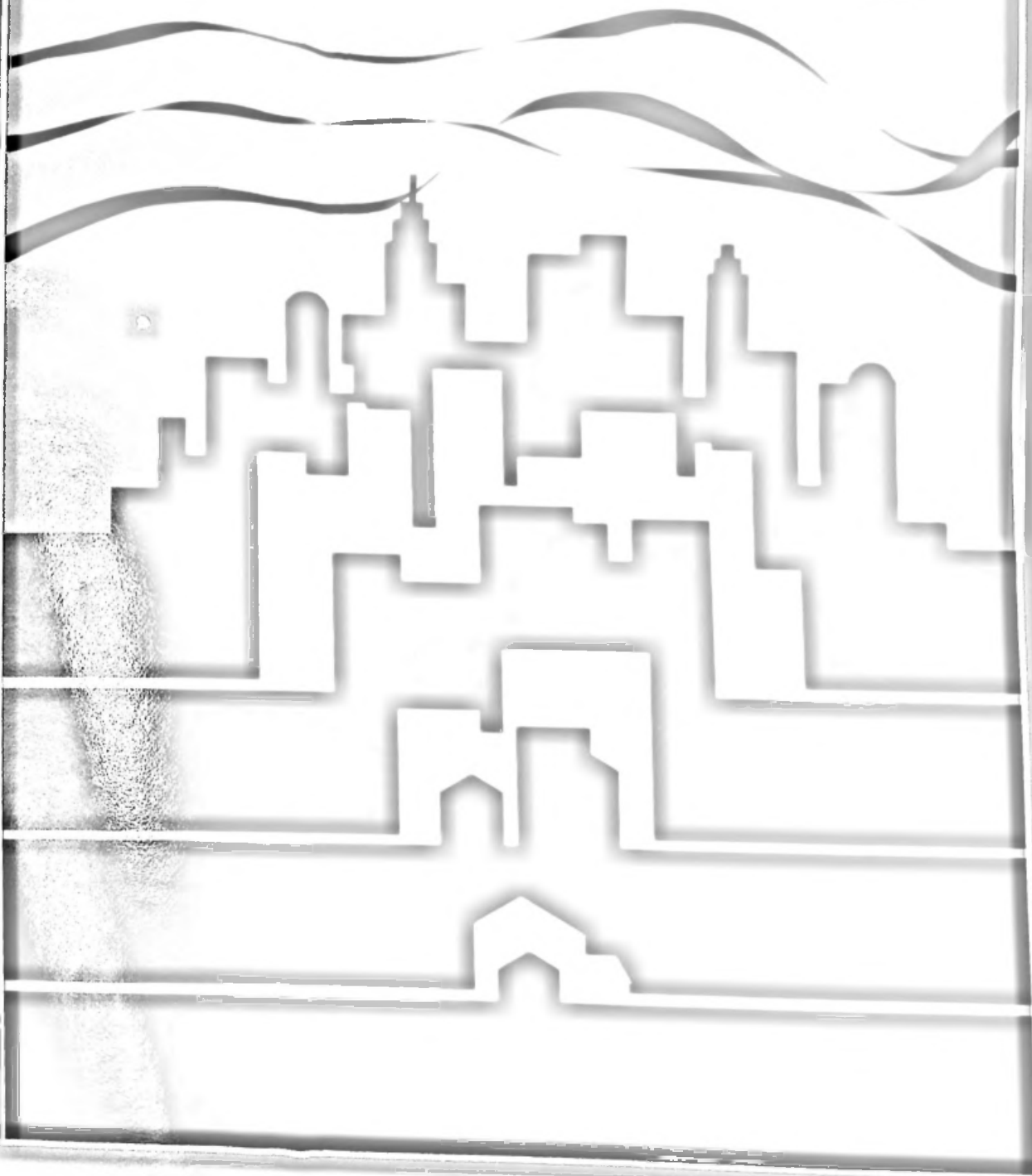
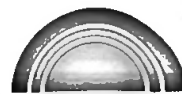


# hudChallenge

January 1978 / \$1.40





## HUD Forms to be Simplified

HUD plans to ease one of life's vexing ordeals for many thousands of Americans—filling out the forms required to do business with the Department. Relief is in sight for these frustrated citizens. Secretary Harris has decided they have suffered enough from the agonies of:

- Filling out forms with boxes and spaces so small as to invite writer's cramp.
- Trying to read type so small you need a microscope.
- Translating into readable English the technical jargon that appears in so many of the forms the average citizen is asked to fill out.

In the future, you will no longer need to be a mind reader, have 20/20 vision, or hire a lawyer to respond to a HUD form. As a beginning, all HUD forms (both new and revised) will be written in everyday English. Also, forms will have spaces roomy enough for required answers. The type-size will follow the guidelines required by some States that specify a minimum type-size for consumer contracts.

## First Annual Report on Urban Homesteading Program

HUD's first annual report on the Urban Homesteading Program discloses that the average homesteaders have a mean income of \$12,300 and tend to be younger than other residents of the area and more optimistic about the future of their neighborhoods. Entitled Evaluation of the Urban Homesteading Demonstration Program: First Annual Report, the report is based on a sample of 239 homesteaders in 23 cities. Under the Program, titles to structurally-sound vacant properties from HUD's inventory are transferred to cities for conveyance to individuals who compete for the homes with plans to fix them up and live in them. Cities participating in the program use a wide range of options in selecting homesteaders, in managing rehabilitation activities, and in designing mechanisms to finance repairs. The report, prepared for Congress, gives preliminary statistics about homesteaders, homestead properties, and designated homestead neighborhoods. Future reports will address questions related to the effectiveness of various approaches, the impact on different kinds of neighborhoods, and the influence homesteading has on stabilizing neighborhoods. Answers to these questions will be important in developing and modifying the program, which will soon be expanded to a full-scale operating program. Copies of the report are available from HUD's Office of Policy Development and Research, Product Dissemination and Transfer Division, Washington, D.C. 20410.

## Opportunity for Resale Housing Strong

Two economists with the United States League of Savings Association say that the substantial and less costly exist-

ing or resale home market provides a great opportunity for the first-time home buyers who, critics claim, are being excluded from the housing market by rising prices of new homes. They note: "Most new homes are built for the second- or third-time buyers. An overwhelming 65 percent of all new homes are purchased by families who are using the accumulated equity and appreciated value of their present homes to purchase new housing."

## Landscape in the Year 2000

Joseph P. Sullivan, head of the chemicals division of Esmark, Inc., says that "by the year 2000, leisure time will be an established way of life for most people. Thus, mowing the lawn with an old rotary machine and watering the grass with a garden hose will not do come the turn of the century." He believes the homeowner of the future will seek easier and more sophisticated measures to maintain lawns and gardens. A few examples:

- automatic irrigation systems;
- supervised fertilizing—large pellets of slow-acting nutrients imbedded in the soil with contents gradually released over a 2-or 3-year period;
- solar heated greenhouses;
- greater use of dwarf materials on lawn and garden (Fruit-bearing trees no taller than a man will be simple to prune and spray);
- grass seed will be more disease-resistant and grass will need little or no mowing; and
- a more exotic species of plant life.

Sullivan concludes that the only feature of today's lawn that might still be with us in the year 2000 will be the hammock.

## Four Times as Much Energy Consumption by 2020

An article in the Engineering News-Record (11/10/77) notes that "even if all possible methods of conserving energy are used, the world will consume four to five times as much power in the year 2020 as it does today." Oil supplies may last for another 30 to 40 years if currently uneconomic reserves are tapped, but after that coal and nuclear plants will supply the greatest share of the world's power with only little help from technologies being developed today. If nations fail to initiate energy conservation programs and don't find ways to use energy more efficiently, consumption by 2020 will be 10 times as great as today. These are some of the conclusions that resulted from an inventory of world energy reserves taken by an international panel of experts in preparation for a formal report this year to the World Energy Conference (WEC), an association of financial and trade groups and government agencies in 70 nations. The study, conducted by representatives from 10 nations who make up WEC's Conservation Committee, was made at the request of the United Nations.

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Next Month: Articles covering a wide range of topics

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HUD *Challenge*, the official Departmental magazine, is published monthly by the U.S. Department of Housing and Urban Development. Use of funds for printing was approved by the Office of Management and Budget, August 28, 1973. HUD *Challenge* serves as a forum for the exchange of ideas and innovations between HUD staff throughout the country, HUD-related agencies, institutions, businesses, and the concerned public. As a tool of management, the magazine provides a medium for discussing official HUD policies, programs, projects, and new directions. HUD *Challenge* seeks to stimulate nationwide thought and action toward solving the Nation's housing and urban problems. Material published may be reprinted provided credit is given to HUD *Challenge*. Subscription rates are \$15.90 yearly domestic, and \$19.90 for foreign addresses. Paid subscription inquiries should be directed to: Superintendent of Documents, Government Printing Office, Washington, D.C. 20402. Manuscripts concerning housing and urban development are welcome. Send all editorial matter to: Editor, HUD *Challenge*, Room 5186, Department of Housing and Urban Development, Washington, D.C. 20410. Telephone (202) 755-5710.

Statements made by authors do not necessarily reflect the views of the Department.



Page 2: What does the public need to know about solar energy and its use in the home? Answers can be found at the National Solar Heating and Cooling Information Center which aids HUD in coordinating and disseminating a wide range of information on the field of energy.



Page 20: The success of a year-round clean-up program around HUD-managed properties in Boston offers hope for other localities seeking resident employment opportunities and improved maintenance techniques.



Page 22: The record of 3,000 units occupied by low-income families within a year's time represents a "quiet triumph" for the Puerto Rican Urban Renewal and Housing Corporation and HUD's Caribbean Area Office.

# Spreading the Word on Solar Energy

THE NATIONAL SOLAR HEATING AND COOLING INFORMATION CENTER

by Michael Lenzi

Let's switch roles for a moment.

We'd like you to suppose that you are the Secretary of the U.S. Department of Housing and Urban Development back in the year 1974. You have just been notified that Congress has given you responsibility for demonstrating that solar energy can be used to heat homes across the Nation. You welcome this mandate because you know that within a relatively few short years, the supply of fuel for heating and cooling the 79 million dwellings for which you are responsible is about to be drastically cut, perhaps by a third, or a half, or worse. You don't really know why, or when this is going to happen. You do know that much of the U.S. survivability rests upon your shoulders. What do you think that you would do to make rational decisions as the fuel disappears up the chimneys of our homes?

You might begin to ask yourself some interesting questions about solar energy and its use in homes. How reliable is solar heating? How much energy can be obtained from it? Has solar energy ever been used before? If so, what was done? Who are the experts in the field? Is anyone else aware of the problem? How do I communicate with them? What does the public need to know? What is the best way to get the information to them? Information Communication—Those are the key words.

This article is mainly about the National Solar Heating and Cooling Information Center—a one-stop source for facts that will help you in your quest for solar energy.

*"The ideal source of energy for building operation is direct sunlight.*

*Since the overwhelming bulk of the average building's energy requirement—70% or more—is for low grade heat, rather elementary solar equipment will suffice. Literally hundreds of different techniques can be utilized to harness diffuse solar energy to meet a building's needs."*

—Dennis Hayes

Let's look first at some of the facts about solar energy and then see what HUD has done.

You remember being taught that the sun is 93 million miles from Earth and it provides us with the needed energy for growing plants for food and warming the Earth from the coldness of space. Our accumulations of fossil fuel are really stored solar energy impounded by green plants many millions of years ago and took many years to create, but only a few years to use. On the other hand, solar energy will not be used up, and it is nonpolluting since there are no flames.

## An Abundance of Solar Energy

The amount of solar energy arriving at the Earth's outer atmosphere is 28,000 times greater than all the commercial energy used by people. No country uses as much energy as is contained in the sunlight that strikes just its buildings. Indeed, the sunshine that falls each year on U.S. roads alone contains twice as much energy as does the fossil fuel used annually by the entire world.<sup>1</sup> All that remains is to harvest that energy and bring it into our homes.

In 1974, the National Solar Heating and Cooling Demonstration Act, referred to above, was passed by Congress to encourage the widespread use of solar energy for residential and commercial heating and cooling, and to promote a general awareness of the feasibility of solar energy usage. HUD, because of its experience with the residential housing industry and its familiarity with new technology,

was allotted the task of running the residential energy program while the Department of Energy was to handle the commercial energy aspects of the program. In developing a residential plan, HUD decided to initiate a number of steps. Of primary importance was to establish reliable data about what the potentials for solar heating and cooling were. Who were the experts in the field? Who had had previous experience? Who were the architects, builders, and manufacturers in the solar-building field? What laws existed that either provided incentives to use solar or hindered the development of solar? What would bankers do when approached by builders for construction loans or home buyers for mortgages? Once the information was gathered, how was it going to be disseminated to the public? How was the information to be gathered? What kinds of data would be needed most? How would this information prove useful in developing national strategies for future housing programs?

One of the best ways to collect the needed data was to initiate our own "hands-on experience" through the National Residential Demonstration Program. Builders, developers, and architects were to be given grants in a series of five demonstration cycles. All of the houses would be monitored during the construction, sales, and occupancy periods. Some of the houses would have instruments installed to measure the actual working performances of the solar equipment compared with conventional furnaces. The sites would be chosen to reflect a variety of climatic conditions as well as a variety of solar energy systems.

## National Solar Heating and Cooling Information Center

A method for disseminating this information to the public and professionals involved in the building industry was needed. The answer was the National Solar Heating and Cooling Information Center which was established in May of 1976. The National Center operates as the com-

<sup>1</sup> Hayes, Dennis. *Rays of Hope, The Transition to a Post-Petroleum World*. The World Watch Institute, 1977.

munications link to the general public and the industry professionals.

