</u>	
				<u>1960-1970</u>	<u>1970-1971</u>
Total housing inventory	19,069	21,777	22,300	271	420
Total occupied units	17,945	20,484	20,900	254	335
Owner occupied	9,568	12,344	12,500	278	125
Pct. of all occupied	53.3	60.3	59.8	-	-
Renter occupied	8,377	8,140	8,400	- 24	210
Total vacant units	1,124	1,293	1,400	17	85
Available vacant	502	661	750	16	70
For sale	83	207	260	12	40
Homeowner vacancy rate	0.9%	1.6%	2.0%	-	-
For rent	419	454	490	4	30
Renter vacancy rate	4.8%	5.3%	5.5%	-	-
Other vacant	622	632	650	1	15

Sources: 1960 and 1970 Censuses of Housing; 1971 estimated by Housing Market Analyst.

Table VII

Housing Units Authorized by Building Permits  
Madison County, Tennessee, 1960-1971

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>Jan.-March</u> <u>1971</u>
Madison County, total	NA	81	224	270	501	309	319	310	378	387	583	223
Single-family	NA	81	206	214	225	236	237	263	272	273	274	41
Multifamily	NA	-	18	56	276	73	82	47	106	114	309	182
Jackson, total	66	77	82	106	402	199	246	200	277	294	522	216
Single-family	64	77	64	66	126	126	164	163	171	180	213	34
Multifamily	2	-	18	40	276 <sup>a/</sup>	73	82	37	106	114	309 <sup>b/</sup>	182 <sup>c/</sup>
Rest of County, total	NA	4	142	164	99	110	73	110	101	93	61	7
Single-family	NA	-	142	148	99	110	73	100	101	93	61	7
Multifamily	NA	-	-	16	0	-	-	10	-	-	-	-

<sup>a/</sup> Includes 224 units of public housing.

<sup>b/</sup> Includes 151 units of public housing.

<sup>c/</sup> Includes 138 units of Section 236 housing.

Source: U.S. Bureau of the Census, Jackson Planning Commission.

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