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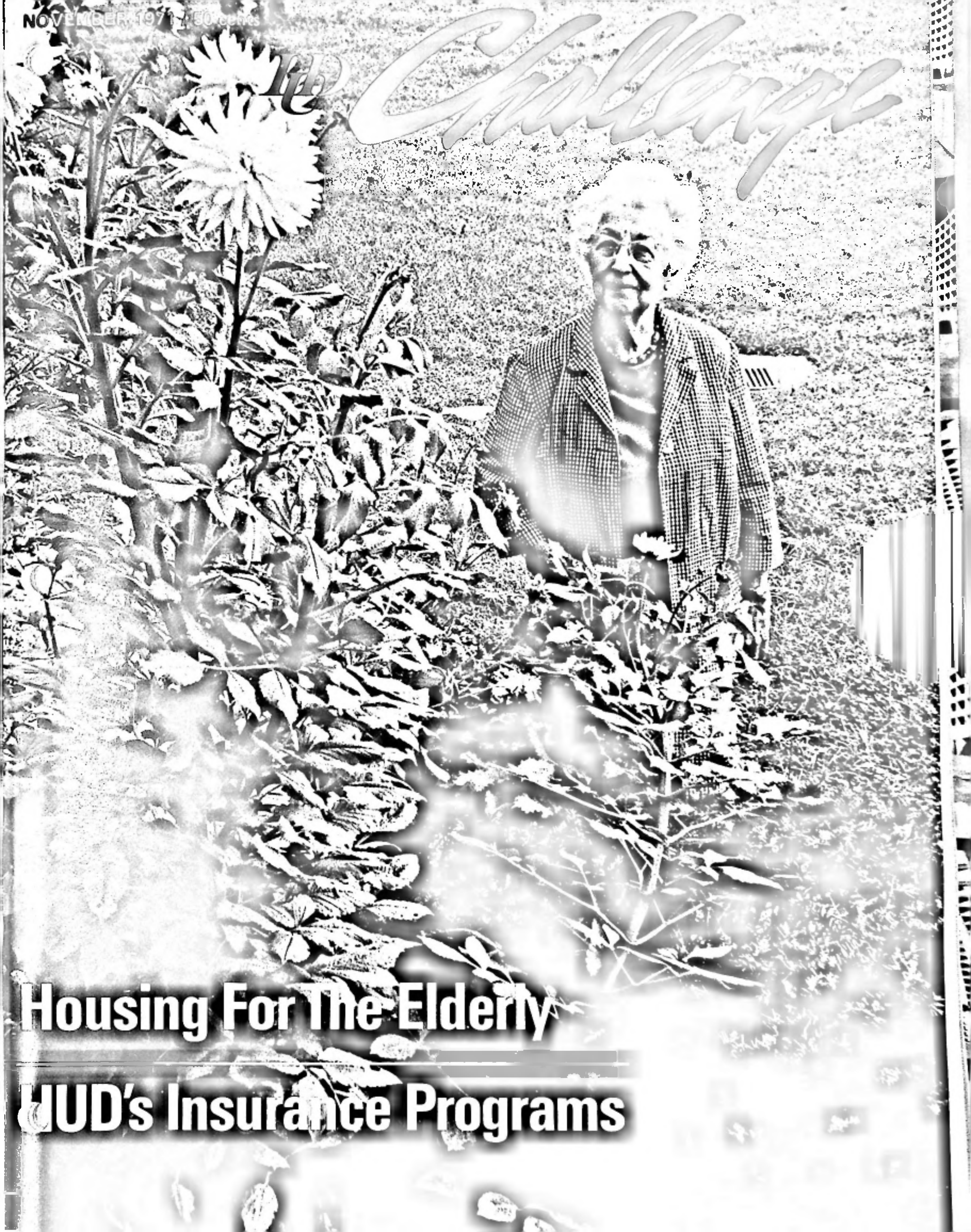
HUD Challenge



Housing For The Elderly

HUD's Insurance Programs

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HUD Challenge

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

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HUD Challenge, the official Departmental magazine, is published monthly by the Office of Public Affairs of the U.S. Department of Housing and Urban Development. Use of funds for printing was approved by the Director of the Bureau of the Budget, May 19, 1970. It 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 $6.00 yearly domestic, and $7.50 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 4282, Department of Housing and Urban Development, Washington, D.C. 20410.

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NEXT MONTH:
A special year end review issue covers many HUD program activities throughout the Nation and reports on the status of the organization and new field structures of the Department.

COVER: Caught on her way to a stitching session with other ladies, Mrs. Laurel Walker, 85, poses beside dahlia garden tended by one of the residents of Springvale Terrace in suburban Silver Spring, Md., one of three HUD-assisted elderly housing projects visited for this month's issue. HUD photo by Richard Mowrey

looking ahead

HUD Noise Control Measures

Under a new policy establishing specific requirements for noise abatement and control, HUD Regional Offices must now review pending projects and disapprove those with unacceptable noise exposures. The recently issued circular (No. 1390.2) extends and adapts policies which previously covered only individual HUD programs; it now governs approval of projects under all HUD programs. The new anti-noise policies discourage the building of dwelling units on sites with "unacceptable noise exposures" by withholding all forms of HUD assistance and insurance for such units. HUD acted under the mandate of the 1965 Housing Act calling for sound development of the Nation's communities, and the National Environmental Policy Act of 1969, which directs all Federal agencies to develop procedures for protecting and improving the environment.

Interdepartmental Attack on Lead Poisoning

The problem of lead-based paint poisoning in the home—a hidden but potent killer and mental crippler of children—is being attacked jointly by HUD and HEW under an interdepartmental agreement. Under legislative authorization, HUD will sponsor research on methods to remove the hazards of lead poisoning and determine its nature and extent throughout the country; HEW will offer financial help to develop local programs to eliminate the causes and improve detection of lead poisoning. As a first step in carrying out the research aspects of the program, HUD has transferred $500,000 in research funds to the National Bureau of Standards in the Commerce Department. In addition to studying the extent of the problem, NBS will evaluate both methods of detection and ways to eliminate the physical source of the danger.

Aerial Home Delivery

HUD and the Defense Department are exploring the feasibility of using helicopters to transport prefabricated houses for short distances. In an exchange of letters between Secretaries Romney and Laird, an agreement has been reached to study the use of the helicopter as an adjunct transportation system to carry modules from barge or rail and to aid in erection of the houses. Helicopters have been used to lift an entire lightweight house and by the Army in Vietnam to transport supplies and retrieve aircrafts. It has also been used in industrial development trials as a giant carrier.

New Products Developed at Universities

Professors at the University of Toronto have developed a process that turns puffed wheat into a lightweight aggregate for concrete. According to *The Addendum,* a newsletter of the Metropolitan New York Chapter of the Construction Specifications Institute, this treated wheat can be used in manufacturing concrete blocks as well as precast wall panels and roof slabs. The process involves expanding or "puffing" the wheat to increase its volume, then carbonizing or "burning" to stabilize it and make it biologically inert. The result, to be called Wheatcrete, is expected to be available commercially in about a year. Another new product, developed by a University of California professor, combines cow manure and old glass bottles to produce ceramic planks and brick. Reportedly, it has the look and weight of styrofoam and is a good insulator.

Mobile Homes for Relocation

Several cities are adopting mobile homes as temporary housing for persons displaced by urban renewal, despite delays caused by initial opposition from local residents. In Atlanta, the Housing Authority purchased 200 mobile homes, which they installed, landscaped, maintain, and lease on a monthly basis. Neighborhood residents originally opposed the plan because of confusion about the Authority's intentions—use by local residents on a temporary basis. In the Brooklyn, N.Y., Model Cities area, 56 mobile homes will be used for relocation under an agreement with the State Urban Development Corp., pending new construction in an urban renewal area. Local residents opposed the plan because they felt it would create a shantytown.

Consulting Services on Security

Housing authorities or managers of privately owned multifamily housing who are interested in safety and security devices can take advantage of free consultive services offered by several industrial organizations. The General Electric Company (Large Lamp Department) and Motorola Communications and Electronics Inc., for example, conduct surveys and provide recommendations for appropriate equipment to meet specific needs. Interested housing authorities or managers should consult their telephone directories for the location of local representatives of industries that produce or distribute security-related equipment.

Housing for the Elderly

In April 1971 the President appointed Arthur S. Flemming (second from left) as Chairman of the 1971 White House Conference on Aging to be held November 28-December 2 in Washington, D.C. With them at far left is John B. Martin, Commissioner on Aging, Special Assistant to the President on the Aging, and Conference Director; at right is HEW Secretary Elliot L. Richardson and Leonard Garment, Special Consultant to the President.

Over the past 20 years, social concern for the plight of the elderly has increased almost as fast as the number of people growing older. Several national organizations with memberships in the millions have been organized. Many universities have added gerontological centers. Scientific organizations and Federal research bureaus are studying in depth the medical and social implications of growing old. International organizations are exchanging data on the worldwide phenomenon of increasing longevity.

The 1971 White House Conference on Aging, scheduled in Washington, D.C., the week of November 28, 1971, will make a further commitment of people and Government to policies which will lead to action and the eventual fulfillment of our national housing goals. The Conference goal is a realistic and comprehensive national housing policy for older Americans.

HUD has provided staff assistance to help the Conference in formulating the goals for environmental and shelter issues. A citizens' committee representing all aspects of housing, appointed in 1970, has developed a paper stating the major issues facing the Nation and the older population.

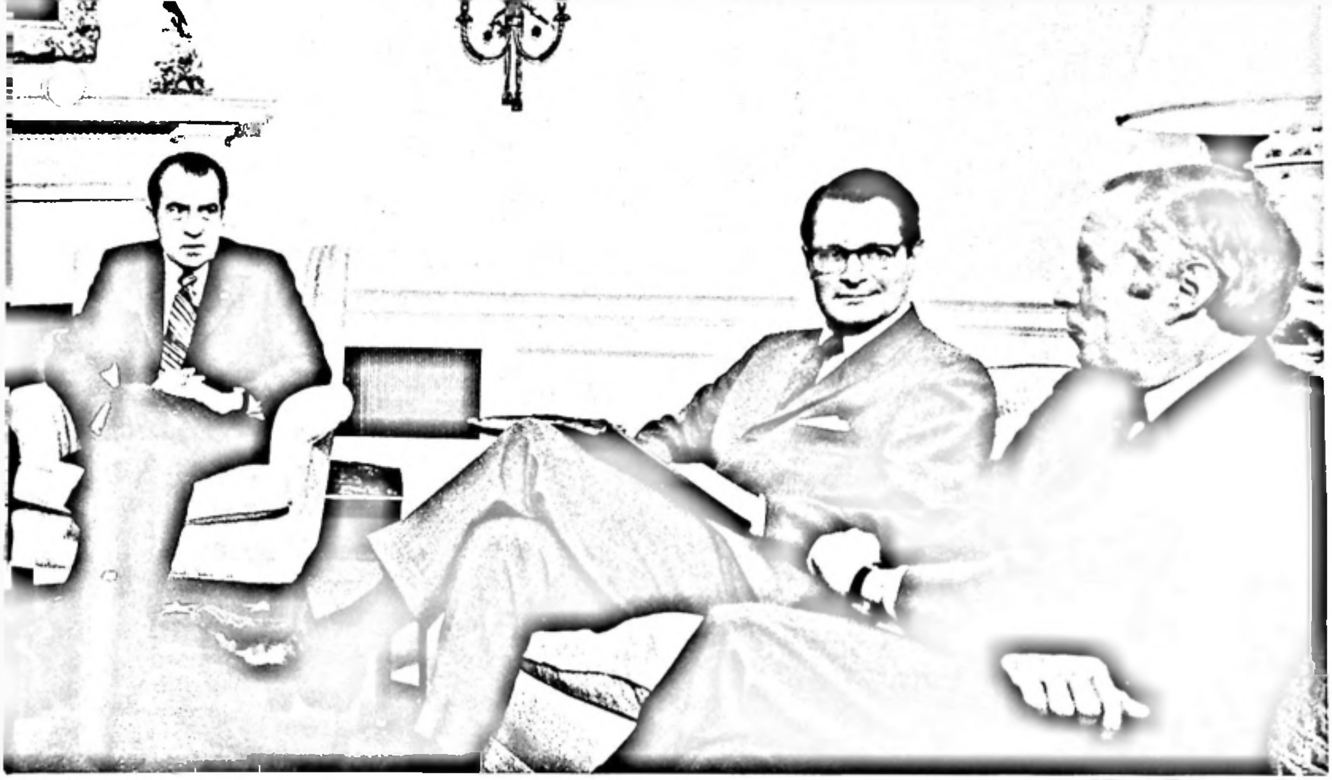
The Conference is planned as a continuous process of growth, not as a single event. It is being preceded by a series of forums, hearings, meetings, and other White House conferences at community and State levels. In all these activities more than one million Americans are taking part, including older Americans and middle-aged Americans facing retirement, people in programs that provide direct services for older people, specialists in planning, research, or teaching or other professional roles in the field of aging, and other interested and concerned Americans.