The Center maintains information files, collects information from previous solar experiments, publishes documents for private and public dissemination, assists HUD in communicating information about past, present, and future demonstration programs to the public, puts professionals in touch with other professionals in the field, and assists the general public in finding architects, builders, contractors and financiers.

The National Center operates a bank of telephones for answering information requests from the public and private sectors. The Center began operation with only 50 calls per week. These requests were handled by two analysts. One information analyst recalls, "I can remember when three telephone calls per shift was a big day." This, however, was short-lived. Within a month, the number of calls rose to some 500 a day. The current phone record for a single day is over 1100 calls. This record is not expected to last long, as interest in solar energy increases and more people begin to turn to solar energy for residential heating.

The Center maintains a team of letter writers. They have experienced similar growing pains, as the rate of incoming letters rose at roughly the same rate as the phone requests.

Initially, a general brochure was printed to answer the most often-asked questions. It was estimated that 25,000 brochures would serve our needs the first year. A half-million brochures were distributed that first year to individuals, universities, and organizations sponsoring energy and environmental fairs. The center now maintains a substantial stock of general documents and handouts for distribution. These include booklets, brochures, reading lists, material about HUD and the Department of Energy solar grant programs, reprints from magazines, specialized documents for particular interest groups, and a vast array of computer printouts listing manufacturers, distributors and various experienced solar



professionals, all indexed by State and type of product or service offered.

#### Exhibits

The National Center was also contracted to initiate a series of solar energy exhibits, stressing the important role that solar energy can play in single and multifamily residences. The exhibits encouraged interested persons to keep in touch with the National Center and provided literature on-the-spot while the exhibit staff answered specific, individual questions.

In a single year of operation, roughly 225,000 people visited these exhibits. Some 50,000 visited the HUD Solar Center mobile van which traveled the country, logging over 20,000 miles.

Information about solar energy for heating and cooling is constantly changing. Information that proved

valuable in the past, in most cases, will continue to be useful; however, we've found that the center is providing more assistance to groups that want to develop their own solar programs, and we're constantly adjusting our information to meet these diverse needs. Special documents have been created to provide information to lenders, encouraging the exchange of information among themselves.

Personal contacts with Federal, State, and sub-State policymakers have been initiated in nearly all 50 States, promoting the use of solar energy. These contacts have opened doors to existing communications channels, often cutting through bureaucratic red tape.

HUD and the National Center have developed a number of audio/visual materials during the course of our first year of operation. These have included 26 minutes of filmed interviews with three builders of HUD demonstration programs, a 28-minute film of interviews with solar project architects, a film strip showing the construction of a HUD demonstration home at Goosebrook, New Hampshire, and other materials developed for specific target audiences.

Getting all this information to people is helping to shorten the development time of solar heating and cooling. Manufacturers can reach builders; researchers talk to engineers; and, potential buyers don't have to wait to find out where the homes are. Have a question about solar housing? Call the National Center at 1-800-523-2929; if you're in Pennsylvania, dial 1-800-462-4983. From anywhere you can write to Solar Heating, P.O. Box 1607, Rockville, Md. 20850.

If you are a builder, architect, manufacturer or distributor and would like to be listed with the Center so that they can tell people about you, call or write them. They'll be happy to add your name to their informative data bank. □

*Mr. Lenzi is Information Manager, Residential Solar Demonstration Program, HUD Headquarters.*

# HUD-Acquired Properties Decrease in Detroit

by George W. Day

One of the most noteworthy achievements in the Detroit Area Office has been the dramatic reductions achieved in its single-family property inventory over the last 2½ years.

Prior to peaking at 16,674 properties in January 1975, the number of HUD-owned properties had increased on a continual basis, causing the Area Office to be the target of recurring criticism in local and national news media.

Since January 1975, the Area Office and its Flint Service Office have reduced this inventory for 31 consecutive months to a 6-year low of 5,616 single-family properties as of August 31, 1977. The estimated turn-over rate—the average length of time between the acquisition and disposition of a property—has been reduced from 40 months to 10½ months over the same period.

The achievement of these accomplishments required the sale of over 24,000 properties in order to offset a continuing high acquisition rate of over 430 properties per month.

## Why New Found Success?

Major reasons for the Area Office's success include a reorganization of the Property Disposition Branch, implementation of a computerized listing and tracking system, emphasis on an "as-is" sales program featuring planned price reductions, improved advertising and listing efforts, and provision of policy waivers by HUD Regional and Central Offices when necessary to promote on-going and special program efforts.

During late 1974, an Area Office task force conducted a comprehensive analysis of the property disposition program in Detroit for the purpose of developing an organization plan and a projection of staffing needs. The reorganization plan produced by this effort was implemented in early 1975. It resulted in the streamlining of procedures, improved working conditions, and better accountability.

Along with its 1975 reorganization, the Area Office shifted its emphasis from repaired sales programs to a massive as-is sales effort

designed to keep the greatest possible number of properties on the market until sale.

The Detroit area encountered insurmountable vandalism when the Area Office carried out high-volume repair programs. By shifting its emphasis to as-is sales, the Area Office provided for a reasonable number of repaired sales, while speeding the bulk of its inventory to useful private ownership through the most direct sales process available, at the greatest net return to the mortgage insurance fund.

With the substantial number of properties being marketed over the last 2½ years, the Area Office had to develop an effective system for listing and tracking properties through the sales process. This problem was resolved with the development of a sophisticated and highly accurate listing system by Cyphernetics, Inc., a division of ADP Network Services, Inc.

The resulting product included a now bi-weekly selling list with photographs, very similar to the multilist books used by the real estate industry, and on-line and immediate availability of current property status information via seven computer access terminals located in the Area Office.

This highly effective selling list and the Office's ability to provide timely and accurate information on properties were major attractions to real-estate brokers who, in many cases, had previously avoided dealing with HUD-owned properties. Increased advertising efforts, including a public relations campaign featuring radio and television commercials encouraging people to "turn HUD houses into homes," further enhanced the Office's sales record.

Central and Regional Office approvals of requested waivers of procedures and policies that could not realistically apply to the Detroit situation also assisted the Area Office in its inventory reduction efforts. In two instances, such waivers enabled the Office to participate in significant special programs involving State and



Mr. and Mrs. Urias Jackson and family relax on the porch of their northwest Detroit home, purchased last year from HUD.

local agencies.

Through the Harmony Village program, the Michigan State Housing Development Authority has purchased, and is repairing, over 375 properties as part of a neighborhood conservation program involving the City of Detroit as well. While the Harmony Village program has not yet reached the originally projected production level, the quality of the properties repaired by the Authority has been excellent.

Central Office support also proved crucial in the negotiation of a sales agreement with the City of Detroit for vacant lots. Under the agreement, HUD mulches and seeds all vacant lots in the city before selling them to the city for \$1 each. Through this process, the Area Office has transferred nearly 2,800 properties to the city with another 150 lots scheduled

for sale. The city has been able to use many of these lots in an expanded "farm-a-lot" program, and, at the same time, secure control of a large land bank for potential future development.

#### Challenge Continues

Although the Area Office's success in reducing its single-family inventory has been remarkable, the Office still faces imposing challenges. New acquisitions are averaging between 400 and 500 single-family properties each month; and the Office's current inventory, though substantially reduced, represents about 25 percent of the national total.

The Office's ability to continue to demonstrate HUD's commitment to responsive, efficient, and cost-effective operations is dependent upon the on-going support and cooperation of

the Regional and Central Offices and their consideration of the many unique circumstances in the Detroit area.

In light of the Department's commitment to maximize the repair of HUD properties and install energy-conservation items in all houses, this support will especially be needed to help the Area Office initiate variations in the traditional methods of repairing and selling HUD properties.

Such assistance will enable the Office to avoid the past problems of recurring vandalism, contractor collusion, and costly repair delays while leading to further substantial reductions of the single-family inventory. □

*Mr. Day is Special Assistant to the Chief Property Officer, Detroit Area Office.*

# The Future of America's Small Towns

**AUTHORITIES SPEAK OUT**

Experts contacted in a recent phone survey conducted by the National Association of Realtors share optimism about the viability of America's small rural towns by the year 2000.

Most sources based positive outlooks on the growing tendency of Americans to seek a better quality of life by returning to the smaller communities in which they were raised or which they visited on vacations.

Will these small towns—outside of metropolitan areas—continue to thrive? Will they become the suburbs of the future? How will the energy crisis affect residents?

Following are the opinions of four of the experts interviewed by the National Association:

**Morgan Williams**  
Professional Staff Member  
Senate Agriculture Committee

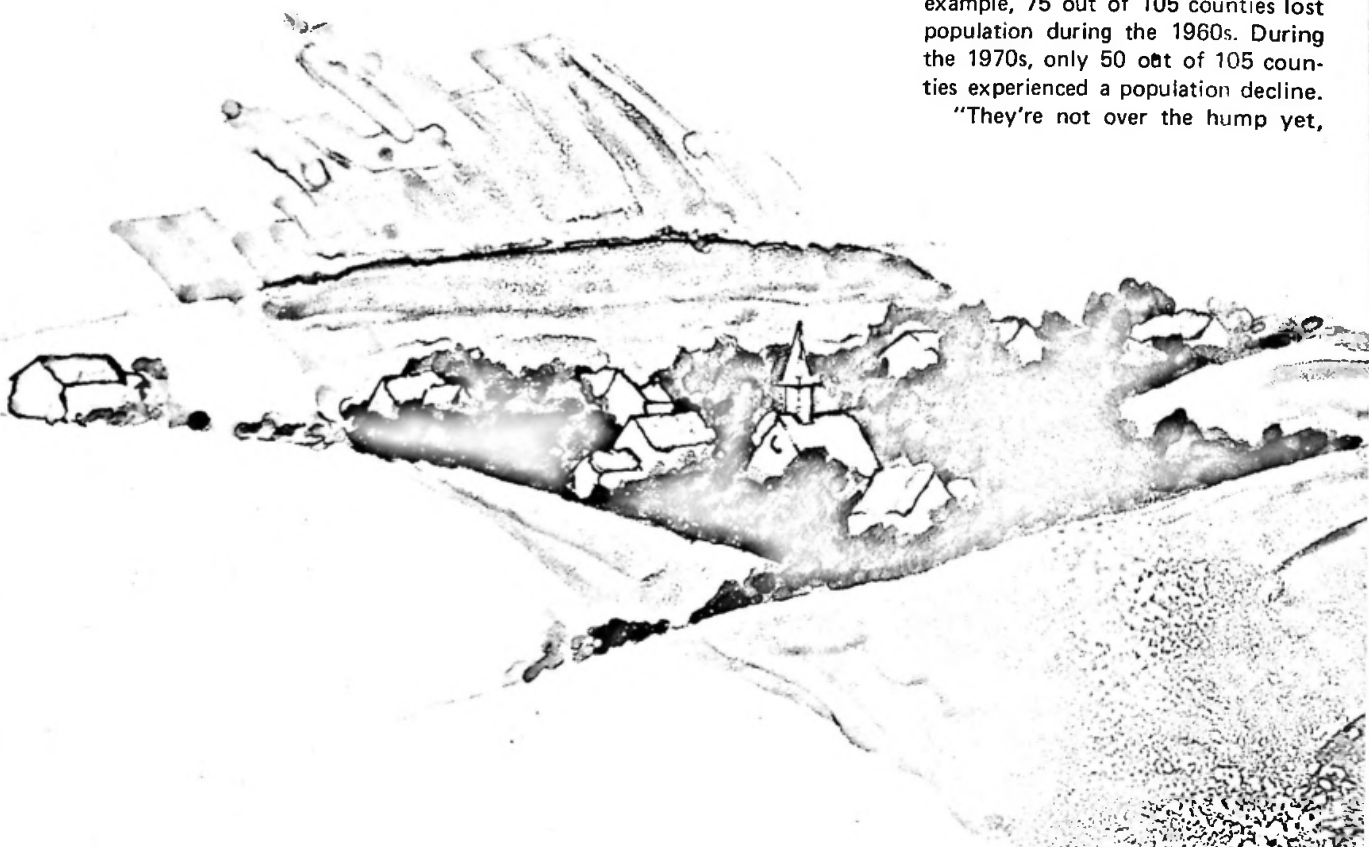
Some small communities with populations of 25 or 50 will disappear by the year 2000, but towns of 1,000 or more people should remain healthy and vibrant, Williams feels.

He bases his prediction on the trend in the early 1970s toward a shift in growth from urban to rural America, a reversal of the trend in the 1960s.

A recent study showed rural counties had a net gain of 1.8 million people between 1970 and 1975, compared with a net loss of 3 million during the 1960s. Their urban counterparts experienced a net increase of 600,000 in the early 1970s compared with a net gain of 6 million in the 1960s.

Williams noted that in Kansas, for example, 75 out of 105 counties lost population during the 1960s. During the 1970s, only 50 out of 105 counties experienced a population decline.

"They're not over the hump yet,





but there has been significant improvement," he said. "The movement to disperse population, business and industry should continue. It is not good for our society to be too centralized. Small towns provide a healthy life-style that should be preserved."

Williams believes the quality of life in small towns is and will continue to be their biggest drawing card.

"In the future, emphasis will be more on casual living and rural life. Compared with the life-style of the cities and all the attached problems, small towns will look more attractive than ever," he said.

(A 1972 study for the Federal Commission on Population Growth and the American Future found that people who expressed a preference for living in small towns and rural areas gave a higher priority to certain quality of life factors than did those

indicating a preference for city life. These factors include "less crime," "better quality air and water" and "better place for children." Only about 20 percent favored rural locations because of better job opportunities and higher wages, the prime factors of location choice listed by those preferring city life-styles.)

Though he is optimistic about the future of small rural towns, Williams admits it won't be easy for them to remain economically viable.

With their dependence on agriculture, rural towns have traditionally "sold their wheat and corn, but they give their kids away," Williams said in reference to the past tendency for educated young people to leave rural environments for jobs in urban areas.

Small towns "need job opportunities as mechanization of farming procedures increases and the number of farm-related jobs declines," he said.

The fuel crisis could hinder attempts of small towns to attract new industry, Williams said, noting that some power companies in Kansas have put limits on the amount of power available to small communities.

Williams believes that government should include allocation of resources to small towns in its planning.

"More funds have been available in the 1970s for housing and community facilities, helping these towns manage pressures of getting 'updated'.

In the past, rural America suffered from a lack of government resources," he said.

**Dr. Glenn V. Fuguitt**  
Department of Rural Sociology  
University of Wisconsin

Small towns are in no danger of disappearing by the year 2000, although their functions may change greatly, according to Fuguitt.

"The trade center function is atrophying, especially in towns of 2,500 or less," he said.

Studies show the number of consumer business establishments in nonmetropolitan towns of this size declined by an average of 33 percent between 1950 and 1970. Yet their populations continued to increase by an average of about 11 percent: The towns' business functions took a back seat to residential functions.

Fuguitt predicts that the residential function of small towns will continue to increase by the year 2000 as trades, services and industries move to larger areas or open country. The trend of movement to open, unincorporated areas has been growing since the 1960s, he said. Nonmetropolitan population in places of less than 10,000 and in open country

grew by an average of 4.9 percent from 1970-1973, compared to a 2.6 percent growth rate for nonmetro places of 10,000 or more during the same period.

Open country has increased in popularity as Americans seek "desirable life-styles," Fuguitt said. "When asked where they prefer to live, most respond with 'small towns' or 'rural areas', although this doesn't mean they will move to these areas tomorrow," he said. And researchers seldom delve into how people define "rural," he added.

Ironically, the trend of decentralization of population to open areas has paralleled the rise in energy costs. Fuguitt believes this decentralization pattern will continue "unless energy costs get out of hand."

"It just depends on how much people are willing to pay for gasoline in order to live in open areas where more driving is necessary," he said. Manufacturing also will have to weigh advantages of lower cost for labor and land in these areas against increasing energy costs, he said.

In general, Fuguitt is optimistic about the future of small towns. "Their populations are stabilizing and they no longer have the problem of providing services for a declining population base," he said.

However, Fuguitt tempers his optimism with the caution that small towns may have problems adjusting to their primarily residential function. More people will mean increased demand for municipal services.

The central business districts will face the same problems on a smaller scale that are being encountered in central cities across the Nation as businesses move to open areas or larger regional centers, he added.

Newcomers to small towns and open countryside may find they are not able to flee from the problems of the cities.

"If a person is an advocate of the heterogeneous life-style of the city and moves there, he enhances the new environment," Fuguitt said. "But if he is an advocate of the bucolic, open rural life-style and moves to the

country, his presence detracts from the openness of rural life."

**Dr. Willis J. Goudy**  
Department of Sociology  
Iowa State University

Dr. Goudy also expects a change in the function of small towns in America by the year 2000.

Communities with populations ranging from 2,500 to 10,000 will continue to serve as centers of community services such as health care and education rather than as trade centers, he believes. Their economic well-being will continue to be dependent on the economic health of surrounding farm lands, since these communities historically have functioned as agricultural service centers, he added.

Goudy also predicts that small towns will become labor centers for suburban industry, although he doesn't foresee them becoming carbon copies of the suburban communities to which their residents might commute. This is because many residents of small towns will continue to work in the towns themselves, he believes.

The energy crisis won't have a severe impact on these towns in Goudy's view. "They will continue to be bastions of cheaper labor which will offset increased energy costs" for industry, he said.

The generally high level of satisfaction in their life-styles expressed by most people living in small towns is not likely to change in the future, Goudy believes.

When they are asked where they see themselves living in five years, most people living in rural communities indicate they plan to remain there, he has found. "There even may be some liberalization of their view towards cities—a realization that city life is not all bad," he added.

**Professor William Tishler**  
Department of Landscape Architecture  
University of Wisconsin

The influx of new people to small, rural towns is likely to create an architectural paradox in many such

communities in the future, according to Tishler.

New residents generally become more involved than older residents have been in preserving the heritage of the town, he said.

"They do so by preserving historic structures, often adapting them to new uses. A residence becomes a restaurant. A barn becomes a home."

At the same time, new people mean construction of new developments, usually with standardized structures, he said. "New developments tend to be more anonymous with less respect for the existing fabric of the community and unity of design."

Economic factors will have a strong influence on the type of housing found in small towns in the future, Tishler believes.

Although he expects the strong tradition of single-family residences found in small communities to continue, Tishler feels the number of multifamily residences also will increase, especially for the young and elderly who cannot afford to purchase or maintain a single-family home.

Rising costs of new construction will make rehabilitation of older properties more attractive in these areas, as it is starting to be in many larger cities, he said. New construction is most likely to increase in areas with new industrial development or other drawing cards such as tourism, he added.

Residents of small towns may feel the burden of increased energy costs more than their city counterparts, Tishler said. "Income levels are generally lower in these areas so fuel costs take a bigger bite of total budgets. To compensate, people will become more independent and self-sufficient, reverting to life-styles of the past by installing things such as wood-burning stoves," he said.

"They are returning to the practices of the past as well as searching for the 'better quality of life' they equate with days gone by," he added.

□

—National Association of Realtors



Phillips (far left) and Willison (far right) were presented certificates signed by Region X Administrator George Roybal (second from right). Joining in the presentation is Robert Scalia, Assistant Regional Administrator for Community Planning and Development.

The quick and knowledgeable action of two Seattle Regional Office employees, Donald A. Phillips and John P. Willison, both CPD Reps (Renewal) in the Regional Office of Community Planning and Development, saved the life of another Region X employee, Robert G. Macready when he suffered a massive heart attack. The incident occurred while MacReady was at work on Wednesday, November 2, about 4:10 p.m. Phillips and Willison, who, in common with a great many Seattle HUD employees, had received C.P.R. (Cardiopulmonary Resuscitation) training immediately put to use the life preserving techniques they had been taught. Their efforts kept Macready alive until the Fire Department aid crew (one of Seattle's nationally famous "Medic One" units) arrived and the professionals took over.

Although Macready did not have a spontaneous heart beat for the 20 minutes Phillips and Willison worked on him nor for another 10 minutes after the professionals took over, he finally began to breathe of his own volition, was rushed to a hospital and now (November 11) is reported doing very well.

Willison and Phillips (see picture) were presented with certificates signed by the Regional Administrator, George J. Roybal, commending them for their quick and successful action.

The professionals who took over from Phillips and Willison said later that their efforts would have been too late if the two HUD employees had not done as they did immediately following Macready's collapse.

HUD has reserved \$637 million to finance construction or substantially rehabilitate about 21,000 housing units for

the elderly and handicapped in the United States and Puerto Rico this fiscal year. The funds, in the form of direct loans, will go to more than 200 private non-profit sponsoring organizations. They were selected out of more than 1,300 applicants, who requested a total of \$5.6 billion for more than 194,000 units. The reservations were authorized under Section 202 of the Housing Act of 1959 as amended.

Although the program is designed primarily for low and moderate incomes, the occupants of 202 housing are expected to have a wide range of income, including some who need no financial assistance. But for people with income below 80 percent of the median income for the area, subsidies will be available under HUD's Section 8 Housing Assistance Payments program.

A report funded by the Department of Housing and Urban Development concludes that any lending, appraisal or underwriting practice in the purchase of a home is prohibited if it is discriminatory in effect, even though it may not discriminate openly on the basis of racial considerations.

This conclusion is among findings and recommendations of a HUD-sponsored administrative meeting reported in a 168-page publication titled *Redlining and Disinvestment as a Discriminatory Practice in Residential Mortgage Loans* (HUD-EO-235).

This publication is available at \$4.50 a copy from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402. Stock No. 023-000-00396-1.

# Housing Occupancy Patterns in New York City

by Eli M. S. Forman, Ph.D.

*Little research had been done on the occupancy patterns of Federal housing for moderate-income and low-income families residing within central cities. Therefore, a study was undertaken during the Spring of 1976 to identify the relationship between ethnic groups and income in Federal projects of differing economic types.*

## Subjects, materials, and procedures

The subjects of this investigation were drawn from two economically different federally aided housing programs in New York City. The sample comprised 14 Section 236 structures with a total of 2000 residents, and 14 low-rent housing projects with a total of 7500 residents. Projects were randomly chosen from a list of occupied public housing projects operated by the New York City Housing Authority and matched with moderate-income projects in economically similar neighborhoods. U.S. Department of Commerce boroughwide census tract address maps were used to determine census tract designations of each project randomly selected.

The US Bureau of the Census (1970) *Population and Income Statistics Handbook*, which lists census tract mean-income levels for New York City's five boroughs, was used to determine whether projects were located in low-income or moderate-income neighborhoods. Neighborhoods with a census tract mean income less than the poverty threshold of \$8,000 were classified as low-income. Neighborhoods whose census-tract mean income was above \$8,000 but below \$15,450 were classified as moderate-income.

These data were analyzed as follows: Moderate-income and low-income housing projects were classified into economically discrete areas on the basis of census tract mean-income level. Since seven of the twenty-seven moderate-income occupied projects were in low-income areas, a similar number of moderate-income projects located in moderate-income neighborhoods were selected. Thus fourteen of these projects were investigated.

Seven randomly selected low-income projects located in low-income areas were matched with seven moderate-income projects in economically similar neighborhoods, and a similar selection and match made for moderate-income neighborhoods.

A special computer printout, which gave income and ethnic distribution of the randomly selected low-income projects, was obtained from the research division of the New York City Housing Authority. Similar socioeconomic data were obtained from each of the project managers of the selected moderate-income projects.

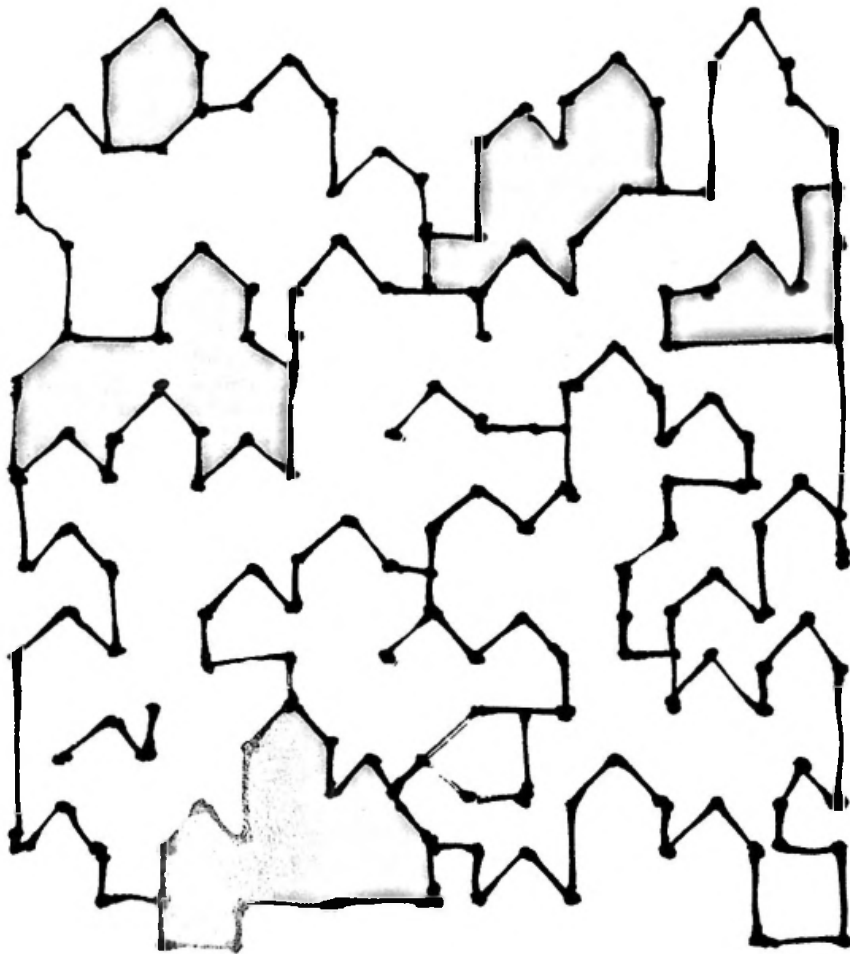
Since Federal requirements for socioeconomic integration in moderate-income housing were mandated to be implemented regardless of neighborhood location, it was expected that racially balanced as well as economically integrated structures would prevail. Observed deviations from this expectancy were accepted as evidence of either successful or unsuccessful implementation of Federal regulations on the income and racial-ethnic mix of occupants. A similar pattern was expected for the low-income projects except that the income level would be lower.

For the purpose of analysis, ethnic groups were divided into majority (white, non-Puerto Rican) and minority (black and Puerto Rican) groups. Income groups were divided in a similar fashion—that is, low-income group (family income less than \$8,000) and moderate-income group (family income above \$8,000 but less than \$15,450).

## Results

The findings may be summarized as follows:

- There was a significant difference in the ethnic distribution of the tenants of moderate-income structures, depending on whether the structures in which the tenants lived were located in *moderate-* or in *low-income* neighborhoods. There also was a significant difference in the income distribution of moderate-



income tenants, depending on whether the structures in which they lived were located in moderate- or low-income neighborhoods. Thus, when *moderate-income* projects were located in *low-income* neighborhoods, they were more segregated and the income level was lower than when they were located in *moderate-income* neighborhoods.