Adjustments Necessary

At the turn of the century, the average life expectancy was less than 50 years. Now 50 years is thought to be the beginning of middle age. The additional 25 years have brought us a whole new cycle of life for enjoyment or suffering. Today, the 65 or over population numbers almost 20 million, with a forecast of 30 million by 1985. It is obvious that many economic and social adjustments are called for to accommodate this population age change.

The increase in mobility of younger family members, the decrease in home size with little room for grandparents, plus the growing desire of older people to maintain their independence is influencing this social change. Today's elderly resist a secondary and sometimes sedentary role in an extended home situation where the most useful pursuit may be baby sitting.

Not many older people enjoy the necessity of scheduling their habits to those of the infant or the teenager. "Why," they ask, "must I be awakened at six when the baby cries next door or stay



Official White House Photo

awake until 2 a.m. when the teenager stops dancing overhead?" It is fairly well accepted that after a few hours even the loving grandparent must have relief from youth's energy and activity.

Special Housing

Traditionally, until the middle of the century, the only specialized housing for the elderly had been the old-age county home or church-supported homes. With the enactment of social security even some of these closed on the mistaken assumption that everyone would be able to purchase what they need in their communities.

Today "specialized" housing refers to design. Thoughtful design can decrease home accidents by recognizing the need for railings, increased light intensity, lower shelves, safe equipment, aids in the bathroom such as grab bars and emergency bells, and many other features. Such design also recognizes that wheelchairs or walkers and other mobility aids must be planned. Thoughtful housing managers also realize the need for space and places to make friends that offset the loneliness of these added years.

Research on the long-range effects of housing older people in developments with all older people shows these points. First, housing for the elderly generally increases contact with the general community through community activities directed toward this goal. Secondly, many older people prefer to live among their age peers, since friendships are more easily made through sharing of past events.

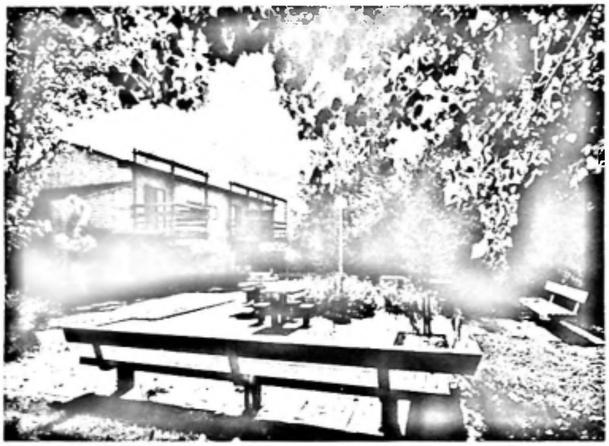
To overcome the "old folks home" concept and separation from the community, housing for the elderly should not be so large that it takes on an institutional character. It should fit in with the scale of other residences in the area so that the elderly are not isolated from the general community of all age groups, yet are not disturbed by them. If thoughtfully located and designed, the housing will, in fact, provide more contact than would be possible in a family home or apartment developments catering to all age groups with no special attention to elderly needs.

Congressional Action

Just 15 years ago, Congress for the first time recognized in housing legislation the phenomenon of longevity and the change in living patterns accompanying it. Single elderly individuals became eligible for public housing with increased cost limits for the low-income elderly. This higher cost limit was necessary due to the number of small units as well as the cost of special features, including expanded community centers for activities of great variety. Housing for the elderly was conceived as a total environment, something to do as well as shelter, with focus on continued involvement in the life of the community to combat withdrawal from it.

The old FHA Section 207 insurance program,

Photo by Charles R. Pearson



TOP—Rockwood Manor an elderly project in Spokane, Wash., received an FHA Honor Award in 1963 for design excellence.

LEFT—Homestead Terrace, in Mill Valley, Calif., features low-rise design in a wooded setting with sunny parks and benches throughout the project.

BOTTOM—The St. Paul, Minn., Housing and Redevelopment Authority uses modern high-rise construction to provide housing for the elderly.

used to provide housing for higher income elderly, was changed to Mortgage Insurance on Senior Citizen Housing (Section 231) in 1959. Housing in this program ranged from shelter only to housing with medical services. The varieties of housing produced included hotel-type living with food service, housekeeping apartments, low- and high-rise developments, and nursing wings for long term health care. The HUD-FHA Section 231 program has produced over 43,600 units designed specifically for high-income elderly.

Also in 1959, Congress enacted the Direct Loan for Nonprofit Sponsors Program (Section 202) to provide housing for middle-income older persons, generally those under $5,000 income per year. The Section 202 program primarily produced housekeeping units with a central food service, recognizing the social advantages of dining together as well as the need for at least one nutritious meal a day. Lounges and recreation facilities were featured. This program has produced over 45,000 dwelling units for the middle-income retirees.

Broad Economic Base

In 1965, with the advent of rent supplements, a number of HUD-assisted programs broadened this economic base and people on restricted incomes were provided more housing opportunities. By far, the largest HUD program for the elderly is the Low-Rent PublicHousing Program, having approved approximately 300,000 housekeeping units for the low-income elderly. In addition, some 150,000 persons live in small units of public housing that are not specifically designated for the elderly.

This emphasis on the need of the elderly poor is mandatory, since over five million older people have incomes under the poverty level and need the increased subsidy to meet rents. In 1968, of the persons aged 65 years and over, 18.2 percent (4.6 million) had poverty-level annual cash incomes of $2,020 or less for a couple, and $1,600 or less for a non-married person. A year later the situation had worsened, for then 19.7 percent (4.8 million) had incomes at poverty levels. Only one-third of the older households had incomes of as much as $3,930, the amount estimated in 1968 as needed to provide for a very modest level of living.

Older people as a group are spending nearly 33 percent of their incomes on housing in contrast to 23.4 percent spent by younger families. For the very poor, the proportion of cash income spent on housing is often much more than the 33 percent average.

Special Activity

A number of research studies emphasize the special need for activities within the housing of low-income older people. For this reason, space standards for community centers in public housing for the elderly were increased in 1965. Locally generated programs in great variety now take place in these residential settings, providing leisure time and creative activity as well as services.

At the opening of a new apartment house for the low-income elderly with an activity center, its first resident, who had moved from a four-story, unheated, walk-up housekeeping room, looked at her new setting and exclaimed, "You have provided me with something I never expected to have again. . . a future."

The 1970 Housing Act provides for congregate housing with both private and public sponsorship. The FHA Sections 236 and 221(d)(3) insurance programs and the public housing program are now authorized to provide congregate housing with meals and other services. In such housing there may be both housekeeping and non-housekeeping units responding to the needs of both the active and not so active, but maintaining the residential character of the development. No doubt, the emergence of this program will make it possible for large numbers of older people to remain longer in such developments than resorting prematurely to medical institutions—a less costly and more socially and humanly desirable solution. (See story p. 10)

For persons needing nursing home care, an FHA insurance program was enacted in 1961. Today over 70,700 beds have been funded under Nursing Home Mortgage Insurance (Section 232) with both proprietary and nonprofit sponsors. Congress in 1969 extended the program to include intermediate care facilities for those not needing skilled care. To date some 24 intermediate care facilities have been approved, seven completed and in operation, and six under construction. (See story p. 18)

Decade of Action

Housing programs directed exclusively at the elderly population have been in operation for more than a decade. These programs account for the sharp rise in federally assisted independent living accommodations designed for the elderly from 1,100 units in 1960 to 180,000 units in 1970. National interest in the well being of the older population continued in 1970, and is reflected by the increase in housing and health programs in HUD and in the White House Conference on Aging.

Still it is apparent that the decade of the 1970's finds the housing circumstances of older people as critical as ever. Millions are still forced to live in the dilapidated dwellings of the central cities and economically deprived rural areas. Most are still too poor to afford anything better. Many are lonely and isolated, afraid to venture out into the city streets. They are immobilized by the lack of transportation and are deprived of needed services from their communities.

Congress and governmental agencies have not been unaware or unresponsive to the housing needs of the elderly. The outlay for housing for persons aged 65 and over has increased from $5.26 in 1964 to $11.95 in 1970.

Since HUD does not itself build housing, but responds to demand from local public and private sponsors, interest should be generated in each community. Informed advocate groups, including the elderly, need to be aware of where and how the elderly of their communities live, fashion programs at various health and economic levels, and finally generate interest among eligible sponsors to produce the housing. Only in this way will federally assisted housing programs be responsive.

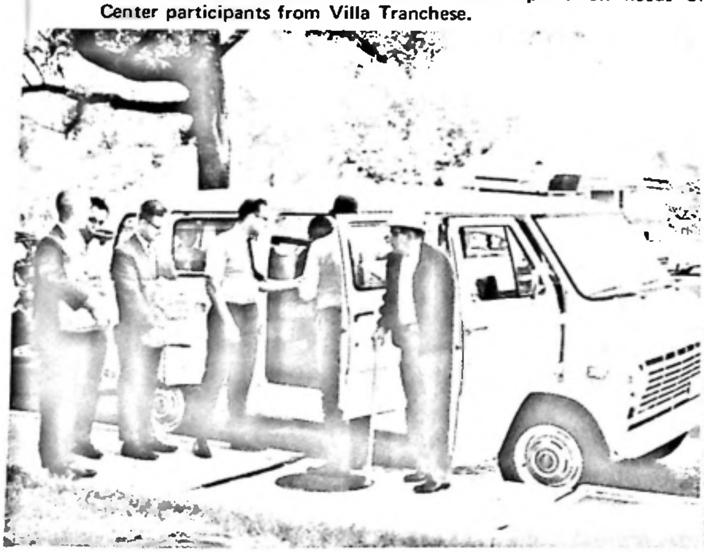
It is obvious that public agencies, nonprofit sponsors, and profit motivated private developers can join in responding to the growing demand for elderly housing of all types. With nearly one-fifth of the elderly's dwellings found to be substandard, the need for action on the housing problems on as many fronts as possible is without question.

National Housing Goals

The White House national goals staff has enumerated a number of separate efforts that must be pursued cooperatively, if national housing goals are to be met. These include housing subsidies, income transfers, better zoning laws, less restrictive building codes, relaxation of work rules and opening of construction unions to hire more workers, interest rate reduction, mortgage guarantees, technological advance, and appropriate tax policy.

Among the major concerns is the broad issue of commitment of resources at the Federal level to the needs of the elderly population, many of whom cannot compete in the general housing market. The unavailability of a large enough supply of low- and moderate-income rental housing is a primary problem. Advances have been made since the 1961 White House Conference on Aging in providing rental housing responsive to varying income levels, but it represents only a start in view of continuing need in both urban and rural areas.