- There was a significant difference in the ethnic distribution of *low-income* housing-project tenants based on whether the structures in which they lived were located in *moderate-* or in *low-income* neighborhoods; there was a significant difference in the income distribution of *low-income* housing-project tenants, depending on whether the structures in which they lived were located in *moderate-* or *low-income* neighborhoods. Thus, the socioeconomic com-

position of the neighborhood was more related to the success of obtaining a racial and economic balance than the Federal regulations attempting to achieve the same goal.

- There was no significant difference in the ethnic distribution between low-income public housing project tenants and FHA moderate-income structure tenants when their respective structures were located in *moderate-income* neighborhoods. There was a significant difference in the income distribution between *low-income* public housing project tenants and FHA *moderate-income* structure tenants when their structures were located in moderate-income neighborhoods. Thus civil-rights standards were successfully implemented and a differential in income levels was maintained when Federal projects, regardless of economic type, were

located in moderate-income neighborhoods.

- There was a significant difference in the ethnic distribution between *low-income* public housing project tenants and FHA *moderate-income* structure tenants when these structures were located in *low-income* neighborhoods. There was no significant difference in the income distribution between *low-income* public housing project tenants and FHA *moderate-income* structure tenants when their respective structures were located in *low-income* neighborhoods. Thus, comparison of the two types of projects in low-income neighborhoods showed that the appropriate racial mix and income differential were not achieved.

The results show that only in moderate-income neighborhoods were the Federal guidelines implemented successfully regardless of the economic type of the project. The appropriate social mix was obtained in both types of project, with the tenants of low-rent housing having low incomes, and the tenants of Section 236 housing having moderate incomes. When the two types of projects were located in low-income neighborhoods, they were segregated and the income levels were similar in both types of housing, contrary to the Federal guidelines.

The implications of this study are that it is imperative that this country's housing strategy become more forthright in either choosing non-integrated housing for many, in traditional locations, or integrated housing for few, in nontraditional locations. It is evident that cities and municipalities will surrender the chance for social and economic integration of public housing should they continue to build in lower-income sections of the community. □

*Dr. Forman is an Equal Opportunity Specialist in the New York Area Office. "Housing Occupancy Patterns in New York City" was undertaken as an independent study by Mr. Forman.*

# Equalizing Housing Opportunities in Chicago

by Anita Di Domenico

Mrs. John Grabowski sat alone on her front porch watching the men load up the moving van at the house across the street. It was the third time in as many weeks that one of her neighbors had waved goodbye and followed a moving van down the street toward the Stevenson expressway and the Chicago suburbs. And another family told her this very morning that they had decided to sell too. Mrs. Grabowski was afraid. Every time an old neighbor moved out, a black family moved in. Every time a black family moved in, another old neighbor decided to move out.

Yesterday had been really bad. A real-estate agent had called and asked what her plans were. He told her that she would lose a lot of money if she waited too long. He told her a story about what had happened to an elderly couple who had been the last white people left in his old neighborhood. He had assured her that he could sell her house right away, especially if she were willing to sell FHA.

The money part had hit hard. The Grabowskis' entire life savings were in their small brick bungalow, and the people across the street had gotten several hundred dollars less than expected. Mrs. Grabowski had met the black family two doors down and she thought they were nice people. She didn't want to move. But what choice did she have?

If the past was any indication, Mrs. Grabowski didn't have a choice. Neither did her new black neighbors. A racially discriminatory dual housing market has existed in Chicago for decades. At the same time the black population has grown and continues to grow more rapidly than the white population. Black demand for hous-

ing has been met by block-by-block transition from white to black occupancy at the edges of existing black areas.

This transition is usually marked by hostility and violence as the first blacks move in, by panic sales and rapid transition in later stages, and is often followed by a decline in services and investment, resulting in economic decline of the neighborhood. This process has been repeated in neighborhood after neighborhood in Chicago, and in urban areas across the country.

## Historical Perspective

Before 1968, neither conventional nor government-insured mortgages were available in these transition areas, and contract sales were the major financing mechanism. Since 1968, when government-insured mortgages were made available in inner city areas, sales of single-family homes have been made in great numbers with FHA- or VA-insured mortgages. The high rate of defaults on such loans, and the subsequent abandonment and deterioration of homes seemed at one time to be an inevitable result, and continues to be of serious concern.

By 1975, the traditional "boundary" between black and white communities on Chicago's Southwest Side had reached the railroad tracks near Bell Avenue. In early 1975, the first black family moved west of that "boundary." They were followed by other black families. There was hostility and violence towards them, a high state of tension in the neighborhood, and a sharp increase in real estate activity. An area three blocks by twelve blocks, Bell to Western, 63rd to 79th Place, came to be defined as an area of racial transition.

In 1976, tensions rose even higher as black civil rights groups conducted marches to Marquette Park, a public park lying a few blocks to the west of the new "boundary," Western Avenue. It is well remembered that Marquette Park was the community in which bricks were thrown at Dr. Martin Luther King during his fair-

housing march in the summer of 1966.

Believing that housing problems were still a major source of the tension and that the small, well-defined area between Bell and Western offered a unique opportunity to study the transition process, a group of local fair-housing agencies including the Leadership Council for Metropolitan Open Communities and the Home Investment Fund (HIF), with the assistance of the Associated Press, began interviewing families and examining records of home sales in the study area. What they found prompted them to assist some study-area residents in filing a complaint with HUD under Title VIII of the Civil Rights Act of 1968.

The complainants alleged that:

- HUD's mortgage insurance guidelines, by failing to consider the racial impact of insurance activities, have the effect of contributing to the racial resegregation of neighborhoods where activities of realtors and mortgage lenders are allowed to manipulate the market unchecked;
- HUD's mortgage-credit standards allow approval of unqualified applicants, resulting in maintenance problems and rapid turnover;
- HUD appraisals differentiate between similar properties in transitional vs. stable white neighborhoods; and
- prospective purchasers are manipulated by brokers and realtors away from conventional mortgage sources and away from, or to, white neighborhoods on the basis of their race.

## HUD Investigation

The complaint was accepted, and the Fair Housing and Equal Opportunity (FH&EO) Division went to work investigating the allegations. While that investigation did not support all of the allegations made, it did show, even in its early stages, a need for departmental action. It was clear that merely investigating the problems would do nothing to help either the current or prospective property owners in the area. So the Leadership

Council, HIF and HUD set about, concurrent with the investigation, to address the problem of neighborhood resegregation—that is, a neighborhood changing from all white, to integrated, to all minority. Several sessions with HUD leadership, with input from all related divisions, were held over a few months' period. The outgrowth of these sessions was a plan for a demonstration program in the study area.

This program was requested under Section 808(e) of Title VIII of the Civil Rights Act of 1968 which grants the Secretary the authority to "make studies with respect to the nature and extent of discriminatory housing practices in representative communities." Secretary Harris approved the program and it was promptly implemented.

#### Thrust of Program

The approved program had three major thrusts.

First, the study area needed to be physically stabilized. Maintenance of the sound housing stock and improvement of the stock that was deteriorating would necessitate a long-range concerted effort by various sources such as the city, HUD, the financial community, and community organizations.

Until such time as a definitive and comprehensive action plan could be devised, HUD needed to take some actions. Valuation of properties seemed an area of great concern. To assure that values in the study were realistic and that properties were in sound condition, all conditional commitments would be processed by the most experienced in-house staff. No fee personnel would be utilized in the target area. All properties would be inspected by a member of the architectural staff as a further assurance that repair requirements are proper. The existing policy on certifications would be closely followed and review requirements increased from 10 to 25 percent.

Mortgage-credit standards seemed a corollary consideration. Assuming that effective control over the condi-

tional commitment process could be maintained, the true success of stabilization, both physical and social, would depend on the purchaser's ability to maintain the property and keep the loan current. To assure that purchasers possess adequate financial resources, all firm commitment applications would be processed by specially selected loan specialists who would immediately apply the revised mortgage-credit standards.

Further, prospective mortgagors would be asked to a firm-commitment conference, at which time the basis for acceptance or rejection would be reviewed with the would-be purchaser. Appropriate counseling on homeownership would take place prior to the mortgage-credit review. At the firm-commitment conference, the anticipated costs of homeownership would be analyzed in detail with approved mortgagors. Also at this time, options available in case of default or delinquency would be reviewed.

The second major thrust of the program concerned defaults. The Chicago Area Office, through the single-family assignment program, would work with both the present mortgagees and mortgagors to defer foreclosure activities. This was to be accomplished by advanced counseling of delinquent mortgagors as soon as arrearages reached 60 days. Early decisions had to be made on the best way to cure a default, if any; whether or not to take assignment; and how best to prevent physical deterioration should foreclosure or deed-in-lieu be necessary.

Finally, the third and major part of the program seeks expanding opportunities for purchasers. Since many users of FHA mortgage insurance are first-time purchasers, it is imperative that the full range of properties available be made known to them.

Applicants for FHA mortgage insurance specifically would be required to receive counseling, prior to being shown any properties by the realtors, in order to qualify for consideration by the Department. The

counseling would focus on how real-estate transactions occur, money management, the differences between FHA and conventional mortgages, the availability of housing in other areas of the city, and rights available under the Fair Housing law.

#### Results of Program

The preliminary results of the demonstration program were mixed. There was almost an immediate drop in the number of FHA transactions in Area A. Some realtors refused to refer potential buyers to HUD, and suggested that FHA mortgage insurance would be a mistake. In fact, some real estate offices closed and moved out of the general area. Other realtors complained to the Department that pre-purchase counseling, particularly when it applies to only one area of the City and when it comes prior to the potential purchaser having found a desirable property, seriously hampers their ability to do business in the area.

However, rapid turnover in the study area appears to have been curtailed more dramatically than expected. Tensions, particularly in the study area, have been greatly reduced, although racial violence again occurred during the past summer in the Marquette Park community proper. Mrs. Grabowski and her neighbors, both white and black, now have a better chance to hold their community together and to adjust to integration rather than fear resegregation.

But it is just a chance. It is clear that the establishment of viable, integrated urban neighborhoods is dependent on more than one demonstration in one small area of a city. This program must be seen as only a first step towards the cooperation necessary between governments, business and citizens to monitor activities in neighborhoods of potential transition and take steps to assure that the housing market is truly open to all. □

*Ms. Domenico is an equal opportunity specialist in the Chicago Regional Office.*

# Restoration of Thomas Residence as Community Center

by Marcia Maleske

Restoration is underway on the Thomas residence, part of the Thomas Center in Gainesville, Florida (HUD Challenge, June, 1977). A \$1,234,000 local public works capital development grant was awarded to the city earlier this year by the Economic Development Administration of the U.S. Department of Com-

merce. In addition, the city received a \$16,000 grant for the restoration from the National Park Service. The city contributed another \$16,000.

Restoration began in late March, 1977. All exterior stucco, rotted wood, framing, porch additions, deteriorated windows and roofing tile are now being removed. Extensive interior repairs of the hardwood floors, walls and ceilings are next. Brick and red ceramic tile fireplaces and chimneys will be repainted and reglazed. Old lead glass windows will be restored.

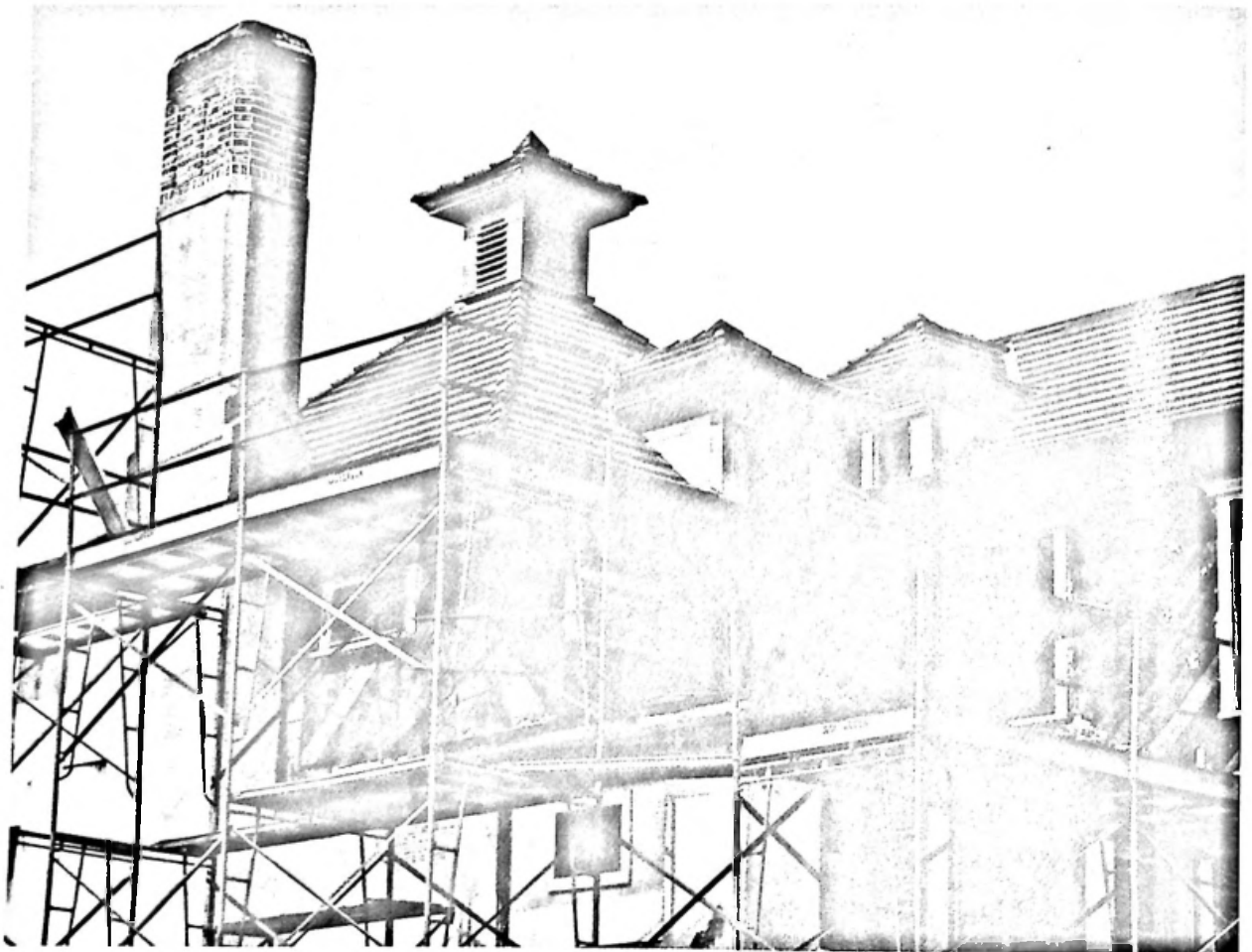
The center of the building, built around an open "Spanish Court," requires repair and reinforcement of the main floor perimeter arcades, the second floor galleries, and the court's ceiling skylight.