The Marshall Street Senior Citizen Center in San Antonio, Texas, has two such mini-buses to serve the transportation needs of Center participants from Villa Tranchese.



Official Air Force Photo

An increasing number of elderly homeowners are losing their homes due to inflation, the cost of home maintenance, inability to perform repairs due to age or infirmity, and especially because of enormous increases in assessed valuations and taxes. The lack of a program of financial assistance for home maintenance for low-income elderly persons is a gap in housing needs.

An important ingredient in the activities of the upcoming White House Conference is the involvement of older people. Their active participation is being sought at all steps in the growth process leading to the National Conference. In particular, the ideas they express about their basic human needs are important to the development of the final Conference recommendations, and to the Nation's effort to bring about economic and social adjustments required by the phenomenon of longevity affecting the entire society.

The preliminary program for the Conference follows:

Sunday, November 28

10:00 A.M.	Registration opens. Washington Hilton.
7:30 P.M.	Opening General Session. Special media presentation. Washington Hilton.

Monday, November 29

9:00 A.M.	Section Organization Meetings.
10:30 A.M.	Sub-section Meetings.
12:15 P.M.	Lunch.
2:00 P.M.	Sub-section Meetings.
5:00 P.M.	Recess for dinner.
7:00 P.M.	General Session. Open Forum. Washington Hilton.

Tuesday, November 30

9:00 A.M.	Sub-section Meetings.
12:15 P.M.	Lunch.
1:30 P.M.	Sub-section Meetings.
5:00 P.M.	Recess for dinner.
7:30 P.M.	Sub-section Meetings continued as necessary.

Wednesday, December 1

8:00 A.M.	Special Concerns Sessions
12:15 P.M.	Lunch.
2:00 P.M.	Section Meetings.
5:30 P.M.	Recess for dinner.
7:00 P.M.	Section Meetings continued as necessary.

Thursday, December 2

9:00 A.M.	Closing General Session. Washington Hilton.
12:00 Noon	Adjournment.

editor's notebook

HUD awarded a $250,000 contract to the **National Council on the Aging (NCOA)** to assist in the development of programs and services for elderly residents of Model Cities areas and to insure that their needs are considered in all Model Cities programs. HEW's Administration on Aging will provide $50,000 of the contract cost. Local, regional, and national Model Cities personnel will be involved in a series of training and orientation conferences and NCOA will develop specific material for those working with older people in community development programs.

The first new home built under the Homeownership Interest Subsidy Program (Section 235) in Greybull, Wyo., was completed by Kenneth Andersen, a vocational education student. He has always had a desire to build a house by himself, and this summer through the HUD program, he built the house and is now trying to sell it. The four-bedroom home was built to an HUD-FHA approved house plan, with some improvements or changes made by Andersen.

New houses **built in 1970 had an average floor area of** 1,510 square feet, down 8% from the 1,640 average square footage of the previous year. As a result, new homes sold for an average price of $26,600 last year, a 5% drop from the $27,900 selling price in 1969. Sales of new single-family homes increased 8% during 1970, reaching 485,000 according to HUD.

The Department of Defense announced that the **first factory-built modular homes for U.S. Air Force families** have been officially opened for occupancy at George AFB, Calif. The homes are part of a 200-unit project for enlisted personnel and their families. They are designed to demonstrate the practicality of mass producing practical and attractive housing that is economical to build and maintain. The basic modules are constructed in General Electric's housing factory at Apple Valley, Calif.,18 miles from the building site. Once completed, they were transported to the building site by truck where the Del E. Webb Corp. erected and finished them.

A course in housing management leading to a Master's degree is planned by the Family and Consumer Studies Department of Herbert H. Lehman College, a unit of the City University of New York.

In the September issue, *HUD Challenge* incorrectly identified the woman on page 30 as Rae Ann Uria, a participant in Project Fair Chance. The person pictured was Natalie Lucero of the Albuquerque Insuring Office.

According to **William Ross, Executive Vice President of Federal National Mortgage Association,** thus far in 1971 FNMA has issued commitments to purchase 90% of the HUD-FHA authorized multifamily mortgages. In 1970, FNMA issued almost $3 billion in HUD-FHA multifamily mortgage commitments, which accounted for 78% of the entire HUD-FHA multifamily market in that year.

Apartment living is on the increase, and one out of every eight apartments are now co-op or condominium. The 1970 Census shows the volume of housing with two or more units—mostly apartments—rose 36.8% during the 1960-1970 period, an increase of 5.1 million units. A total of 64,000 out of 522,000 apartments constructed in 1970 were co-op or condominium, according to HUD. This represents 12.3% compared to a 1969 figure of 7.6%.

Based on a study of 20 local housing markets, Advance Mortgage Co. predicts **more than 40% of housing starts in 1971 will be apartments,** with big increases in HUD-FHA Rental Housing Assistance Program (Section 236).

HUD Secretary Romney named **Harry Thomas Morley, Jr.,** to be Deputy Assistant Secretary for Housing Production and Mortgage Credit and Deputy Commissioner of FHA. A native of St. Louis, Mo., Mr. Morley joined the Department in March 1970 as Regional Administrator of HUD Region VII with headquarters in Kansas City, Mo.

HUD announced the appointment of **Jack E. Birkinsha** as Special Assistant to George K. Bernstein, Federal Insurance Administrator. Mr. Birkinsha's duties will encompass responsibilities related to all FIA programs, with particular attention to the development and analysis of statutory and regulatory proposals.

HUD Challenge is planning a readership survey for early 1972. We want to know what you think of the contents of the magazine and what you would prefer or suggest as material for the future. Since the magazine was started more than two years ago, our readership has increased to approximately 20,000. You can help us continue building the magazine with your answers. The survey will come to you as a separate mailing with free return postage. In reading the next few issues please take the time to consider your reactions to the various articles, thus when you receive the questionnaire you will be able to respond meaningfully. With your cooperation the magazine staff and the Department will be able to be responsive to your needs.

Living Separately Together

"In my life there are no strangers—just friends I haven't met."

Will Rogers quoted in the Friendship Terrace Newsletter

In the lives of the elderly, it often seems as if everyone is a stranger. Spouses die, friends disappear, children move away. Living alone with little money, feeling rejected and frightened, they frequently lose their health, but even more important, their spirit to live.

As President Nixon pointed out, "Old age, which should be a time of pride and fulfillment—pride and fulfillment looking back and looking forward—is too often a time of isolation and withdrawal. Rather than being a time of dignity, it is often a time of disappointment. And the growing separation of older Americans also means that we are not taking full advantage of a tremendous reservoir of skill and wisdom and moral strength that our Nation desperately needs at this moment in its history."

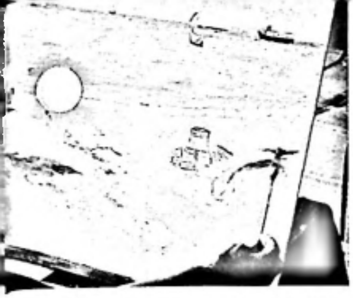
One way that older Americans can live independently that seems to work is by living separately together. In housing specifically designed for their needs, surrounded by people their own age, while living in individual units filled with their favorite possessions, these residents again have a choice of social activities and daily schedules. They form new friendships and regain a feeling of self respect and identification with a group. Rather than considering themselves a burden, they continue to enjoy and participate in life.

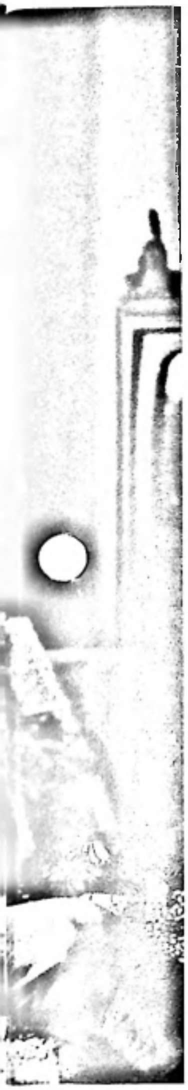
"This is a wonderful place," beams Miss Barbara Johnson, volunteer receptionist and resident of Friends House—a senior residence in Sandy Spring, Md. Having worked in an office most of her life, she says, "I love living and working here. I want to be tied into something, but not tied down with a boss breathing down my neck."

Recent legislation opened up further opportunities in life styles for the elderly. Under the Housing Act of 1970, provisions for congregate housing fill the gap between complete housekeeping units and nursing homes. Hopefully, congregate housing should alleviate the need for premature residence in medically oriented facilities by providing the elderly with an alternate housing choice that provides central dining facilities and limited housekeeping and personal services.

A balanced diet for the elderly is crucial both physically and emotionally. Recent studies have shown that improper diet is directly related to deteriorating mental and physical abilities and that many elderly people do not take the time or make the effort to prepare adequate meals for themselves. In addition, mealtime in a congregate project holds a special place in their lives. It provides a focal point in the day as well as an excuse for socializing, special grooming, and hospitable manners.

"We get our dinners here—and they're pretty good," says Nellie McWilliamson of Friendship Terrace in Washington, D.C. "For lunch I just make a sandwich or something. But I don't care much for that; I like to get out and see people."





Residents of congregate-type housing projects for the elderly, also called "apartment hotels," enjoy the community and independence. LEFT—Mrs. Ruby M. Kendrick, a former public relations and political writer, says about her new home at Springvale Terrace in Silver Spring, Md., "I didn't want to come here at first, but now I think it's just wonderful." RIGHT—Mrs. Sarah Bulow greets visitors from her balcony-garden at Friendship Terrace, Washington, D.C. TOP—Artist Helen Durgin, 83, works on a canvas in her studio apartment at Friends House, Sandy Spring, Md. William J. Kraft also at Friends House says, "I love my home here because it's mine."

The congregate housing legislation increases the opportunities to build additional elderly housing projects for profit-motivated as well as non-profit sponsors with HUD assistance under a number of programs, including Rental Housing Assistance (Section 236), Market Rate Mortgage Insurance with Rent Supplements (Section 221(d)(3)), and Low-Rent Public Housing.

With limited rentals, this housing is designed for the elderly, handicapped, or displaced persons or families with incomes that do not exceed specified levels. In the Low-Rent and Rent Supplement Programs, they must also have limited assets. Residents must be ambulatory and able to care for themselves.

Much interest has been shown by developers in constructing congregate housing, and the specific regulations to put the 1970 legislation into effect are forthcoming from HUD. However, precedents exist. About 60 percent of the 308 completed housing projects for the elderly built under the Direct Loan Program of the Housing Act of 1959 (Section 202) have central dining facilities that provide at least one meal a day, giving tenants an option on the other meals.

As in congregate housing to be built under the 1970 legislation, about 30 of the Section 202 projects do not have kitchens in the individual units and provide many personal services in addition to meals. These developments provide safety features for the elderly, have lounge and community areas for the residents in a residential rather than institutional atmosphere, and encourage activities and programs that involve the residents. Some also provide health services, although the increased cost is reflected in the rents. But tenants seem to appreciate a convenient medical facility.

Mrs. Aurelia Lutz, a resident of Springvale Terrace in Silver Spring, Md., a retirement home without medical facilities, exclaimed, "Oh, this is a grand place." At 74, she calls herself "one of the chickens here," and says, "I've been here four years and I hope I can stay until I die. We all do. My only complaint is that we don't have an infirmary."

Inside Three Projects

Recently, *HUD Challenge* visited three elderly housing projects built with HUD assistance in the Washington, D.C., metropolitan area to try to gauge the responses of residents to congregate living. The projects include Springvale Terrace in Silver Spring, Md., sponsored by the United Church of Christ; Friends House in Sandy Spring, Md., sponsored by the Baltimore Yearly Meeting of Friends; and Friendship Terrace in Washington, D.C., sponsored by the Washington Diocese of the Protestant Episcopal Church.

The success of these ambitious, sincere sponsors can be measured in the brightness in the eyes of their residents, the care of their grooming, and the smiles and zest with which they welcome visitors.

Mrs. Nettie Powers, 93, receives guests into the foyer of her efficiency apartment at Springvale Terrace and displays the Norweigan hardanger embroidery that she carefully executed years ago. Then she points to the pictures *of her children and proudly shows the bowling trophy she won at age 87. Opening the sliding doors of her pullman kitchen, she explains that she hardly uses the facilities since meals at Springvale are so good. "I tell everyone that I cooked enough during my life. I only use the kitchen to store food, since I often get hungry at bedtime. When I was living alone, I didn't even want an egg in the morning; here we have the most wonderful breakfasts. In the six months since I've been here I've gained eight pounds."*

Administrator and chief organizer behind Springvale Terrace, Theodore T. Dorman, whose background includes administrative positions involving institutions and programs for the aged on the State and Federal levels, has strong opinions about the type of housing the elderly deserve. "We sponsors tried to figure out a place that we would like, if we were in it." The result, a three-level, garden-type brick structure with brightly painted walls and Colonial furnishings he describes as an "apartment-hotel."

"In congregate living we had to overcome the bad odor that almshouses had given to elderly housing, the condescending attitudes that fell on anybody who was cooped up and old," he continued. "I believe—and this theory has since been proved by the University of Florida—that senility is self-induced, although involuntarily. If the view from the window is very dreary, you just pull down the shade.

"Here we try to give people a purpose to their lives. It doesn't matter what it is, as long as it is important to them. We have many programs that prevent atrophy of the mind. Last year our volunteer committees organized 289 programs; we have a newsletter that's edited by a lady in her 90's, a Vassar graduate; we have people working with Red Cross; we have a stamp-peeling group that removes stamps from envelopes and last year made $300 selling the stamps and used the money to send poor kids to camp; we have 165 registered voters out of 172 residents; we have 22 private gardens, lectures, poetry reading, book reviews. People just don't have an excuse to sit around and say 'oh, my hips and liver.' We stress the positive about growing old, not the negative —like the extra time people have to pursue their interests."

Wallace Smith, a dapper, goateed 64-year-old who worked for 24 years in a laboratory at Johns Hopkins University, now spends most of his time working with pottery. "I was making pottery in the basement of a friend's house, but it was flooded and I lost the space. Now I think I'll be doing a lot more with students. This apartment really suits my needs. It's close to the elevator, across from the library, and I can pull my car up outside, open the window, and unload my supplies."

Mealtime in the comfortable central dining room at Friends House gives residents a chance to socialize.

For comfortable intimacy, Springvale Terrace has 12 small lounge areas designed after Scandanavian housing for the elderly. The building, which blends in with its suburban residential neighborhood, is located just a few blocks from the community's business and shopping district. The sponsors obtained special zoning to build the housing under a new category called "retirement residences." Previously, the area had been zoned only for "apartment houses" and "domiciliary care."

"This is a self-contained village," says Mr. Dorman. "People have freedom of choice to do what they want." Springvale Terrace, like other HUD-assisted projects, is a denominationally mixed and integrated village. Here the former chairman of the zoology department at the University of Michigan regularly takes breakfast with his friend, a carpenter. A lady lawyer discusses events with the wife of a former judge. And on a Sunday, when people gather to sing hymns, a Jewish resident joins in to explain the influence of Judaism on Christian hymns. There are 17 couples and only 45 men among the 172 residents. Mr. Dorman believes that providing good meals is one way of attracting the short supply of males, whom he considers essential since "nobody wants to live in an old ladies' homes."

Friends House

Friends House in Sandy Spring, Md., is an unusual setting for elderly housing because of its rural location outside the suburban fringe. However, the wide open space does have advantages. The entire structure is on one level and each unit has its own outdoor patio-garden area. Also, there is room for expansion. A 40-bed nursing facility is expected to open soon.

James A. Davies, 88, of Welsh origin, enjoys working in the project's hobby room where he does woodworking to order for friends and customers in the building. Stepping aside to admire the mahogony bookcase designed especially to fit a space 24 inches wide, he commented: "The only thing we need here is better transportation—like they have in London where we visited this summer. Of course, we're going to have a metro here in Washington. And 10 years from now I'll be able to ride on it."

The 120 residents of Friends House, with an average age of 76, don't seem to mind being out in the country. About one-third have cars, and three times a week a bus shuttles back and forth to the nearby shopping centers. A convenient general store in the complex is run by resident volunteers.

"If we had regular transportation here it would be Utopia," says William J. Kraft, 64, who moved to Friends House from the Washington, D.C., home for the aged and infirm. Although he worked close to Washington for 25 years, he says "I like being out here. I can go fishing in the little fresh water pond nearby, take short walks, and sometimes kick a golf ball around. I love my home here because it's mine. I do what I please; I get up when I please. I can keep my place clean enough to be healthy and dirty enough to be happy.... And there are nice people. Many times I find fresh-made jelly, bread, or salad outside my door. For an old bachelor I do O.K."

If the neighbors neglect to supply homemade foods, Mr. Kraft does not have to go far. Friends House runs its own kitchen in almost a country style. Most baked goods are prepared on the premises and very few commercial or canned products are used.

"This is the residents' home and it's all many of them have," says Mrs. Vera Sherick, food service director. "We try to make it as much like home as possible." In addition to preparing all the special foods that the residents like, such as puddings, spoon bread, custards, and soups, there is usually a birthday party once a month with a cake baked and decorated in their own kitchen.

Mrs. Sherick encourages residents to help out with the meals wherever possible. Volunteers pour coffee, put sugar packets on each cup, arrange the flowers, bake cookies, and tack up the menu board announcing the evening meal. One advantage of a country location is the contribution by local residents of fresh vegetables and fruits.

The carpeted dining area, which doubles as a community room for large gatherings, is adjacent to the library where books circulate from the local public library. Gaily furnished smaller lounge areas provide more intimate areas for residents at the ends of the four wings.

Friendship Terrace

Another retirement home, Friendship Terrace in the heart of the District, is just a block from one of the city's busiest streets, Wisconsin Ave., N.W. Opened a year ago, the six-story structure is already filled with 206 residents, who are just getting organized. Encounters with some of the residents relayed an impression of enthusiasm for opportunities provided at this bright, modern home with attractive furnishings contributed by the sponsoring Episcopal church.

"I used to live on 16th street and you know how that neighborhood has changed," says Nellie McWilliamson. "I didn't want to move, but my daughter said, 'Let's just look around.'" Mrs. McWilliamson's comments were reinforced by her plump and smiling friend, Ida Thornton, who described them both as, "just say we're past 65, honey." Mrs. Thornton praised the meals and after-dinner treats. "After dinner we go up to sit on the roof terrace and watch the sunset. We love it; it's so beautiful up there; it's the most beautiful sight you've ever seen. Or we can go into the music room and play the piano or sing. But tonight we're going to have a bingo game—the first one since we've been here."

Friendship Terrace apartments each contain a pullman kitchen. Food service in the central dining room is supplied through a catering service with a specialized institutional division. A recent issue of the residents' newsletter provided a brief biography of everyone working in the cafeteria.

The residents seem to enjoy themselves, whether going to window shop or chatting with friends while waiting in line ahead of time for dinner.

"We just want to have fun. You have fun as long as you can, honey," Mrs. Thornton beams.

In fact, the style of life seems to take some of the fear out of growing old. It combines community and independence with dignity. While age-segregated housing does involve the shortcomings of isolating any group, most older people find being together with their peers vital. And most select projects close by their children or the place where they spent most of their lives.

"Some enjoy it and some don't—but there are some people who wouldn't enjoy anything, if you know what I mean," says Mary Robey, 67, who has lived at Springvale Terrace for five of its seven years. "I don't think they could do any better."

Easing the Elderly Housing Crisis

Quality housing for senior citizens is increasing across the Nation. Structures with landscaped grounds and recreational facilities are making life more bearable for low-income elderly people who have long faced the severest housing shortage in the United States. Instead of seeking escapes from the shabby quarters they were forced to occupy, they can enjoy comfortable apartments and seek outside activity by choice rather than necessity.

West Coast Activity

Indicative of this trend is the first high-rise masonry building to be constructed in San Francisco in 56 years. It will be a seven-story, 108 apartment, turnkey senior citizen low-rent structure.

Reading's series of high-rise structures for the elderly includes the twin George M. Rhodes (left) and Dwight D. Eisenhower Apartments.

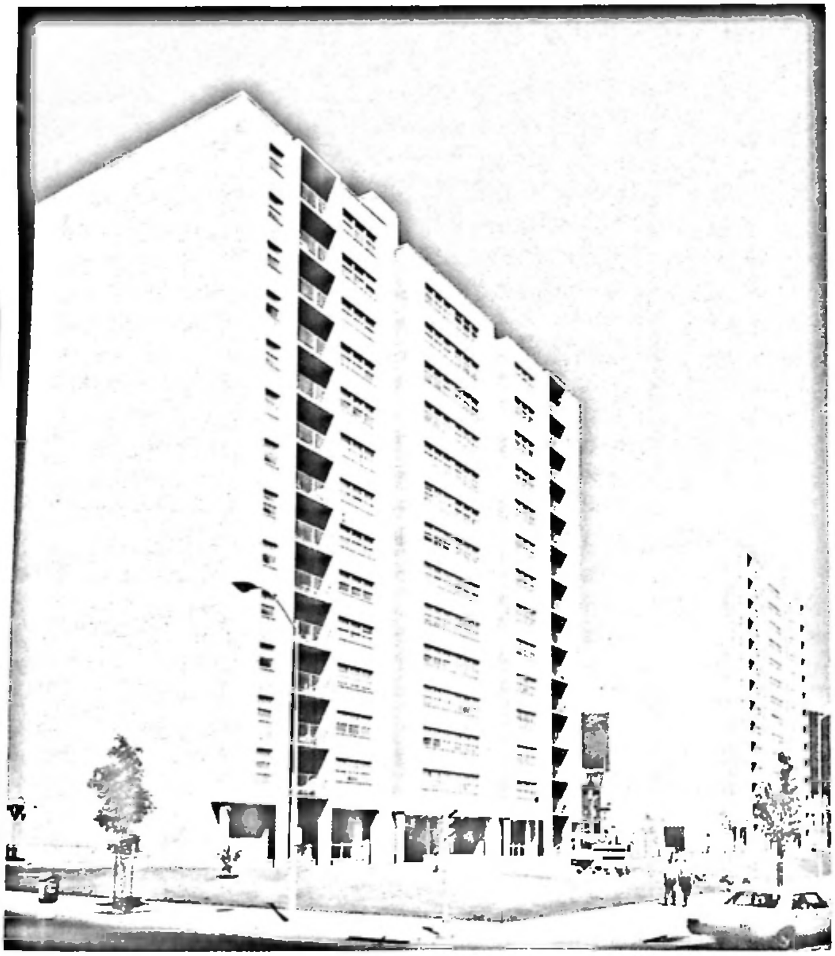


Photo by Paul Bauer

Since the 1906 earthquake, Bay Area masonry buildings have been limited to 35 feet, but current methods of reinforcing have changed that. The design calls for load-bearing construction with concrete block walls laid from the foundation to the first-floor ceilings, then hollow core floor planks between the load-bearing interior and exterior walls.

Once the floor is installed, the load-bearing system makes it possible for other trades to work in a clean, dry place while another floor is built overhead. Shoring is estimated, and scaffolding is needed only for the next story. The hollow-core floor and block walls give elderly occupants maximum fire protection, soundproofing, and require little maintenance. The $2.1 million project, including land and other costs, will have a rent range of approximately $35 to $55 per month.