Part of the first floor will be re-

stored as a local history museum, featuring 1920 "period rooms" reflecting the styles in vogue at the time of the Hotel Thomas' construction. The focal point will be the home's original mahogany central staircase. An art gallery will occupy the high-ceiling, former kitchen. Both the museum and gallery will be protected by an electronic security system that creates force fields around all display cases. Anything entering the field triggers an alarm, automatically locking all doors. Community meeting rooms and offices will occupy the remaining space.

Restoration should be completed by April, 1978. □

—Marcia J. Maleske  
Community Planner  
City of Gainesville







*Neighborhood Space*, by Randolph T. Hester. Stroudsburg, Pa., Dowden, Hutchinson and Ross, 1975. 292pp. \$30.00.

While driving up a major traffic artery that goes through residential neighborhoods, you see a small triangular mini-park bounded on all three sides by streets; but you never see a child or adult in that little park that is so filled with the most imaginative of play equipment. After reading *Neighborhood Space*, it is easy to understand why such areas appear attractive, but are underutilized.

Although this book was written in 1975, it was selected for review because the concept of the neighborhood and its role in planning is assuming greater importance with officialdom and planners. The book is an analytic guide to the process of planning neighborhood space in inner cities and complex urban environments. The author is a planner, landscape architect and college professor. His major thesis is that recreational space should be planned in an interactive fashion with those who will use it. Planners appear to realize increasingly the value of the neighborhood as a unit of political activity and social strength.

What is neighborhood space? Hester's definition is public outdoor territory close to home which because of the residents' collective responsibility, family association, and frequently shared use, is considered to be their own. Neighborhood space is not always used as planned because the planner did not take into consideration the ages, sex, ethnicity, socio-economic status, and rural/urban background of the users. In addition, the planner must be careful not to project his own values on the community. Increased user expectation is to be anticipated as a by-product of the planning process.

Hester analyzes public space in terms of social factors such as territorial imperatives, personal space and privacy, and symbolic ownership. He considers the needs of the user for solitude, group activity, settings for preferred activity, safety, aesthetic appeal, convenience, psychological and physical comfort, and compatibility of activities. Suggested methods of enlisting the participation of the user groups are town meetings, interviews, questionnaires, and observation. Guidelines are given to assess which technique is appropriate. A designer, he feels, has responsibility to promote community development by the planning process.

The author has carefully interwoven descriptions of actual outdoor spaces into his discussion. In "An Analysis of Eight Case Studies," he compares neighborhood parks in such diverse locations as Manhattan's Lower East Side and an Albuquerque, New Mexico Model Cities area, and finds these eight commendable for their design and sensitivity to their users, if not completely successful in terms of his own criteria.

—Joan Sampson,  
Serial Records Librarian, HUD

*Falling Apart: the Rise and Fall of Urban Civilization*, by Elaine Morgan. New York, Stein and Day, 1977. 262pp. \$10.00.

Elaine Morgan, a non-city dweller herself, has written "a book about cities from the outside." She deplores the resulting "apoplexy at the center" and "anemia at the extremities" which accompany this urbanization process.

To understand the forces behind the present rise of megalopolis, the author traces its evolutionary development. She reviews the history of the early villages and first cities, the successes and ultimate failures of Athens and Rome, the independent walled cities and towns of the Middle Ages, and the industrial cities of the nineteenth century.

When urban problems first arose, they were assumed to be soluble. But hopes diminish when conditions such as slums and traffic congestion tend to keep one jump ahead of the solutions. There are millions of people who would leave their now unattractive and unsafe urban neighborhoods if they could, Morgan asserts, if only the outlying areas from which they had fled were not even more dismal. It is in China that "the most determined and constructive efforts have been made to implement the realization that you cannot keep people out of cities by forbidding them to come, only by improving the conditions of life outside the cities."

Morgan sees the energy crisis forcing changes in urban development. If irresponsible minds say "not yet," when faced with the specter of diminishing oil and other vital resources, the result will delay the crisis only briefly and insure a greater catastrophe when it does arrive. She sees oil as the economic tide which was sweeping the world into great conurbations, but now decisions must be made. Nuclear power would solve the energy problem, but that is all. As galloping growth continues, so will escalate in geometric progression the number and variety of urban problems. The renewable energy sources, the sun and the wind, appeal most to Morgan for many reasons. She acknowledges that the adjustment will be very difficult for the richest countries when the accelerated pace of oil-fueled urban growth slows down.

—Cecily Wood,  
Acquisitions Librarian, HUD

# Neighborhood Reinvestment

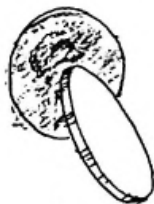
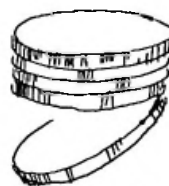
Perspectives of a New HUD  
Assistant Secretary

by Geno Baroni and  
Karen Kollias

Revitalization, particularly on a neighborhood level, is quickly becoming a major concern in developing urban policies and programs. A broad range of actors is paying attention to neighborhood revitalization. They include community leaders, public officials and representatives from private industry. They all have a large stake in the future of their urban center, which invariably means the survival and improvement of the neighborhoods—the building blocks of the cities.

This article addresses the role of neighborhood revitalization, its impact on neighborhoods, neighborhood organizations and residents, the types of activities currently underway, and the potential role of the Federal Government in support of neighborhood revitalization.

Regardless of various past community improvement services (i.e., Model Cities, OEO and CAP agencies), minimal lasting and positive impact was made on neighborhoods. Also, many groups established themselves for the purpose of receiving Federal funds. An advantage currently, however, is that neighborhood and community organizations have histories and track records of running programs, affecting policy and working closely with constituencies. Such experience lies behind beliefs that neighborhood organizations in cities should be incorporated into the planning, development and implementation of neighborhood revitalization activities. This activity goes far beyond the traditional concepts of citizen involvement vis-à-vis voting or reacting to publicly-initiated programs. Community and neighborhood groups



bring experience essential to revitalization as do the public and private sector.

**What Is Neighborhood Reinvestment?** Revitalization encompasses an array of activities which directly impact on neighborhoods. The "revival" of neighborhoods includes residential reinvestment, increased public services, commercial development, job training and creation, as well as strengthening and developing human services support systems. Many types of organizations, nationally and locally, are providing models and plans for various parts of the revitalization process.

A crucial part of the revitalization process is the availability of credit—mortgage, home improvement and rehabilitation financing, property, liability, mortgage and other types of insurance; capital for commercial areas and public improvements. Without financial investment, neighborhoods are left to deteriorate and other support services programs are reduced to maintaining people rather than moving toward physical, economic and social development. For this reason, a good deal of attention and activity is focused on the role of neighborhood reinvestment, particularly as it begins to provide solutions to redlining and urban disinvestment.

Because neighborhoods are different, with varying sets of needs, it is important to keep in mind the flexibility necessary in tailoring reinvestment on a neighborhood-by-neighborhood basis. It is also important to determine the most appropriate roles the three sectors (community, public and private) play in making such reinvestment happen. State, local and Federal government can be effective in providing incentives to leverage private resources, regulating lending institutions, providing subsidies for "higher-risk" investments and ensuring increased local public services. Private industry, on the other hand, can increase the availability of their resources, reevaluate lending policies which affect neigh-

borhoods and stimulate job development. Community groups have been developing neighborhood reinvestment programs, providing research on community needs, negotiating with lending officials and monitoring public programs. Examples of such activities are worth noting.

#### **Local Government Initiatives**

Because local government is more accessible to community organizations, its role in neighborhood reinvestment is vital. Examples of local public actions which affect neighborhoods include zoning, code enforcement, rehabilitation financing, home ownership and insurance programs. Public depository laws are also being utilized or considered by city officials. This type of law (or an anti-redlining ordinance) requires institutions wishing to bid for public deposits to disclose information on their investment practices particularly in relation to older inner-city neighborhoods, older housing stock and commercial areas. Chicago was the first city to pass such an ordinance due to community pressure, with Cleveland and St. Louis following. The City Council of Washington, D.C., is also considering similar legislation. While still voluntary in nature, the use of public deposits as an incentive for more sensitive lending in the inner-cities can be effective.

Various revitalization programs have also been implemented on a local level through city government. The Human Rights Commission of New York City is administering a Neighborhood Stabilization Program through which neighborhood initiatives to improve their areas are supported, including landlord-tenant negotiations, elimination of racial steering practices and encouragement of private investment in neighborhoods threatened by early redlining practices. Part of this program is supported by the Community Development Block Grant Program (CDBG). The city of Seattle, after convening a Mayor's Reinvestment Task Force, established a Residential Loan Review Process whereby representatives from

the city, lending industry and community developed new guidelines for appraisal and underwriting standards which determine where loans are made and to whom. The process also allows for an on-going review of lending practices using the disclosure data. In Washington, D.C. a Neighborhood Reinvestment Commission was established to develop strategies which would eliminate redlining which was prevalent throughout large portions of the city. The Commission conducts investigations of lending institutions and their practices, acts as an advocate for community concerns and proposes innovative reinvestment approaches for the city. An extensive Housing Financing Plan is currently being considered. The Commission is supported by CDBG funds.

#### **State Initiatives**

Many States are becoming more active with legislative and programmatic initiatives for revitalization. The passage of disclosure regulations has been prevalent, often requiring more information than the Federal Home Mortgage Disclosure Act. States with such legislation include Illinois, New Jersey and New York, and the Pennsylvania Legislature is currently considering a strong bill. Massachusetts used executive orders to collect the lending information from its State-chartered institutions.

California implemented strong anti-redlining regulations through the Savings and Loan Commission under the Business and Transportation Agency. The strength in these regulations rests with the "objectification" of appraisal and underwriting standards which require written reports from institutions on loans which were denied.

Other States have also been active in reinvestment initiatives. Michigan is considering a series of legislative and regulatory actions based on a report prepared by the Governor's Task Force on Redlining. The State of New York is moving toward a comprehensive reinvestment program compiled by the State's Banking Department; the Mortgage Finance

Agency for New Jersey has instituted a billion dollar Urban Lending Program; and, Pennsylvania is administering a Neighborhood Preservation Support System with resources from HUD's Innovative Projects Program.

#### **Private Initiatives**

Lending institutions are an essential component to any revitalization effort in urban neighborhoods, especially to ensure long-range results through the availability of credit. Three of the more commonly used activities include mortgage pools, mortgage review boards and participation in the Neighborhood Housing Services Program.

Mortgage pools are mechanisms through which lending institutions earmark portions of their assets for investment purposes in "higher risk areas." Done in conjunction with other local institutions, lenders are given an incentive to share potential risks on loans rather than absorb them alone. Some people, particularly community advocates, feel that while pooling may stimulate investment, it also stigmatizes certain neighborhoods as "risky" and having a negative impact similar to redlining.

#### **Mortgage Review Boards**

A mortgage review board is an appeal process whereby an applicant who has been denied a loan can request a review on the reasons for denial to determine whether or not the decision was based on discriminatory factors. Review boards make judgments as to whether or not a loan should be made. An appeal process is essential for consumers trying to obtain mortgage credit. However, some feel that the mortgage review boards in isolation from other programs will not stimulate reinvestment as actively. Also, many boards only have representatives from the industry while many community advocates feel they should be represented.

#### **Neighborhood Housing Services**

Lending institutions are becoming more involved with the Neighborhood Housing Services (NHS) programs. An

NHS makes available home improvement and mortgage loans in areas lenders are beginning to redline. A working relationship between the city, community and local lending institutions is encouraged by NHS programs, which are initially sponsored through the Urban Reinvestment Task Force.

Some lending institutions are doing innovative work in their communities and may serve as partial models to others. South Shore National Bank in Chicago, for example, is committed to neighborhood development lending and is providing a range of resources to revitalize the South Shore. It also cosponsored a seminar on "banking for non-bankers" which emphasized neighborhood development lending. Another example is the Philadelphia Mortgage Plan through which a large number of lending institutions actively provide credit in inner-city neighborhoods without earmarking them as risky. Each participating lending institution changes its appraisal and underwriting standards to ensure more sensitive lending policies for these areas.

#### Neighborhood Initiatives

Neighborhood and community organizations took the lead in exposing the impact redlining has on certain parts of cities. Through this activity, such leaders have become "urban experts" in determining not only what is bad for a neighborhood, but also on what is necessary for its survival. For this reason, neighborhood organizations play an important part in planning and implementing reinvestment programs. Because reinvestment needs vary from neighborhood to neighborhood, community organizations and leadership are able to identify which priority needs warrant action, be it multifamily abandoned structures, commercial decline, speculation or rehabilitation financing.