In addition to using high-rise structures to ease the senior citizen housing shortage, California is making use of HUD's Rental Housing Assistance Program (Section 236) and the Mortgage Insurance on Senior Citizens Housing Program (Section 231) in one- and two-story wood frame structures.

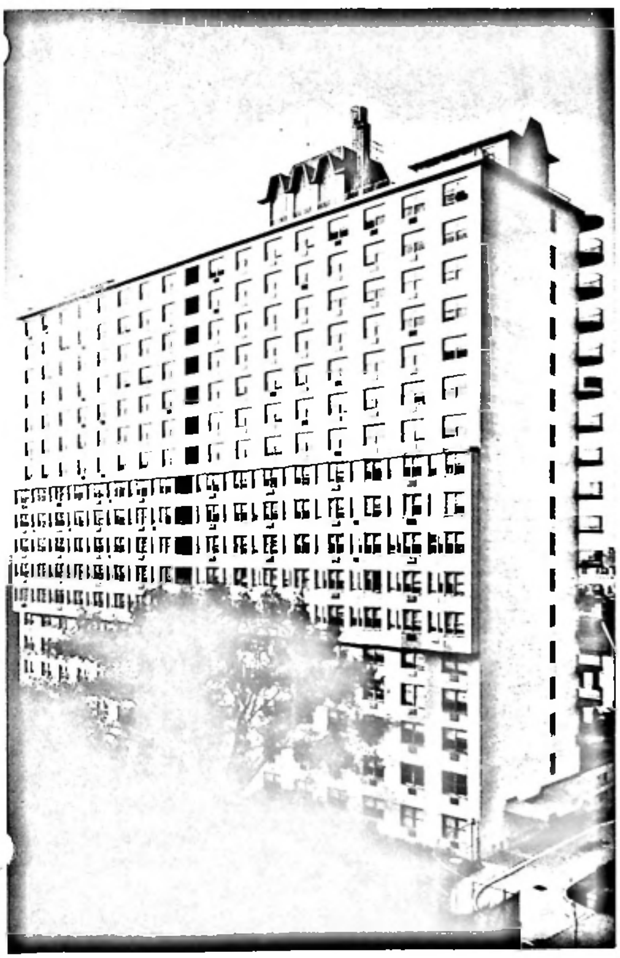
A Section 231 project was completed in San Jose, Calif., in January 1971. The Lincoln Glen project consists of 21 one-story buildings containing 78 living units on five and one-half acres. Buildings are stucco with accent siding on wood frame; cost of the project was $1.3 million. The project is located next to the church that sponsored it and is within walking distance of a small shopping area. The community room contains game and hobby rooms, administration rooms, and central dining facilities. Thirty-six of the units have kitchens and residents of 42 units get their meals from the central dining facility connected with their units by a covered passageway. Apartments include carpets and drapes; those with kitchens have ranges, refrigerators, and disposals. Rents in the HUD-FHA insured, nonsubsidized project range from $130 to $210.

Fresno Senior Citizen Village in Fresno, Calif., is a Section 236 project. It consists of 38 one-story, stucco and plywood siding on wood frame buildings on a 16-acre tract. Several gazebos are scattered throughout the site for use by the residents. The project has 180 apartments—108 efficiencies and 72 one-bedroom units. There are four to eight units in a building, each with its own exterior entrances and adjacent parking spaces. The individual units have wall heating and air conditioning; drapes and carpeting; and stove, refrigerator and garbage disposal in the kitchenette. The recreation building is centrally located and contains an all-purpose room with a small kitchen, several small hobby and game rooms, and administrative quarters. The project was just completed September 1971, cost $2.9 million, and rents range from $82 to $95.

Midwest Housing

In St. Paul, Minn., a 14-

New York City's Isabella House for senior citizens describes itself as "a new adventure in living for older people."



St. Paul's high-rise for senior citizens was designed to provide ample natural light and cross ventilation.

Photo by Robert Lee Shoffner

Santa Venetia Oaks, built by the Marin County California Housing Authority, uses a wood shingled exterior in a wooded setting to create a world close to nature for its elderly residents.

Photo by Irene B. Bayer

story public housing project, built by the Housing and Redevelopment Authority, with the aid of HUD's low-income housing for the elderly programs, has provided an improved environment for the elderly. The cost, without land, was about $2.1 million. The design includes natural light and cross ventilation for 96 one-bedroom apartments and 51 efficiencies. Amenities include a community room, library, kitchen, lounge, workshop, and social director's office. The building has contemporary brick load-bearing walls with exposed brick walls providing a maintenance-free, pleasant interior.

The Dunn Family Senior Citizen Home in Centerline, Mich., is a Section 236 project of 108 units in one, wood frame, brick veneer building that combines one- and two-story sections. The parts of the building that are two stories contain elevators. All of the units have kitchens. The living and dining rooms are carpeted and the bathroom and kitchen have sheet vinyl flooring. There is parking for about 60 cars. The project contains a lounge with fireplace, multi-purpose room, areas for arts and crafts, and is within easy walking distance to a grocery store. The project cost $1.5 million and rents range from $110 to $135.

The 14-story Hillcrest Hampton House is nearing completion in Orlando, Fla. The $2 million structure, assisted by HUD's Section 236 program, is a concrete frame and flat slab structure with an exterior of stuccoed concrete block. Landscaping calls for palm trees and garden pools, and passersby could easily mistake the structure for a resort hotel, despite its low-cost construction. Its 156 apartments rent from $75 to $120 a month. The 250 anticipated occupants will have intercoms, bathroom grab bars, and other special features.

East Coast Activity

The rate of high-rise housing being built for senior citizens is pointed up by activity in Reading, Pa. The Housing Authority recently completed the Dwight D. Eisenhower Apartments and the George M. Rhodes Apartments, twin high-rise turnkey projects each with 156 units. Earlier, the Authority built the 50-unit Franklin Tower, 150-unit Kennedy Towers, and has underway the 70-unit Samuel G. Hubert apartments.

Nearby, the Episcopal Church is building its 15-story Episcopal House with load-bearing, through-the-wall clay masonry, providing a finished exterior and interior wall.

In New York City, Isabella House is described as "a new adventure in living for older people." The owner, Isabella, is a nonprofit organization founded in 1875 to care for aged Germans. It now has a wide range of services including the 17-story Isabella House. Its occupants live in furnished apartments with $115 to $186 a month rents.

Isabella's Frederick P. Riedel feels, "the private sector of our economy and the public sector need to work together cooperatively to help effectively solve the many social problems of the day." At Isabella, cooperation involved combining Isabella-owned land and a loan advanced by New York State's Division of Housing and Community Renewal. The structure's special features include corridor hand rails, bathroom grab bars, raised electric plugs, pull chains on all lamps, and no door sills. There are automatic elevators, security services, cheerful lounges, a library, laundromats, a coffee shop, and beauty parlor. Physical therapy, dental, ophthalmology, X-ray, psychiatric, and other medically oriented facilities are available to the residents at nominal cost.

Another Section 236 project, West Hartford Fellowship in Hartford, Conn., is almost completed. The project cost $1.7 million and rents range from $94 to $113. It consists of 13 one- and two-story buildings with 100 apartments and parking spaces. The project is designed on a townhouse concept of one-bedroom and efficiency apartments. The second floor units have a balcony for sitting and also an emergency exit. The exterior of the building consists of brick veneer and wood siding. The project is located about two blocks from a shopping center and one block from the main bus line, and a public library is a short distance from the project.

The Rebecca in Kensington, Md., filled its 101 units by word-of-mouth. The developer attributes this to features designed specifically for low-income senior citizens, like a banquet hall for social events such as residents' weddings.

Financing was helped by HUD's Section 236 program and a HUD-FHA insured mortgage for $1.5 million. It is the only building for the elderly in the metropolitan Washington, D.C., area insured under Section 236. Rents are $95.67 for efficiencies up to $120.47 for one-bedroom with den. FHA assistance makes up the difference between the actual and market rents.

In the growing number of high-rise apartments for senior citizens with modest but well designed living quarters, most of the occupants are provided a happier, healthier environment and avoid the loneliness so often associated with aging.

in print

HOUSING THE ELDERLY

What follows is a rapid glance at several books of recent vintage that would normally be of interest to persons in the field of housing the elderly. Some related items are also included to bring additional knowledge to the area. The list is not definitive, but rather, suggestive. It is limited to books and ignores the much larger periodical literature. Also omitted are books with a chapter on housing or books devoted to the retirement process. These may be found in the final item on the list, a forthcoming bibliography developed by the HUD Library and Information Division.

- *Best Places to Live When You Retire: A Directory of Retirement Residences,* edited by Helen Heusinkveld and Noverre Musson. New York, Frederick Fell, 1968. 112p. $6.95. This includes a list of nearly 1,000 retirement homes, probably the most complete in existence, with additional data on sponsorship, cost of residence, facilities, activities. It is periodically revised and up-dated.

- *Better Buildings for the Aged,* by Joseph Douglas Weiss. New York, Hopkinson and Blake, 1969. 286p. $22.50. A superb reference work, showing samples of residential, nursing, and combined facilities both here and abroad, with hundreds of pictures, scores of floor, room, building, and site plans. Expensive, but worth it for any organization going into building for the first, second, or third time.

- *The Extended Care Facility: A Guide to Organization and Operation,* by Dulcy Miller. New York, McGraw Hill, 1969. 480p. $15. A good, workable, how-to book on nursing home operations. Useful for training and reference. Not a theme book, but very pragmatic.

- *A Future for the Aged: Victoria Plaza and its Residents,* by Frances M. Carp. Austin, University of Texas Press, 1966. 287p. $6.50. Extensive San Antonio study of psychosocial considerations of public housing for the elderly. One of the better analyses of a single project.

- *A National Directory of Housing for Older People Including a Guide for Selection,* National Council on the Aging, revised. New York, 1969. 362p. $5. A listing with essential information of existing facilities that are especially designed or adapted for older people. More detailed information than that provided in *Best Places to Live,* but considerably fewer places listed. The introductory *Guide for Selection* is tops, however.

- *Old Age, the Last Segregation: Ralph Nader's Study Group Report on Nursing Homes,* by Claire Townsend with an introduction by Ralph Nader. New York, Grossman, 1971. 229p. $6.95. Well-documented study by a Nader Task Force of the distressing conditions existing in many nursing homes and the misuse of Government funds. Recommendations for improvement include the need for more Federal regulations.

- *Relocation in Urban Planning: From Obstacle to Opportunity,* by Paul L. Niebanck with Mark R. Yessian. Philadelphia, University of Pennsylvania Press, 1968. 123p. $6. Final report of the study of relocation of elderly persons under project director Chester Rapkin. Also includes results and recommendations from studies of four demonstration projects relating to relocation of the elderly in San Francisco, San Antonio, Providence and New York.

- *Retirement Housing in California,* by Rosabelle Price Walkley and others. Berkeley, Diablo Press, 1966. 134p. $2.95 paper. Study conducted for UCLA's School of Public Health based on a 1964 survey of housing facilities, with discussions of design and architecture and socio-economic considerations. Very thoughtful conclusions at the end.

- *Social Integration of the Aged,* by Irving Rosow. New York, Free Press, 1969. 354p. $9.95. Analysis of 1,200 elderly middle-class and working-class residents of several hundred apartment buildings in Cleveland. Findings indicate that residential adjacency does not necessarily stimulate friendship between generations. A particularly good example of social research on the elderly.

- *Training Needs in Managing Housing for the Elderly,* by Frederick Vogelsang. Final report to the Administration on Aging. Chicago, National Association of Housing and Redevelopment Officials, 1968. 157p. $2 nonmembers, $1 members. An analysis of staff positions, structure, and needs in publicly assisted housing. Provided some of the base for the current work leading to the development of the National Corporation for Housing Partnership's new Center for Housing Management.

- *The Built Environment for the Elderly and the Handicapped,* a bibliography. HUD, Washington, D.C., 1971. 76p. For sale at the Government Printing Office, Washington, D.C. 20402. Approximately $.75.

Morton Leeds, Office of Housing Management
Helen Boston, HUD Library

TODAY'S NURSING HOMES

At 84, Mrs. Beulah McDowell finds it "a pleasure" to reside at Happy Haven Nursing Home on the outskirts of Atlanta, Ga. Mrs. McDowell enjoys living among her peers in clean and comfortable surroundings where she has ready access to health care facilities necessary at her age. She contrasts her present "wonderful home" with the traditional image of a nursing home as a depressing, outmoded residence, supposedly converted by the addition of a fire escape to health care for the aged.

Mrs. McDowell's residence in Atlanta is one of 800 nursing homes in the country that have been privately built or rehabilitated with private loans insured against loss under the HUD-FHA Nursing Home Mortgage Insurance program. Now 11 years old, the program provides accommodations for 80,000 persons in 49 States, Puerto Rico, and the District of Columbia. The total mortgage amount exceeds $575 million. Applications being processed by HUD-FHA involve another 600 nursing homes with accommodations for 60,000 more persons.

Meeting the Growing Demand

There are today more than 19 million Americans aged 65 and older. By 1985 there will be 25 million men and women in that age group. Many of them, and some younger people as well, will require long term convalescent care or the services of a modern health care facility providing restorative services. To help construct the necessary facilities, the Housing Act of 1959 authorized mortgage insurance for nursing homes to care for convalescents and others not acutely ill or requiring hospitalization, but who need skilled nursing and medical services.

Facilities insured under the Nursing Home Program are licensed or regulated by the State in which they are located, and must meet reasonable minimum standards in force in the State. Early in the program, HUD-FHA standards were occasionally considered too high and costly, but their en-

forcement ushered in a trend toward upgrading nursing homes. Now many States have raised their own standards to meet, and in some cases surpass, those set by HUD-FHA.

These improved standards have had considerable impact. Over the past 10 years the program has helped bring about:

- Higher standards for nursing homes in management, operating procedures, and overall design.
- Increased interest by the private sector in building nursing homes with HUD-FHA as well as conventional loans.
- New management techniques resulting in sounder and more economical operation.

Wide Variety of Services

Nursing homes insured under the HUD-FHA Program are privately financed, owned, and operated. Their value as sound financial investments when operated under skilled management is becoming more and more widely recognized.

The amount charged patients—an average of $15.21 per day compared with an average of $65.24 per day in hospitals—is determined by the management of the facility. However, HUD-FHA requires that rates be competitive and within reach of most of those needing accommodation.

Basic services generally include room, board, around-the-clock nursing care, and a wide range of supportive services such as occupational and physical therapy, dietary consultation, religious and social programs, and general activities programs.

Many homes provide treatments for a wide range of illnesses and physical disorders. Many treat handicapped individuals, alcoholics, mild mental patients, elderly persons released from mental institutions, veterans, cancer patients, retarded children, and persons with illnesses requiring specialized or restorative care.

A recent survey showed that private funds were the principal source of payment for 45 percent of the patients. About 25 percent were under Medicare and 20 percent received welfare payments. About 8.4 percent were under the Medicaid Program.

The largest proportion of HUD-FHA insured nursing homes are 100-bed facilities. Construction costs have ranged from $4,000 to $14,000 per bed—the median running around $8,000.

Increasing Program Potential

The Housing and Urban Development Act of 1969 expanded the Nursing Home Program to include intermediate care facilities. These will assist in caring for persons who do not need nursing home care, but are unable to live independently without minimum continuous care. HUD and HEW together are developing policy and procedures for this phase of the program. HUD is also exploring the possibility of using the Leased Housing Program for low-income families with the Intermediate Care Program.

President Nixon, in a statement released August 6, 1971, pointed out that, "The vast majority of Americans over 65 years of age are eager and able to play a continuing role as active, independent participants in the life of our country. Encouraging them to play this role—and providing greater opportunities for them to do so—is a cornerstone of this Administration's policy concerning older Americans.

"For almost one million of our 20 million senior citizens, however, a dignified and humane existence requires a degree of care from others that can usually be found only in a nursing home or extended care facility. For those who need them, the nursing homes of America should be shining symbols of comfort and concern.

"Many of our nursing homes meet this standard most admirably. Day after day and year after year they demonstrate the capacity of our society to care for even the most dependent of its elderly citizens in a decent and compassionate manner. It is the goal of this Administration to see that all of our nursing homes provide care of this same high quality.

"Unfortunately, many facilities now fall woefully short of this standard. Unsanitary and unsafe, overcrowded and understaffed, the substandard nursing home can be a terribly depressing institution. To live one's later years in such a place is to live in an atmosphere of neglect and degradation."

To carry out the President's renewed emphasis on upgrading the existing nursing homes and building modern facilities to provide care for hundreds of thousands of the Nation's elderly, several innovative programs are being discussed in HUD. Among these are the feasability of health and safety property improvement loans and extending the mortgage term from 20 to 30 or even 40 years.

Under Section 232 (Nursing Home Mortgage Insurance Program) of the National Housing Act, the maximum loan guarantee for a nursing home or intermediate care facility is now up to 90 percent of HUD-FHA's estimate of the value of new construction or rehabilitation projects. The maximum mortgage term is 20 years and the maximum insurable mortgage is $12.5 million. Interest rates, service charges, and working capital requirements are the same as for other HUD-FHA projects.

In addition to providing congregate housing and care for patients, FHA-approved nursing facilities are encouraged to take on the role of community health and living centers, particularly in small communities and inner-city areas. Day care services for the elderly and the very young as well as night care and short-term care for the elderly can also be provided by the community-oriented nursing home. The laboratory facilities, physical therapy equipment, examining rooms, and medical facilities can offer preventative and on-going outpatient medical care, physical therapy, podiatry, and dental services as well as pediatric and geriatric medical care. The nursing home kitchen can provide proper nutrition and balanced meals both in the dining room and for delivery to the homes of the elderly or bed-ridden persons living nearby.

The Federal Government stands ready to help in this great reform effort in other ways as well. Under the Hill Burton Act, for example, HEW also provides loan guarantees in addition to direct grants and loans for the modernization of old nursing home facilities and construction of new ones. The Small Business Administration also guarantees loans and makes direct loans to assist proprietary nursing homes in constructing, expanding, or converting their facilities, in purchasing equipment or materials, and in assembling working capital.

The Nursing Home Program has made progress, but the total need for good nursing home facilities is far from met. In city and rural slums are countless numbers of old people, lonely and forgotten, isolated from the life of the communities where they live. They suffer not only from a disproportionate burden of bad housing, but also poor health facilities and rehabilitation services. The majority of older nursing homes are ill-equipped to provide the health services the aged require. Of some one million beds in nursing homes, about one half are reputed to meet HEW's Hill-Burton standards for long-term care. Many do not even meet minimum fire and safety standards.

Each year a larger proportion of our population joins the ranks of the elderly; an American born today has a life expectancy of 70 years, compared to the 47-year life expectancy of a baby born in 1900. But with age, the chances of chronic illnesses increase. Eight out of 10 elderly people have one or more chronic illnesses and spend twice as many days in hospitals as those under 65.

Modern facilities and new medical knowledge made available through the Nursing Home Program can help promote the recovery of health and a meaningful and satisfying life for the elderly. With the cooperation of the Congress, the State governments, and the nursing home industry, HUD can do its part in the Administration's effort to transform substandard nursing homes so that the very best nursing homes of today will be the typical nursing homes of tomorrow.

Downtown Suburb

By 1973, this section of Crown Center will be completed in Kansas City, Mo. The scale model shows only a partial section of the $200 million project's 25 city blocks. Now under construction, Crown Center will replace a blighted inner-city section with (center foreground) a 750-room hotel, residential units (upper right), and offices (left). Behind the hotel is a retail-cultural-entertainment area. Large structures in background are headquarters of Hallmark Cards, Inc., developers of the privately-financed renewal.

A new term is being coined in Kansas City, Mo., referring to an innovative approach to rebuild blighted inner-city areas. The phrase—"downtown suburb"—has its prototype in Kansas City's Crown Center, a $200 million model urban community covering 85 acres adjacent to the central business district.

Post World War II suburbs took people, shopping, residences, and later, offices and entertainment, away from the inner city, but Crown Center attempts to reverse this trend. It is planned as a complete city-within-a-city, 12 blocks from the central business district, in effect, a downtown suburb.

Unique Characteristics

Crown Center has two unique characteristics—its private financing and its environmental concerns. A subsidiary of Hallmark Cards, Inc., Crown Center, is the developer. Hallmark President Donald J. Hall explains: "What we are doing in Kansas City with private financing could be done by other corporations in any city in America. Every large metropolis needs core revitalization. Public funds alone can't be expected to do the job."

Planners of Crown Center have focused on total environmental design. The normal construction pattern of private industry in the city has been to build soaring skyscrapers devoted to one activity. However, Crown Center will move away from the typical high-rise pattern by mixing business, residential, retail, guest, and entertainment facilities within a single, low-rise building referred to as a skyscraper on its side.

As Hall explains: "Our concern is with an environment, not a building. We sought a larger land area and our concern is in all of man's needs, not just a high-rise place to work. Very often, skyscrapers create more environmental harm than good."

A Complete Community

Planning and construction began on the project in 1967. It is now about one-fourth complete, with many buildings up, although not yet ready for occupancy. When completed in 1983, Crown Center will be a community of 8,000 to 10,000 people.

With more than a million square feet of office space in 10 buildings, one of its main goals is to attract new business to Kansas City. Serving the offices, tourists, and the community will be a 750-room hotel, with large banquet and meeting facilities.

As a residential community, Crown Center will offer more than 2,000 apartment units and a smaller group of condominiums. Prices will cover a wide range since the project is being planned for young marrieds, single working people, career women, mid-management men with small families, and top executives whose children have grown and left home.

For entertainment, Crown Center is building a retail-entertainment structure of 250,000 square feet to house twin cinemas, a planetarium, a dozen eating establishments, a variety of art galleries and art exhibition areas, an art training center for children, and a conference center.

Project Advantages

"This project has many advantages," a Kansas City HUD Area Office spokesman said. "It does not tie up Federal funds, and perhaps even more important, it shows the positive role of industry in the development of the community, which has always been emphasized by Secretary Romney.

"The project complements the proposed development of a new community center on the site of the present Union Station and also the proposed redevelopment of the entire downtown metropolitan area," he said. "There is nothing but the highest regard for this project among Kansas City residents—it is an excellent program and will make a major contribution to the life of a downtown area and the entire center city."

FIA Fills a Vacuum

HUD's crime, riot, and flood insurance programs enlist communities, the States, the private insurance industry, and the Federal Government in efforts to provide insurance in areas where it has not been available, or obtainable only in limited amounts and at high cost. In the following interview Mr. George K. Bernstein, Federal Insurance Administrator, explains the philosophy of the Federal Insurance Administration (FIA) and how it works with private industry. Then HUD Challenge *presents more detailed articles on each of the individual insurance programs.*

Mr. Bernstein was appointed as head of the FIA, which was established in the 1968 Housing Act, in 1969 by HUD Secretary Romney. A graduate of Cornell University and Cornell Law School, Mr. Bernstein was an Assistant Attorney General of New York from 1957 to 1961. After three years of private law practice in New York City, he became Deputy Superintendent and General Counsel in the Insurance Department and was appointed First Deputy Superintendent of Insurance for New York State in 1967.