Neighborhood-controlled reinvestment programs serve either as alternatives to public and private ventures or complement such ventures. In either case, there is a severe limitation of funds and resources for such

community efforts to develop model programs including: land banks whereby community groups engage in property acquisition allowing the neighborhood organization to be involved in the repairing and selling of properties; neighborhood development organizations which can administer housing and rehab programs, engage in job development and training and leverage private investment; neighborhood preservation projects whereby residents participate in "beautifying" their areas through some improvements or increasing public services.

Even given the array of reinvestment activity, it cannot be over-emphasized that local partnerships are essential if the programs are to make any serious, long-range impact. All actors (community, public and private) bring unique and vital qualities that the others cannot provide. Partnerships may not always allow for the fastest and easiest approaches to revitalizing cities and neighborhoods, but in the end, the participating people are those directly affected by the successes or failures of reinvestment. Experience has also shown that without neighborhood people, a program cannot be fully used or supported, and without lending institutions, public resources are left alone to absorb prohibitive costs. Further, if partnerships are genuinely used, potential conflicts between commercial and community groups, city officials and lenders can be reconciled early. In developing Federal policy for neighborhood activity, the notion of partnerships should be incorporated.

#### Displacement

Inasmuch as reinvestment is necessary to save neighborhoods, it does have a potentially negative impact whereby people must leave or are forced out of neighborhoods due to increasing costs generated by development. In many of the older cities private, and to some extent, public resources are contributing to a "back to the city" movement. Properties in inner-city neighborhoods are being renovated

and are attracting younger professional people with higher incomes. It is hard to argue against the desired objectives of increased property taxes and neighborhood improvement from the public or private perspectives. However, from the neighborhood residents' point of view, the resulting displacement factor is what raises the most concern. Those who have stayed in the neighborhood working for its improvement, are often the ones to be directly affected by displacement.

So far it seems there are three "waves" of displacement resulting from reinvestment and speculative development. The first wave affects tenants, particularly the elderly, poor, minorities and female-headed households. Vacant and rental properties in the center of the city are bought, usually by builders, and put back on the market as luxury apartments, condominiums or single-family units. This type of housing is increasing in demand particularly as energy costs and other factors make it desirable for people to live closer to work.

Another wave of displacement occurs as single-family homeowners begin receiving offers for their properties from developers, and sometimes from people interested in living there.

Speculation and displacement resulting from reinvestment are being felt in cities throughout the country. They bring with them racial and economic resegregation which counters the objectives of neighborhood reinvestment. Because of the legitimate fear of displacement, many community and neighborhood organizations are turning away from reinvestment activity and may end up mistrusting any efforts to improve the neighborhood while retaining its residents.

The problem of displacement warrants attention on a State, local and Federal level. Reinvestment initiatives must ensure that current neighborhood residents are the ones to reap the benefits of development activity.

#### The Federal Role

Federal programs which impact on neighborhoods must be evaluated to

determine how they can be used to improve neighborhoods, without uprooting their residents. Policies should be supportive of racially and economically integrated neighborhoods. Incentives must also be available for private institutions to ensure financing at terms accessible to low- and moderate-income people as well as to developers who are committed to providing a proportion of moderate income and subsidized housing.

If large scale displacement is ignored, the effects may be devastating.

#### **New Federal Initiatives**

The new Administration brings with it some activities which hold promise for community and neighborhood organizations.

An Urban and Regional Policy Group (URPG) was called together by the President to make recommendations on urban and regional policies. This Cabinet-level group, under the direction of HUD's Secretary Harris, has developed some spin-off task forces to tackle very specific concerns. These task forces address economic development, redlining, neighborhoods and public finance. Representatives from a variety of URPG agencies are working with these task forces. A major concern within the Neighborhoods and Redlining Task Force is the need to actively integrate neighborhood organizations in reinvestment and development efforts.

A National Commission on Neighborhoods will review a range of public policies and programs which impact on neighborhoods. Through the use of research, program evaluation and neighborhood hearings, the Commission will make recommendations on comprehensive neighborhood policies.

There are several other agencies which are giving attention to activities supportive of neighborhood development and reinvestment including: the Law Enforcement Administration Agency (LEAA) which is launching community anti-crime projects; the Small Business Administration (SBA) which provides tech-

nical assistance to organized merchants' associations who want to develop a commercial revitalization project; the National Endowment for the Arts (NEA), which allocates grants to organizations developing innovative approaches to using design and architecture for neighborhood development purposes through "Liveable Cities." Both the U.S. Department of Labor and ACTION are providing job and youth employment programs to neighborhood groups engaged in development activities, and the Community Services Administration (CSA) is administering a "weatherization project" which provides assistance and materials for weatherization with rehabilitation in neighborhoods. The momentum to become active in neighborhood development and reinvestment activities is happening in other agencies including those which regulate financial institutions.

One drawback, however, is that there is little or no coordination among these programs at the Federal level. To maximize positive impact on a neighborhood level, active coordination is necessary. Ironically, some fairly sophisticated neighborhood organizations have been successful in securing support from a range of programs and coordinating them on their local level.

HUD plays a particularly important role as a Federal advocate for neighborhood development activities. Its overall objectives clearly identify revitalization of urban cities as a priority along with increasing the capacity of neighborhoods to achieve reinvestment. Within HUD there are several programs which, if properly used, can support neighborhood reinvestment, while minimizing displacement. Examples of these programs include: Section 312 rehabilitation loans for low- and moderate-income people; Urban Homesteading which will probably be expanded to make use of multifamily structures; Section 235 which provides low down payment and interest mortgage loans; the CDBG Program can also provide resources for rehabilitation in

addition to stimulating private investment; and, the Section 8 program can be used in neighborhoods to retain tenants in rehabilitated buildings.

**Urban Development Action Grants**  
Urban Development Action Grants (UDAG's) will soon be available to cities designing innovative approaches to economic development and neighborhood revitalization. Another new program, the Urban Technical Assistance Program, will be established to provide technical assistance to units of government, areawide planning agencies, as well as neighborhood organizations, housing managers, and nonprofit housing sponsors around community development related concerns. The Office of Neighborhood Development, coordinated through NVACP, will provide program support and demonstrations for neighborhood development organizations, as well as establish an information dissemination process for community groups, along with training workshops and some technical assistance.

Again, coordination of these programs must occur within HUD to determine their neighborhood impact and to identify how these resources can be more accessible to neighborhood organizations, while minimizing displacement. Given this, HUD is certainly in a position to take the lead in developing policies and programs supportive of neighborhood reinvestment and revitalization. □

*Msgr. Geno Baroni is the Assistant Secretary for Neighborhoods, Voluntary Associations and Consumer Protection at HUD. He has served as . . . President of the National Center for Urban Ethnic Affairs (NCUEA), a national non-profit organization providing technical and program support to neighborhood organizations, which he established in 1970.*

*Karen Kollias is a consultant for the Policy and Program Development Office within NVACP, and previously was the Director for the Disclosure and Reinvestment Project at NCUEA.*

# Summer Youth Employment in Boston

by Margaret J. McCarthy

Take one urban neighborhood, hundreds of unemployed teenagers, several HUD-managed housing developments needing physical improvement, and one long, hot summer. It sounds like the recipe for a highly explosive situation and it might have been one, but for two additional ingredients—Herb Jackson and the HUD Boston Area Office of HUD—and you have a pioneer summer youth employment program.

Jackson works for the Roxbury Multi-Service Center, a community agency which serves the Roxbury section of Boston. As Director of the Environmental Care Program and Tenant Advocate of this organization, Jackson had worked with HUD staff, and was aware of HUD involvement in multifamily housing developments in the district. In the Spring of 1977 he met with Cas Kolaski, the Chief of the Boston Area Office Property Disposition Branch, and suggested a general cleanup of HUD properties during the school vacation week in April. This pilot project was so successful in disposing of accumulated debris that Jackson, quickly



Youth employment program will continue on year-round basis.

pointed out the advantages of a summer-long program which could improve the physical appearance of HUD-managed properties and, at the same time, provide 200 area teens and 20 area adults with desperately needed employment.

## Agreement Reached

The Boston Area Office agreed with the proposal and notified Area Management Brokers that the youths would be hired as project employees to supplement the regular maintenance staff. Each manager would be assigned a number of employees commensurate with the size of the properties managed. The Roxbury Multi-Service Center administered the program, but coordinated its efforts with the managers who assisted in locating and recruiting interested project residents for the program.

HUD stressed the importance of tenant involvement as a means of developing tenant interest and pride in their homes. This attempt at involving tenants succeeded so well that even those project residents who did not apply for employment displayed a lively interest in the program and assisted with the hiring selection. They felt that they had a stake in the venture and wanted it to succeed.

Jackson's ability to motivate people did not stop at the HUD Area Office. He succeeded in involving other community groups in the program. He made sure that the kids received a physical examination to determine fitness for employment and obtained the cooperation of local community health centers to achieve this goal. To insure proper nourishment for the teenagers during the week he persuaded the Roxbury-Dorchester Beautification Program to give breakfast and lunch to the workers during the entire ten-week period. And, of course, he prodded the kids, "the young bloods," as he calls them, into doing a good job.

Herb Jackson has the perhaps old-fashioned attitude that work is a virtue and he imparts that idea to the kids with whom he is involved. Those who want to get paid for working

have to prove to him that they not only can but will do the job required. To this end, he has organized a volunteer corps of youngsters aged 11-13, too young to be a part of the paid work program but able to demonstrate their willingness to work. They participate in a recycling program, scouring the neighborhood for throw-away aluminum cans which they bring to a recycling center. The money they obtain is theirs to keep. The program gives them an idea of the relationship of salary to labor performed and gives Jackson an opportunity to evaluate their potential for future paid employment, such as the summer clean-up of HUD-managed projects.

The kinds of work the 14- to 18-year olds performed were all jobs that could be accomplished by an unskilled labor force. For the most part they removed litter, weeded and trimmed shrubs, and cleaned out basements. Indoor work was scheduled for days of inclement weather. In return the kids received \$2.50 an hour. Their adult supervisors were paid \$3.50 an hour. Employees were divided into two groups of 100 teens and 10 adults, each working for a 5-week period.

The results of the program have been gratifying to all concerned. The physical appearance of the HUD properties has improved considerably; Herb Jackson's belief that kids given a chance to work will do a good job has been proven to be true; and, the kids themselves have received the benefits of both financial gain and the experience of a purposeful summer. Perhaps they will begin to have the hope that they have a part in the mainstream of American life.

The Boston Area Office has decided to continue this youth employment project on a year-round basis. Approximately 50 teens will work for the HUD-managed projects after school and on weekends.

—Margaret J. McCarthy  
Public Information Officer  
Boston Area Office



## THE CHALLENGE OF MEETING SHELTER NEEDS IN LESS DEVELOPED COUNTRIES

*From a report to the Congress by the Comptroller General of the United States.*

The worldwide housing shortage is assuming crisis proportions as population increases and rural-urban migrations outstrip the capabilities of many nations to provide minimal shelter, infrastructure, or social services for their citizens. Inadequate or nonexistent sanitary facilities, water supplies, and electricity characterize most of the housing in the developing countries. Overcrowding is widespread. Squatter settlements appear almost overnight on city outskirts, creating further strains on overloaded city services as well as additional health and social problems. Existing housing stock is deteriorating, community organizations have been weakened, and social disaffection is on the rise.

Housing needs are particularly acute in those countries which can least afford the housing required by their populations. Although some nations have addressed the problem in an imaginative way, others have either accorded housing a low priority or neglected the issue altogether. In many of the less developed countries (LDCs), only the affluent can afford adequate housing.

Forecasts of future needs underline the bleakness of the housing picture in developing countries. Current estimates indicate that 200 million shelter units will be required to meet the demands of the next 25 years.

### Nature of the Crisis

Far more than merely a shortage of housing units, the housing crisis is an important factor in the general deterioration of the quality of life in developing countries. Squalid housing conditions can have a far-reaching impact on employment, health, education, and infrastructure, and thus can profoundly affect the health and vitality of a nation's communities. Progress must be made toward meeting LCD shelter needs if improvements in other development areas are not to be diminished.

The basic cause of this worldwide crisis is population growth combined with urban migration and low income level. Population increases reportedly absorb one-half to two-thirds of the annual growth in national product and place pressures on educational facilities, employment opportunities, and food supplies, as well as housing. Most developing countries do not have, or have not organized themselves to generate, financial resources that can satisfy their urgent need for housing, infrastructure, and services. As a result, most of the world's housing has been produced by individual self-help efforts. In urban areas, where migrations from the countryside have resulted in spontaneous and random settlements, this type of housing is viewed as a blight on the community, although it represents an incremental solution to the need for shelter.

### Shelter Development Obstacles

With some guarantee of land tenure and with adequate technical and financial assistance, inhabitants of spontaneous settlements could be encouraged to improve their living conditions through the same kind of self-help effort. If LDC governments undertook to upgrade existing squatter housing in a planned and responsible manner, self-help efforts could contribute significantly to the nation's development. Many LDC governments, however, have rejected squatter upgrading and provision of minimal housing on the ground that these approaches institutionalize slum conditions. In some cases, their policy is to demolish squatter settlements and move the inhabitants to outlying areas.

The crux of the problem, however, is that poor people cannot afford most of the housing being built by formal construction or financing instrumentalities in the developing countries, often because the standards for housing, zoning, and public services have been set at unrealistically high and costly levels. According to the World Bank, investment capital is scarce in the majority of developing countries. Financial institutions often are not sufficiently developed to provide the low-cost, long-term financing that would enable some regularly employed low-income workers to afford minimally adequate housing. At the same time, the low priority accorded housing, the backwardness of the building industry, and the very poor living standards prevailing in existing housing settlements have deterred the kind of rapid but balanced social and economic development that would generate the required higher income levels. The problem can be solved only through serious planning and mobilization of technical and financial resources.