TOP—Since George K. Bernstein became HUD's first Federal Insurance Administrator in 1969, the Federal Flood and Crime Insurance and Riot Reinsurance programs have been developed.

BOTTOM—Bernstein discusses areas in need of crime insurance with his staff. From left, Charles W. Wiecking, Assistant Administrator for Program Development; Bernstein; James M. Rose, Jr., Assistant Administrator for Crime Insurance; and J. Robert Hunter, Chief Actuary. Richard W. Krimm, Assistant Administrator for Flood Insurance and Bernard V. Parrette, Assistant Administrator for Special Programs, are not pictured.

Q. Why is there a Federal Insurance Administration (FIA)?

A. Historically, Congressional concern that flood insurance ought to be available followed the devastation of hurricanes *Betsy* in 1965 and *Beulah* in 1967. The need for riot reinsurance became evident following the extensive civil disturbances during the summer of 1967. The enactment of the National Flood Insurance Act of 1968 and the Urban Property Protection and Reinsurance Act of 1968, or FAIR Plan bill, were the direct results of those disasters.

For all practical purposes, however, there is an FIA because the private insurance industry and the States have failed to meet basic insurance needs of the public. The industry has all but abandoned the law of large numbers, the basic theory of insurance, in connection with many lines of property insurance and has substituted an ever increasing fragmentation of the market. The fragmentation has led to extreme premium rates for some coverages and blackouts and redlining with respect to others.

All too often the industry responses to the failure of traditional insurance techniques for some risks, such as flood, has been total withdrawal rather than a willingness to innovate and devise new techniques and methods to provide desperately needed coverage. The reaction of the States has also frequently treated symptoms rather than causes and developed patchwork "reforms" that are the minimum necessary to appease the public and the maximum acceptable to an overly cautious and conservative industry.

The public has demonstrated its insistence that the vacuums created by the industry and the States be filled. The results are our riot reinsurance, flood, and crime insurance programs.

Q. Do you feel that the Federal Government can do a better job than private insurance industry and the States?

A. Not necessarily; the point is that we are doing what they are unable or unwilling to do. I have pointed out many times my preference for private industry to undertake the substantial reforms necessary to do the job that must be done, particularly with respect to an all-risk or general disaster insurance program. I have urged and challenged them to do so. Certainly, there is no historical evidence that the Government can do a more efficient or economical job than private enterprise. In fact there is too great a tendency for the bureaucracy to become an end unto itself.

But we are prepared, as in the crime insurance program, to compete directly with private industry where they are doing an inadequate job, and we think we are going to be able to do an outstanding job. The crime insurance program has not completely pre-empted the field, however, and we do not intend to rely on a subsidy, which would be meaningless competition. We are hopeful that the private industry will accept this direct challenge and, through adoption of our innovations and development of different innovations, create some meaningful competition for us that eventually makes our program unnecessary.

Q. To what extent does the FIA operate as an integral entity and to what extent do you rely on other organizations?

A. We presently have a staff of only 52, most of whom are technicians involved in the flood insurance program. We rely on other organizations to a great extent because our programs, with the exception of crime insurance, are not operated on a direct insuring basis. We provide riot reinsurance in relation to the FAIR Plans and perform the function of checking the adequacy in both establishment and operation of the FAIR Plans, which must be organized within a State as a condition of eligibility for the reinsurance.

With flood insurance, we provide reinsurance and a loss subsidy and are responsible for developing hazard reduction requirements, risk studies, and community eligibility determinations. Even with the risk studies we rely heavily on the expertise of Federal agencies having long-range experience with flood hazards. The administration of the flood program, including claims adjustment, is handled by the National Flood Insurance Association, an organization of private insurance companies, which in turn operates through servicing companies in each State.

The crime insurance program is the only one that has the Federal Government as the direct insurance underwriter, and even here, we operate through three servicing companies that handle day-to-day administration. Both crime insurance and flood insurance can be purchased through any licensed agent or broker in the areas where the coverages are available. We have not tried to establish any independent sales operation either on a direct or other basis.

Generally, we prefer not to develop a large staff of our own, which even in private business encourages bureaucratic tendencies. Rather, we prefer to utilize existing structures, both private and public, which are adequate and willing and adaptable to our procedures and requirements. We much prefer to create incentives for private industry and State action rather than create direct Federal intervention independent of the private and public resources available.

Q. Do you expect the industry to respond as you hope, or do you think that the Federal insurance involvement will grow?

A. Traditionally, of course, after the Government enters an area, its involvement gets larger and larger rather than smaller and smaller. There are bills in Congress now that would create either an earthquake insurance program or a general natural disaster program. We have made it clear that we do not favor an earthquake insurance program because residential coverage is readily available at reasonable rates throughout the country and because too little is known about rating commercial coverage and reducing the earthquake risk of loss of life and damage to property. As for the general natural disaster coverage, we have urged private industry to develop its own plan, which could involve only minimal Federal action to make tax treatment less of an impediment and to overcome some of the provincialism of some States' rate regulation.

RIGHT—To be eligible for flood insurance under the Federal Flood Insurance Program, a city must agree to take appropriate land use and management actions. Such building codes and zoning regulations would cover protective works such as walls to avoid water damage in the future.

But I would not want to speculate on the likelihood of active, imaginative industry response to these pressures and others. I am optimistic, however, that the leaders of the industry will not adopt an "if we ignore it, it will go away" attitude about either the problems or the willingness of Congress to step in. They must learn to operate in a way—which I feel is possible—that will meet the demands of their policyholders and stockholders while meeting the insurance needs of the public.

Q. Does the necessity or desirability of a subsidy make Federal involvement in some kinds of insurance inevitable?

A. Only one of our programs, flood insurance, is operated on a predicated subsidy basis, although subsidization of the other programs is permissible. The riot reinsurance program, which is completely self-supporting, has developed a surplus. Although the crime insurance program has just been initiated, we are optimistic that little, if any, subsidy will be required.

Every one must realize, however, when dealing with our present programs or any proposals, that nothing is free; rather, a subsidy at the

TOP—Before the Federal Riot Reinsurance Program began in 1972, many businessmen in riot damaged areas were forced to abandon their stores because they were not covered with insurance policies.

BOTTOM—One of the first payments under the National Flood Insurance Program is made by HUD's George K. Bernstein to Roger G. Staples and James D. Mitchell, owners of the Arlandria Furniture and Carpet Company, Alexandria, Va.

Federal level simply spreads costs over a different base—the taxpaying public instead of private insurance programs. Unfortunately, inadequate concern for long-range costs—both in dollars and the loss of individual initiative—is generally associated with proposals for Federal solutions to social problems. And this is true even if one discounts the likelihood of the bureaucracy becoming an end of itself, or if one assumes an efficiency of operation that is not demonstrable.

I am always concerned that a reliance on a subsidy to solve a given problem will only serve to conceal the true extent of the problem and, perhaps more importantly, reduce or eliminate whatever motivations there are within private industry to solve insurance problems on its own. Although the extent of subsidization of something like the flood insurance program is significant, few if any risks could not be adequately spread through appropriate private programs over the more appropriate base of the insuring public. Perhaps, though, the subsidization of the flood insurance program will be adequately justified to the extent that the program as a whole brings about a long overdue National program of flood plain management.

Q. Is insurance alone, whether private or governmental, an adequate response to the various problems you have indicated?

A. No, insurance is secondary, at best, and to the extent that we have been involved in responding to those problems, we have recognized that fact. For example, under the crime insurance program we require that the insured take certain measures to protect his property. Programs to reduce the flood hazard are an integral part of the flood insurance program. It would be pure folly to provide flood or other natural disaster coverages at the Federal level without such requirements—to do so would be to create an incentive to further increase the exposure to loss of life and property. At the same time, however, conditions must not be established that are beyond the control of the insured. The FAIR Plans, for example, provide property insurance coverage without regard to the "environmental" risk in an area if the individual's own property meets certain minimal standards.

Certainly the basic costs of crime insurance will not go down until crime is adequately dealt with, just as the pure loss costs of automobile insurance will not decrease until the number and severity of auto accidents are cut dramatically. Some actions are being taken to deal with these underlying problems and with their basic causes. But as long as Government fails to deal adequately with these problems, insurance against the risks involved should not be totally denied to those who are exposed to loss. To some extent, the insurance mechanism when properly applied can help to reduce the risk, as with the protective devices required for obtaining crime insurance.

Q. What do you see as the greatest problem in insurance today?

A. Probably the most pervasive problem, and the one underlying so many of the most publicized insurance problems, is the general unwillingness or inability of private industry to recognize and adequately respond to the social requirements of insurance today. Perhaps this lack of innovation and creativity is due, at least in part, to a highly regimented regulatory environment. But industry must in the longrun accept much of the responsibility for developing the environment, and they must now deal effectively with many individual State regulators and the National Association of Insurance Commissioners to come to grips with specific, crucial difficulties.

This general deficiency of the industry is perhaps best demonstrated by its inadequate handling of the residual insurance market, which cuts across many lines of coverage. The industry response to the residual problem has always been an *ad hoc* creation of one-line, one-state "pools," which meet a demonstrated need in the most minimal way and, intentionally or otherwise, create a stigma for some part of the insuring public. Following their creation, these pools, even under the FAIR Plans, become dumping grounds for a larger and larger segment of the market while industry continues its further fragmentation and develops increasingly unrealistic, moralistic rationalizations about those "bad" risks, who "deserve" the stigmatic treatment of pool placement.

I have endorsed and will continue to urge the creation of a "Canadian facility" type of response in lieu of the traditional approach. A facility arrangement, which is basically an all-industry reinsurance mechanism, would provide demonstrated efficiences of operation, eliminate the stigma of assigned risk pools, and provide the greatest and most realistic spreading of the total risk across the entire line of any given coverage.

The National Flood Insurance Program

Venice? Hardly. This scene might be in any town struck by torrential rains and massive mudslides like those of hurricane *Camille*, which overwhelmed areas of southeastern West Virginia and central Virginia in 1969.

Each year property owners in the United States suffer hundreds of millions of dollars in losses resulting from flooding of properties. Two things have aggravated the problem—improper building in areas subject to flooding and failure to adopt adequate land use and control measures. Ironically, floods have inflicted the greatest damage on areas of the country that are considered the most desirable for building "for the good life."

For many years, consideration was given only to the conveniences of locating in coastal and shoreline areas. But old attitudes and concerns are changing. Communities across the country are now showing increasing awareness of the problems posed by improper building in low lying areas. The Federal Government is taking positive steps to help.

Congress in 1968 passed the National Flood Insurance Act, authorizing the Secretary of HUD to administer the National Flood Insurance Program. The objective of the program is to provide flood insurance at affordable rates to property owners in flood prone areas while promoting the wisest and most economic use of these areas.

Emergency Program

In 1969 hurricane *Camille* caused millions of dollars in property damage along the Gulf Coast. Very little if any of this damage was covered by flood insurance because the time necessary to process a flood insurance application was nine months to a year. An amendment to the 1968 Flood Insurance Act authorized HUD's Federal Insurance Administration (FIA) to provide more immeditate flood insurance for a two-year emergency period ending on December 31, 1971. To do this it was necessary to waive a requirement of the regular program which called for a determination of actuarial premium rates for insurance on property in the individual community before approval of the community's application for eligibility for the sale of the federally subsidized flood insurance.

Before adoption of the 1969 amendment, only four communities were eligible for the sale

LEFT—Elevated structures like this one, designed to protect against flood waters along coastlines, are becoming more popular in the South and Southeastern coastal areas.

TOP—When floods strike, unanchored properties such as mobile homes create additional hazards by causing blockups after drifting.