*Next month: Shelter assistance approaches.*

## A Quiet Triumph

Martin Fanger

Take about 3½ million people, crowd them on an island 36 miles wide and a hundred miles long, and what have you got? Just about the same as in many other places: one great big housing problem—especially when the island (Puerto Rico) has a per capita income of only \$2,422. Add to this the fact that very little opportunity existed to build up any considerable stock of standard housing during the early years, due to the extreme poverty of the majority of the population. Today, the problem is compounded.

The first allocation for 1,590 existing rental units under the Section 8 Program was placed under contract with the Puerto Rico Urban Renewal and Housing Corporation (PRUR & HC) which is the island's Local Housing Authority (LHA). The PRUR & HC's advertisement appeared in the local papers on July 19, 1976. One year later (last summer) an additional 2,619 units had been approved (one allocation for 1,619 units and another for 1,000 units) for a total of 4,209. Certificates of Eligibility had been issued for 91% of these units, and 3,515 units were occupied—a total of 83 percent of the units allocated. This last figure will rise sharply when 600 units, which will be available by the beginning of 1978, are filled.



Side view of Tower No. 3 (El Alameda)



Smiling residents of El Alameda



Three thousand units occupied by low-income families in a year's time? A quiet, unheralded triumph perhaps, but not as simple or as smooth as it sounds.

#### Not Without Problems

First of all, the initial processing of any new program goes through its "birth pangs," unhappy confusion, indecision, varying interpretations and delays, all of which lead to frustration and occasional exasperation on behalf of those who are responsible for getting something on the scoreboard.

One of our doubts concerned the question of whether or not there were enough rental units in Puerto Rico to make the "existing" part of this program sufficiently effective, in-

related to the local brand of economic discrimination: Would a landlord be willing to rent to a low-income family? Would families paying market rent continue to live near subsidized families or start an exodus that would adversely affect building owners? Would tenants help maintain the buildings and foster a successful program.

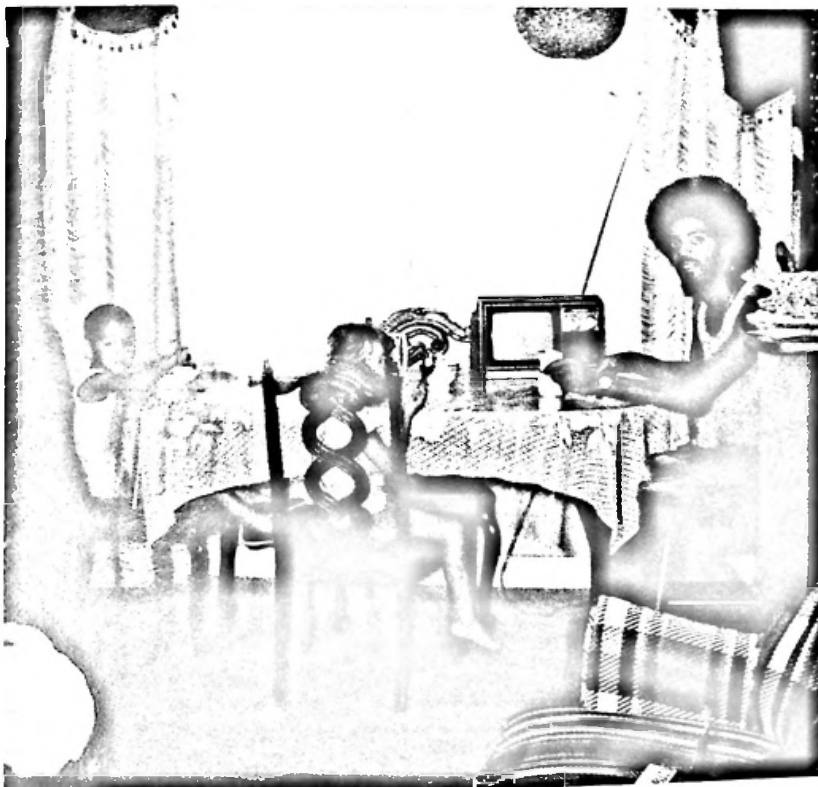
These matters were certainly not unique to our area. However no one gets a program off the ground by sitting around and letting himself be assailed by doubts. So with some trepidation, we reached the point where the Local Housing Authority could advertise its 1,590 units.

And that's when the action started: Applications from low-income families came pouring into

Meanwhile, back at the Area Office, the Housing Management Division was shepherding the LHA's processing as well as progress. Still further back, at the Central and Regional Offices, (the Caribbean Area Office is under Region II, New York, and covers Puerto Rico and the Virgin Islands), additional allocations of units were in the making—units that would be needed and used. There was no longer any doubt about the program's catching on—the amount of subsidy was highly attractive, and the idea of being able to choose location—shop around—for housing instead of being assigned to a particular spot regardless of personal choice, was another strong feature. As has been experienced elsewhere in the Nation, low-income families on occasion were able to remain where they were living and receive a badly needed subsidy. Others could move closer to certain schools or churches, or closer to the job. Basically, the integration of low-income families throughout the middle-income areas—spread out in the sort of patchwork pattern that was one of the program's original goals—has been achieved.

There was definitely a good deal of movement from low-rent public housing to Section 8 existing. And once Section 8 new construction housing starts to become available, we expect this movement to continue. Nevertheless, the demand is so very high (present estimates indicate that we can use another 20,000 public housing units right now) that there will be no problem with regard to emptying traditional public housing structures in order to fill Section 8 units. Turnover in our 55,000 public housing units is less than one percent. Our opinion, based on our conditions and our experience, is that there is a need for both the traditional and the Section 8 public housing. Each has its role to play in alleviating the acute demand for low-income housing. Each brings us closer to accomplishing our national housing goal. □

*Martin Fanger  
The Caribbean Area  
Office, HUD*



Apartments offer maximum comfort and design.

asmuch as the population is not very mobile and leans toward home ownership—even if the home is in a shack—rather than rental of units. Another and very serious doubt was

the LHA so fast that the LHA was swamped. We had to accede to their plea to temporarily stop receipt of additional applications until they could work some of them off.



"I have asked the Department of Housing and Urban Development, Secretary Pat Harris, who was with me this morning, to work closely with the Interior Department in putting down some plans along with the city and State for recreation areas and park areas in regions where buildings need to be destroyed.

"And our CETA funds and training programs can provide employment for people to rebuild their own neighborhoods. And, of course, with the public works programs that we put through Congress now, we have a good chance to renovate that area.

"We'll put together a comprehensive plan, working with Mayor Beame both while he is mayor and, I hope, after he is no longer mayor—and also with the new mayor of New York."

*—President Jimmy Carter, speaking with reporters following a tour of the South Bronx, October 5, 1977, as reported in the Weekly Compilation of Presidential Documents*

"As owners of rental properties are faced with escalating property taxes, utility bills and other expenses—and fixed rental income—they frequently opt for other ways to invest their equity and begin converting buildings to condominiums.

"In fact, during the first three years of rent control in the District of Columbia, there was a reduction of 8,500 units in the rental housing market stock, and government subsidized units were the only new construction.

"The ever-narrowing difference between owners' expenses and income from rent-controlled buildings is a strong factor in investors' reluctance to enter the rental property market.

"When landlords cannot take in enough money revenue to cover fixed costs, maintenance and repairs often are reduced to the barest essentials and property values decline."

*—Harry G. Elmstrom, President, National Association of Realtors, Chicago, Ill., Oct. 3, 1977*

"Today, HUD is in good hands. Around the Secretary's table sit a very competent assembly of professional people that are determined to administer the Department's programs in a manner to alleviate racial discrimination. For example, the Community Development Block Program is now being administered in a manner to further the goals of fair housing. Now all CDBG funds must go to benefit low- and moderate-income families. All communities receiving funds must be willing to provide low-income housing for their own poor and for other low-income families that might be expected to reside in the community. We are holding communities to their respon-

sibilities under the Community Development Program and to their responsibilities under the Fair Housing Laws. This process is working and Pat Harris is determined to make it work even better.

"One first and necessary step in dismantling the dual housing market is to make HUD's own programs work in a manner to broaden the housing choice of minority families. Then we must vigorously enforce Title VIII. And to this end, Title VIII must be strengthened. Currently, HUD has no enforcement authority. HUD can only investigate and conciliate. The Justice Department will only file suit where there are patterns and practices. We are now trying to secure enforcement authority with new legislation. We would certainly like your advice and support on this issue."

*—Chester C. McGuire, HUD Assistant Secretary for Fair Housing and Equal Opportunity, National Association of Real Estate Brokers Convention, Atlanta, Georgia, August 17, 1977*

"We want and need your involvement because there is no more important task before this Administration, and no higher priority on the domestic policy agenda than the task of revitalizing America's cities.

"The Carter Administration is providing more funds, concern, commitment, and more importantly, a genuine sense of care for distressed cities. We see our cities, and their people, all of them, as great national resources. We see our future in our cities.

"We recognize that the process of reversing the decay in urban areas is a demanding and long term effort. But we also recognize the lessons of the not-too-distant past, and we understand that the Summer of 1967 may await us if we fail to act decisively, imaginatively, and tirelessly on behalf of urban America.

"We seek and welcome the support and participation of the Governors of the Nation as we work together on the unfinished business of revitalizing and stabilizing our cities."

*—Patricia Roberts Harris, HUD Secretary, speaking at the National Governors' Conference, Detroit, Michigan, September 9, 1977*

"This is not an Administration that will ever tell our cities to drop dead, in word or deed. This is an Administration that cares about our cities and the people who live in them, that understands their problems and is determined to act on them."

*—Harry K. Schwartz, Assistant Secretary for Legislation and Intergovernmental Relations, HUD, speaking to black elected officials convened by the Congressional Black Caucus, Washington, D.C., September 23, 1977*

# Rent Collection: The Detroit Housing Department

by Mary Ann Wilmoth

- lack of running payment records for both tenants and project offices;
- wasted time and effort involved in a manual system;
- inefficient use of staff; and
- occasional cash shortages at rent collection offices.

Thus in 1967 when only a handful of PHAs in the country had developed their own highly individualized and not easily adaptable systems, the Detroit Housing Authority (DHD) tried out a centralized computer system of rent and data collection for its 22 housing developments containing 27,500 people.

Unfortunately this attempt failed and it wasn't until 1970 that the ingredients required for a total rent and data collection product gradually came into focus.

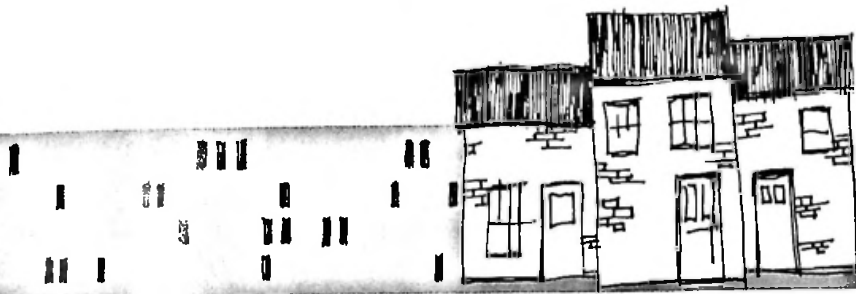
Detroit contracted with a private consultant firm—Management Data Systems, Inc.—to handle the data processing of both rent and statistical data.

## New System Devised

Management Data Systems was familiar with the low-income housing operations and its needs, both financial and statistical. It could computerize the processing of all rent and statistical data and offered a choice of output options, including the ability, with supplemental programming, to produce reports tabulating all data on file in any combination desired and to make projections based on those tabulations.

The method offered to tenants for making rent payments was simple and efficient. Monthly statements were mailed to tenants listing all current charges, all charges for the next month, and any payments received in the previous months plus a pre-addressed envelope. One portion of the statement was to be returned with the monthly payment, and the tenant kept the rest as a record of charges and payments.

In addition to in-person payments at local banks, a feature incorporated into the system at the request of DHD was a post office lock-box set-up to which payments could be



Computers do not pay or collect rent; people do. But in 1970, Detroit found it necessary to switch from a manually operated system to a computer collection process.

Faced with a rent collection deficit which had increased nearly \$43,000 in 4 years (from \$95,243 in 1966 to \$520,103 in 1970) and an ever increasing collection cost, the housing department had to identify its problems and correct the existing system.

The problems were manifold and several factors pointed to the need for a system which could eliminate cash-on-hand, provide new equipment and furnish complete, accurate and up-to-date reports and records.

The problems included:

- Repeated robberies of both tenants and project offices;
- continual breakdown of rent posting machines (with replacement costs estimated at almost \$60,000).

mailed. A local bank picked up all payments, deposited all receipts to the DHD's account and forwarded all payment cards to the key-tape center. The tenant payments would thus be completely handled by outside sources.

#### Other Features

Other features of the system included:

- Twice-monthly data processing, with a mechanism to indicate which input was accepted or rejected by the computer, and, if rejected, why;
- single input with multiple output (i.e., multipurpose input forms containing both rent and statistical data) as far as practical.
- expanded data (i.e., data over and above that required for mandatory DHD and HUD reporting purposes) in easily stored and retrieved form;
- up-to-date records on all tenants at any point in time;
- one-time entry of most data, with additional entries required only when the information on file has changed;
- on-site keytaping of all input data;
- telecommunicating of input and output data, and on-site printout capability; and
- use of clerks to handle paper work enabling management aides to spend more time on direct tenant contact.

The most dramatic and immediately measurable benefits which accrued under the rent and data collection program were in the area of accounts receivable, the total of which dropped from \$221,000 in December of 1973 to \$204,000 in December of 1974—or approximately eight percent in favor of the DHD.

Computers, naturally, cannot collect rent from vacated tenants—other methods must be employed—and so the overall reduction of accounts receivable is diluted when vacated tenants are added to the total figures. Even when this is done, however, one percent reduction was still found—from \$459,000 in December 1973 to \$455,000 in December of 1974.

This decline can be attributed to several factors, but the faster "reaction time" of the PHA to problems and potential problems with specific tenants is a part of the answer.

Accounts receivable losses written off by the DHD also showed a decline between 1973-1974—from \$139,000 to \$125,000. The overall reduction in gross write-offs was more than ten percent. When savings to the DHD are calculated in terms of a percentage of total monthly billings, the corresponding months in 1974 were, on an average, 8.35 percentage points ahead of the comparable months in 1973. The absolute saving was approximately \$34,000.

On the other hand, Detroit officials said that the program has also had the less measurable effect of improving the PHA's operation. This stems primarily from the data collection aspects of the program, which will have long-term significant effects on the DHD operation, by making more efficient and effective decisions within the department possible.

Prior to implementation of the computer system, it was difficult or impossible to secure accurate and rapid demographic information on the status of DHD tenants. The rent and data program has made it easier to get this data, which includes specific material such as family composition, family income and income source, and age groupings within the family. The information is also available to other departments within the PHA in the form of a "Tenant Profile" printout. Such readily available information expedites the handling of the PHA's grant applications, and is an aid in proposal writing. Previously, such sharing of PHA resources was impossible, or more difficult at best.

The product also has had an impact on management capabilities by providing a wealth of tenant information which has direct application to social services, maintenance, and needs forecasting. □

*Ms. Wilmoth is a Program Assistant, HUD Office of Assisted Housing Programs, Wash., D.C.*

## Puerto Rican Tenants in Action

by Margaret J. McCarthy

*This article was prepared in cooperation with Inquilinos Boricuas en Acción, Inc., and is based in large part on the 5-year report (1970-1975) issued by the IBA staff.*

Resident involvement and participation in HUD programs in a community is an ideal which is often discussed but all too infrequently realized. This is the story of one community action group which succeeded in including neighborhood residents in the decisionmaking process and implementation of an urban renewal project designed to improve the quality of housing in the South End section of Boston. Perhaps a brief look at the history of this part of the City will assist in understanding the magnitude of the problems besetting the area residents at the time this group was formed.

The section of Boston known as the South End is adjacent to the downtown business area. In the latter half of the nineteenth century, this part of the City became the residence of the affluent, with row upon row of elegant townhouses. Many of these fine examples of Victorian architecture still exist, but their inhabitants no longer belong among the ranks of the select. The twentieth century saw many shifts of population in this area. As the wealthy departed for the suburbs, the poor arrived to find dwellings in the rooming houses and apartments to which the townhouses had been reduced. The South End became the first American home to wave after wave of immigrants to our shores. The Greeks, the Irish, and the Chinese, among many others, settled here. Even today, the multiplicity of ethnic backgrounds is still an important factor in the human composition of the South End where over 30 ethnic groups continue to reside.

The twentieth century saw not only changes among the inhabitants, but also a great change in the physical appearance of the area. The brick facades faded, the concrete steps crumbled, and the beautiful wrought iron railings became chipped and bent askew. Poverty, crime, and neglect combined to turn a highly desirable neighborhood into a slum.

### Urban Renewal

In the 1960's, the concept of urban renewal was popularized throughout the Nation. Cities across the country became enamored of the idea of revitalizing entire neighborhoods by demolition and new construction. Boston proved no exception. The Boston Redevelopment Authority, operating with Federal monies obtained through HUD categorical programs, planned massive changes for inner-city areas. Whole sections of substandard housing were destroyed and the inhabitants relocated to other areas. In some cases, people were unable to return to the neighborhoods which they knew and loved. Aware residents of the South End community profited from mistakes made in other areas of the City and determined that the same unfortunate results should not occur in their neighborhood. The following excerpts from "I.B.A.—FIVE YEAR REPORT (1970-1975)" explain the history of the tenant organization in the South End and their first efforts of housing rehabilitation and construction:

*Inquilinos Boricuas en Acción, (formerly the Emergency Tenants Council) is a nonprofit, principally Puerto Rican community development corporation which arose in response to the Boston Redevelopment Authority's (BRA) 1965 Urban Renewal Plan for the area known as Villa Victoria, the heart of the South End's Puerto Rican community. The plan called for large scale demolition, new construction of housing, and new construction of recreational and commercial space to service the surrounding areas, labelled "Parcel 19" by the BRA. No relocation plans had been made for residents, and execu-*

*tion of the plan would have meant destruction of the existing community and dispersal of its residents.*

*Citizens who were aware of the Urban Renewal Plan for their neighborhood began door-to-door organizing; this effort culminated in a meeting of some 500 residents who elected a board of directors, and adopted the motto: "No nos mudaremos de la Parcela 19—We shall not be moved from Parcel 19." Shortly thereafter, in August 1968, the Emergency Tenants Council was incorporated.*

*The community was actively involved in proposing modification of the Plan, modifications which reflected the needs of the existing community. The community plan included: rehabilitation of existing sound structures, new construction of family and elderly housing, staged development to allow gradual relocation of people within the area, construction of a Puerto Rican style Plaza, better traffic patterns to improve the safety of children and elderly, and open space for recreational activities. This community plan was approved by the BRA with the support of the Mayor, and ETC (IBA) was designated sponsor/developer of Parcel 19.*

*With no previous experience in the*



*area of housing development, IBA approached its first large-scale project, the rehabilitation of 71 units on Tremont and Shawmut Streets. By the fall of 1971, the agency had rescued these 14 row houses from imminent demolition, restored them to high-quality, attractive homes, and ensured their occupation by those community residents most in need.*

*While the buildings were being restored, IBA worked extensively with the BRA to see that the tenants were relocated in decent temporary units or in comfortable housing where they wished to move permanently. Every tenant who wanted to do so was able to return, and every effort was made to keep rents at a level the tenant could afford. IBA fought for and obtained 70 percent combined leased housing and rent supplement for the project so that units would be provided for low-income residents.*

*In addition to housing restoration, IBA assisted four commercial spaces. By providing full renovation work at minimal or no cost, IBA enabled them to begin or remain in business.*

*The Rehab I project was a limited dividend venture with proceeds from the syndication controlled by and returning to IBA. The Villa Victoria community, as general partner with IBA, held a strong voice in the physical and managerial development of the project. According to their wishes, syndication proceeds were used for the installment of special design features, including dark wood parquet floors, oak spiral staircases, and landscaped yards. Thus, the project served as an example of how a community group can redirect the profits which usually go to an outside developer, and can apply them instead to the community's benefit.*

### The West Newton Street Project

*The restoration of 136 housing units emerged as a project unique in several ways. As the first Turnkey rehabilitation in Massachusetts, the project was designed so that all units would be low rent. The buildings included a mix of efficiency and one-bedroom*

units for the elderly and large units for families, a "first" for the Turnkey program. And, perhaps foremost among the project's achievements, was the unique cooperation among IBA, the South End Tenants Council (SETC), the community-elected PEURC, Mayor's Office, Boston Redevelopment Authority, BHA, HUD and the private developer.

Throughout 1972 IBA and SETC, an agency geared to the black community, participated actively with United Community Development to help ensure the renovation of the 25 buildings on West Newton Street. The entire block, at the edge of Parcel 19, was formerly owned by one slumlord who had allowed the buildings to become dangerously deteriorated. In 1969 and 1970, ETC and SETC jointly organized tenants, began a legal rent withholding and demanded that the city intervene to bring the buildings up to code. In 1970, United Community Development, a private firm working in cooperation with both tenant groups, offered to buy the buildings and renovate them for community residents. IBA and SETC accepted. Their participation helped the renovation project with important victories, such as the agreement that it be managed by IBA and SETC participating in tenant selection.

In April 1972, the West Newton Street Project initially closed and renovation of the block began. In November 1972, the first five buildings were completed, conveyed to the Boston Housing Authority, and occupied by community residents. The last five buildings were conveyed in April, 1973. Upon the program's completion, the Boston Globe ran an article describing the joint effort and confirming the objective of those involved:

"It's probably the only place in the city where a public housing project, owned by the Boston Housing Authority, cannot be distinguished from any of the other buildings or blocks in the district and hopefully ends the 'projectitis' disease that has plagued all public housing developments in the past."

**Turnkey Housing for the Elderly**  
The 201 unit Elderly Tower is the first housing construction project of so large a scale to be developed and controlled by a community group. By 1972, when the project was begun, IBA had acquired the expertise and resources necessary for it to act as sole developer. With full responsibility for hiring consultants and contractors, as well as for any profits or losses that might result, IBA set out to demonstrate that, in the hands of a responsible community developer, public housing can be made as (and even more) attractive as apartments on the private market.

For the planning costs of architects, designs, etc., IBA was able to raise a large amount of seed money from private groups. This, along with IBA's available equity and 100 percent financing from MHFA, made construction of the 5.1 million dollar building possible.

When a surplus from the project began to be realized, IBA and the very active community Grass Roots Task Force voted to re-invest most of the money in the Tower. This decision enabled IBA to incorporate significant changes and additions in the design features, including a \$100,000 roof garden, wall-to-wall carpeting, and high-quality interior fixtures. In addition to the physical development, provisions were made for a program of comprehensive services to be offered to the Tower residents. Completed in Summer 1974, the Turnkey Tower with its quality design, comprehensive services, and resident participation, is unparalleled among the elderly housing of Boston.

#### Housing Management

Since its beginning, IBA has had as one of its goals community control, not only of planning and housing development, but also over the housing once it was constructed. In the Summer of 1971, IBA Board of Directors instructed the staff and technical advisors to establish a management corporation which would oversee all phases, such as tenant selection, rent collection and

maintenance of the housing developed by IBA.

After considerable study and planning, a management design was completed and submitted to HUD, which subsequently approved IBA as the management agent for the Tremont/Shawmut development. When the first IBA tenants moved into their new apartments in December, 1971, a manager, secretary and resident superintendent had been hired and a small Management Office was opened. IBA had officially become both landlord and housing manager.

Since 1975, IBA has continued its housing development activities. It has completed Phase I of Vivendas La Victoria, a Section 236 project, consisting of one mid-rise building and a series of two-family townhouses. The complex provides 181 apartments, with 54 of them having three or more bedrooms to provide for the large families in the low-income bracket who generally have so much trouble in finding adequate housing. One hundred and eight of these units receive rental assistance from HUD. The ambitious IBA has already initiated plans for Phase II of this project, which they hope to develop in the near future. They have also obtained Section 8 subsidies through a set-aside to the MHFA for a scattered site rehabilitation project of 36 units in 9 buildings. This project, appropriately named, "Casas Borinquen," had the first four unit stage completed for occupancy in March of 1977.

The Boston Area Office of HUD congratulates IBA for its service to the community and is happy to have been a partner in the many housing activities which this organization has undertaken. The BAO wishes IBA continued success in its endeavors to aid the Puerto Rican population and the South End Community as a whole. Resident interest and involvement is a necessary ingredient in achieving livable, stable neighborhoods. □

Ms. McCarthy is Public Information Officer in HUD's Boston Area Office.



## Housing Demolitions in the Nation's Largest Cities, 1970-1976

The Bureau of the Census recently issued the ninth annual report on the demolition of residential structures in selected cities and in SMSA's (Standard Metropolitan Statistical Areas). The report provides information for 326 cities, with a population of 50,000 or more, which are part of a 14,000 place permit issuing universe. Demolition permits, however, account for only a portion of all housing units which disappear from the housing inventory. There are many exceptions to local permit ordinances including the demolishing of buildings by public authority.

The ten largest cities accounted for 24,140 unit losses in 1976, for 21 percent of the U.S. total, and 30 percent of the total for Central Cities of SMSA's. A comparison of the housing units authorized for demolition to housing units authorized for new construction (building permit issued) in 1976, indicates that in only two out of ten of the largest cities, demolitions exceeded new construction. In 1975, the same comparison showed that demolitions exceeded new construction in 6 out of these ten cities. The rate of demolitions during 1976, compared to the period of 1970-1976, appears to have accelerated quite significantly in Detroit and to a lesser extent in New York and Chicago.

According to the Second Annual Report on HUD's Community Development Block Grant Program, the average number of housing units planned to be substantially rehabilitated in 147 cities increased by 37 percent from 1975 to 1976. The program mix of housing assistance proposed by all participating communities for Fiscal 1976 included 35 percent for construction of new units and 38 percent for substantial rehabilitation of deteriorating housing.

—Prepared by Robert Ryan  
HUD Office of Management Information

### Comparison of Housing Units Authorized for Demolition to Housing Units Authorized for New Construction, Selected Cities, 1976 and 1970-1976

City	1976			1970-1976		
	Demolition	New Construction	%	Demolition	New Construction	%
New York	5,470	3,737	146	73,300	126,497	58
Chicago	4,967	1,645	302	42,289	37,322	113
Los Angeles	1,827	12,915	14	20,092	84,205	24
Philadelphia	1,947	2,039	95	13,596	24,065	56
Detroit	5,620	588	956	33,132	10,054	330
Houston	611	18,094	3	5,305	116,682	5
Baltimore	1,320	1,536	86	12,245	11,053	111
Dallas	1,918	7,521	26	7,708	60,071	13
San Diego	146	10,115	1	2,392	73,688	3
Washington, D.C.	314	2,199	14	5,401	9,491	57

### Housing Units Authorized for Demolition in Permit-Issuing Places: 1976

	Total	% of Total
United States	114,449	100
Inside SMSA's	100,722	88
Central Cities	79,687	70
Outside Central Cities	21,035	18
Outside SMSA's	13,727	12

Source: Bureau of the Census, Construction Reports C45-1976. Department of Housing and Urban Development, Community Development Block Grant Program, Second Annual Report.

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