BOTTOM—Damage from mudslides is covered under the National Flood Insurance Program.

of Federal flood insurance. Since then some 711 communities in 44 States and Puerto Rico have established eligibility. However, these comprise only a small portion of the estimated 5,000 to 7,000 flood prone communities in the Nation.

To obtain flood insurance coverage, initiative must be taken by each individual community or by the governmental unit which has authority to adopt its own flood plain management measures. A community must submit a complete application which meets all the requirements of the regulations governing the program. Once a complete application has been received in FIA, the insurance can usually be made available within three weeks.

Administration

Since the flood insurance program is a cooperative effort of both the insurance industry and the Government, the National Flood Insurers Association (NFIA) was formed to act for the industry. The association is made up of 99 private insurance companies. One of these is appointed by the NFIA to handle the distribution and sale of policies together with the processing of claims for property owners in an eligible community. Any licensed fire and casualty insurance agent or broker may sell the policy.

Under the emergency program, insurance can be bought only for one- to four-family residential properties and properties occupied by small businesses built before the date the community became eligible.

Premium rates on existing construction are maintained at an affordable level by Federal subsidy. The subsidy pays for a share of the operating expenses of the NFIA and for a share of the losses, thereby permitting the actual premium collected from the property owner to be artificially lowered. The subsidized premium rates are graduated with the rates increasing according to the value of the structure.

SUBSIDIZED RATES
(premium per $100)

Based on Estimated Actual Cash Value of Structure	Rates for Coverage on Structure	Rates for Coverage on Contents
For Residential Properties		
1 family, under $17,501; and 2-4 families, under $30,001	$0.40	$0.50
1 family, $17,501 to $35,000; and 2-4 families $30,001 to $60,000	0.45	0.55
1 family, over $35,000; and 2-4 families, over $60,000	0.50	0.60
For Small Business Properties		
Under $30,001	$0.50	$1.00
$30,001 to $60,000	0.60	1.00
Over $60,000	0.70	1.00

Regular Program

Flood insurance cannot be written on new construction or on properties which are substantially improved after the date the community becomes eligible until the areas of special flood hazard are specifically identified and actuarial premium rates established. Information on the areas of special flood hazard used for determining actuarial rates is obtained from studies conducted under contracts with other Federal agencies or private engineering firms. These are the studies that usually took nine to 12 months to complete.

After a rate study has been completed and actuarial premium rates have been established for the area, the community's emergency coverage is converted to the regular program. At that time an additional $17,000 on a single family structure and an additional $5,000 on contents will be available. Additional coverage for two- to four-family structures and for small businesses up to a maximum of $30.000 for the structure and $5,000 for the contents of each unit will also be available. All additional coverages are at actuarial premium rates.

Flood Plain Management

After a community has been initially declared eligible under the program, its officials must begin to consider the adoption of adequate land use and control measures for areas having special flood hazards. These measures should encourage only that development which represents acceptable social and economic uses of the flood prone areas in relation to the hazards involved and should discourage all other development. Zoning ordinances, subdivision regulations, building codes, health regulations, and other controls for the health, safety, and welfare of the people should be designed to develop the wisest or most economic use of these areas compatible with flood risks.

The areas most frequently flooded might be reserved for open space uses such as playgrounds, parks, parking areas, agriculture, and storage. Areas less frequently flooded might be used for industrial, commercial, and multi-story residential use with controls on first floor elevations, use, and occupancy to minimize damages from flooding.

The fringe areas which are least frequently flooded might permit all uses, including single family and mobile homes, provided the structures are anchored properly and first floors are above a safe elevation. For coastal plain areas, consideration must be given to first-floor elevations and the need for bulkheads, seawalls, and pilings for the purpose of reducing damage from flooding and to improve the longrun land management of flood prone areas.

The requirements to adopt land use and control measures are the basic thrust of the program. Without it, there would be no incentive to reduce losses, and the program would then encourage rather than discourage the injudicious use of the Nation's flood plains.

Federal Crime Insurance Program

Courtesy of Boston Herald Traveler

LEFT—First Commercial Crime Insurance Policy in Hartford, Conn., written under the Federal Crime Insurance Program, went to Mrs. Pearlene Gibson, operator of the Enchanting Beauty Bar. Lewis Manchester of the firm of Allen, Russell & Allen, Inc., presents policy serviced by Aetna Casualty and Surety Company.

TOP—HUD Secretary George Romney presents the first policy sold under the Federal Crime Insurance Program to William Early (second from left, front row), operator of AIDA TV Sales and Services of Washington, D.C.

BOTTOM—Ernest Rouffe's Dorchester, Mass., grocery market is the first Massachusetts participant in the Federal Crime Insurance Program. Mr. and Mrs. Rouffe received the policy from HUD Regional Administrator, James J. Barry.

A whole new world opened for a Washington, D.C. businessman—and other entrepreneurs and property owners—when he was handed the first policy under the Federal Crime Insurance Program.

William Early, owner of AIDA TV Sales and Services, received the policy August 2, 1971, directly from HUD Secretary George Romney and George K. Bernstein, Federal Insurance Administrator, under whose direction the crime insurance program was developed.

Federal crime insurance became effective on Sunday, August 1, in nine States and the District of Columbia, Under the newly enacted program, businessmen and residents are able to purchase insurance against losses from burglary and robbery at affordable rates—even in high crime areas.

First Policies

Early, 35, told Secretary Romney, "I have been last all my life, and now for once I'm going to be first." A former policeman, he started radio and television repair work as a hobby while working as a foot patrolman in Washington's 13th Precinct. His interest led to a correspondence course in electronics and eventually to an assignment in a police radio shop. He resigned from the force in September 1970, and has been carrying out his "labor of love from 12 to 14 hours a day" ever since.

Like others across the country, Early's insurance problems were compounded when he sought consignment of merchandise from suppliers under what is commonly referred to as a floor plan. He could get fire insurance, but not the required robbery or burglary insurance. Now that he has crime insurance, he has been able to get the vital merchandise that he needs, up to the limits of his $5,000 coverage.

Federal crime insurance is available up to a maximum of $15,000 for commercial establishments and up to $5,000 for residences. Claims under the Federal commercial policy are subject to a $200, $150, or $100 deductible based on gross receipts, or five percent of the amount of the claim, whichever is greater.

In Boston, grocer Ernest Rouffe lost his insurance policy after his market in the Dorchester area was hit by three holdups and two burglaries in less than two years. He tried everywhere, including Lloyd's of London, without success to get coverage. On August 3, he became the first businessman in Massachusetts to participate in the program when he received a Federal crime insurance policy from James J. Barry, HUD's Regional Administrator in Boston. Without the policy, Rouffe said he had faced a bleak future.

In Philadelphia, a pharmacist observed that if Federal crime insurance had been available earlier, he and his former partner might still be operating a drug store in North Philadelphia. He had previously sold out to his partner, who in turn lasted only eight months before closing the business.

"Even when I had the insurance, it was pretty expensive," he said. He had paid over $1,000 a year for $500 worth of insurance that included fire, vandalism, and theft. Today, as a druggist in Philadelphia with gross receipts of less than $25,000 a year, he would pay annually around $100 for the first $1,000 of coverage.

Insurance Requirements

Authorized by the Housing Act of 1970, the Federal Crime Insurance Program provides that the insurance will be sold only in States with a critical crime insurance availability problem and where steps have not been taken at the State level to make it available at an affordable rate.

Any property owner, tenant, or businessman in the District of Columbia, Connecticut, Illinois, Maryland, Massachusetts, Missouri, New York, Ohio, Pennsylvania, or Rhode Island currently may apply for crime insurance.

They can do this by signing an application and paying the six-month premium installment that is required. In the application, obtainable from any licensed property insurance agent or broker in eligible States, property owners must certify that their premises meet protective device standards described in the application. They must also agree to report all crime losses, whether or not a claim is filed.

Federal crime insurance will not be denied any policy holder because of frequency or amount of claims. But in order to be eligible for Federal crime insurance, applicants must equip exterior doors on residential property with either a baffle-protected, self-locking latch and a dead bolt, or a self-locking dead latch. Sliding doors must be equipped with a dead bolt device. All windows opening into stairways, porches, platforms or other areas with easy access to the premises must be equipped with locking devices.

Exterior doors of nonresidential properties must be equipped with dead latches and, in addition except where prohibited by fire laws, must also be equipped with heavy duty double cylinder dead locks. There are also requirements on how far the throws should extend into the doorway.

Examples of Rates

Crime insurance annual rates are pegged to lowest, average, and highest crime areas. Although both commercial and residential rates vary with geographic location based upon FBI crime statistics, all communities within a Standard Metropolitan Statistical Area (SMSA) are treated as a single rating territory. Thus, uban residents for the first time will pay the same rates as their suburban counterparts.

The Federal Crime Insurance Program is not a substitute for more effective police operations and enforcement of law and order. It is a program which assures that no eligible citizen need bear alone the financial burden of criminal losses due to acts which are beyond his individual control. The Federal program is an insurance program utilizing insurance principles of spreading the risk.

This program is in no way a subsidy to the insurance industry. Although FIA has exercised the authority given by the Act to utilize private facilities in carrying out the Federal program, those insurance companies which are acting as servicing companies in various States were selected through competitive Government procurement procedures that do not guarantee a profit to the companies.

Since the Federal Crime Insurance Program is administered by a Federal agency, it is evident that Federal taxpayers will ultimately pay for losses in excess of affordable premiums. However, the burden of crime losses will be more equitably distributed than in the past where the cost has fallen primarily upon those residents and businessmen who have been unable to procure crime insurance.

The Federal Riot Reinsurance Program

HUD's Riot Reinsurance Program was initiated to provide insurance to riot prone areas so that businessmen will have the insurance necessary to rebuild destroyed establishments.

In recent years, more and more private insurance firms have shown increasing reluctance to write insurance in blighted urban sections and areas subject to disorder. Thousands of property owners have found themselves without insurance and therefore unable to get loans for improvement or purchase of property. In turn, these rundown properties—both business and residential—become increasingly dilapidated.

To arrest this condition, Congress in 1968 established the riot reinsurance program within HUD to enlist the States, the insurance industry, and the Federal Government in a joint effort to channel insurance into these areas.

The program works like this: private insurers join together under the supervision of a State insurance authority to establish a program to provide all property owners within an urban area the opportunity to obtain basic property insurance.

The State-Industry program is usually called Fair Access to Insurance Requirements (FAIR) Plan. Business and residential properties, if in basically sound condition as determined by an inspection, are insured by companies enrolled in the program. A significant feature of any FAIR Plan is that owners may not be turned down because of "environmental hazards"—that is, because they may be located in riot prone areas or for other reasons beyond their control.

The insurance companies, in turn, may apply to the Federal Government for reinsurance against losses they may sustain because of riots or civil disorders. Federal reinsurance is available only in States with approved FAIR Plans and to companies participating in the Plan.

Under present reinsurance contracts—currently involving over 400 companies in 195 insurance groups—companies agree to bear riot losses up to a stipulated percentage of their total premiums within a State. In return for the reinsurance premium, the Federal Government provides excess loss reinsurance to participating companies. The system provides an opportunity to spread the risk of loss from riots or civil disorders on a nationwide basis with assurance of ultimate financial backing by the Federal Treasury.

As of March 31, 1971, more than 1.1 million policies representing $3.5 billion in premiums, had been issued through State FAIR Plans operating in 26 States, the District of Columbia, and Puerto Rico. Total coverage exceeded $350 billion.

States and jurisdictions with approved FAIR Plans

California	Minnesota
Connecticut	Missouri
Delaware	New Jersey
District of Columbia	New Mexico
Georgia	New York
Illinois	North Carolina
Indiana	Ohio
Iowa	Oregon
Kansas	Pennsylvania
Kentucky	Puerto Rico
Louisiana	Rhode Island
Maryland	Virginia
Massachusetts	Wisconsin
Michigan	Washington

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