



JULY 1972 / 35 cents

# Challenge

## Housing for Older Americans



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# HUD Challenge

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**PAGE 4:** The three-pronged approach of Federal housing programs has provided a measure of decent housing for older Americans. The Administration's stepped-up programs are responding to their special housing needs.

**PAGE 10:** A two-year Model Cities demonstration program in the Kansas City Metropolitan Area is testing the feasibility of housing allowances for 200 low-income families.

**PAGE 15:** The fourth Anniversary of the Fair Housing Law was celebrated this year in Washington and throughout the Nation with some new activities.

**PAGE 22:** Although the idea of cooperative or condominium living has been slow to catch on in the U.S. as opposed to Europe, sales trends indicate that it is an idea whose time has come.

### NEXT MONTH:

The issue will deal with existing and developing new communities throughout the Nation as well as with the role of the New Communities Corporation. Other articles will include HUD actions in relation to the Freedom of Information Law.

**COVER:** Leisure-time activities and companionship, as well as safe, decent housing within the financial means of older Americans, are provided by several HUD programs, including public housing.

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# looking ahead

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## Cost Saving FHA Closing By Telecopier

HUD's Regional Counsel office in Denver has developed a "Keyed Instruction System" of processing and closing FHA project loans and will take a leading part in implementing its use on a national basis. After experimenting for about a year, the Regional Counsel staff is satisfied that use of this system results in preparation of almost perfect documents, even by inexperienced mortgagors' attorneys. A telecopier machine enables electronic transmission of closing documents in four minutes. The system has made it possible to hold "closings by mail" and virtually to eliminate travel by Regional Counsel staff to Insuring Offices for FHA closings. The new system will save an estimated \$23,000 annually in salary cost, travel, and per diem—plus streamline of time-consuming procedures.

## HUD Grant to Study High Rise Impact

The impact of high-rise developments on the economy and quality of life in San Francisco will be studied by the San Francisco Planning and Urban Renewal Association under a grant from HUD. Although limited to San Francisco, the study is intended to be helpful to a number of large cities with similar problems. The Association will test the theory that commercial and residential high-rises produce more revenue than they cost in services. The project is expected to develop ways to assess both the economic benefits to the city and the cost of supplying public facilities and upgrading public services. It will try to develop objective techniques for identifying the point of diminishing returns—when the development begins to turn into a white elephant for the neighborhood and the city itself.

## Stability in Mortgage Interest Rates

Woodward Kingman, president of GNMA, in disagreement with recent forecasts of sharply rising long term interest rates, says that mortgage interest rates should remain at their present levels for the balance of the year. "With the amount of mortgage money in the thrift institutions at record levels and the rate of inflation declining, there is no justification for a rise in mortgage interest rates. Furthermore, if mortgage lenders fail to recognize these economic facts of life and seek higher yields on mortgages, GNMA has its \$2 billion authorization under the Tandem Plan available for the purchase of 7% FHA and VA mortgages," Mr. Kingman said.

## HUD Aids Two-Way TV Experiment

A new way to shop, go to school, or run a business is being tested by two-way television, under a \$175,000 project funded by HUD. Operating on a pilot basis in Jonathan, a HUD-assisted new community near Minneapolis, Minn., the experimental project is demonstrating the potential of two-way cable television for meeting the information needs of residents and estimating their interest in and acceptability of the system and its services. A fully operational system enables a homebound student to go to class electronically, the housewife to shop from her favorite armchair, and the businessman to place orders and do his banking without ever leaving his office. Information is transmitted and received just like push-button dialing a telephone. Components of the system now being tested include a TV set for receiving, a teletype for sending and receiving printed material, and a subscriber-response unit that looks something like a handheld electronic calculator with a small viewing screen on top.

## Benefits of Science and Technology

Public Technology is a new, nonprofit, tax exempt organization incorporated by public interest groups who believe that a nationally coordinated program to bring the benefits of science and technology to local and State governments is needed. Its mission is to make usable technology available in an economical manner to cities. Working with State and local governments, the organization will identify city, county, and State problems and needs susceptible to technological solutions, develop realistic solutions, and assure the widest possible dissemination and use of these solutions.

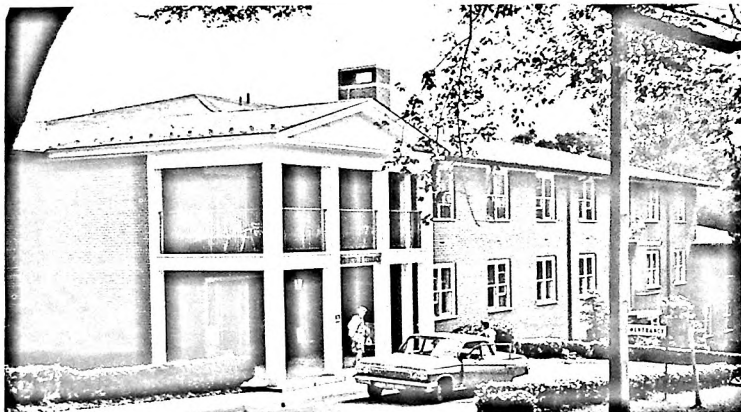
## Plastic Housing

In Luedenscheid, Germany, the world's first international exhibit of plastic dwellings is displaying geometric and free-form products that are both on the market and in final testing stages. The main attraction, according to the Associated Press, is a floating mass that designer Rudolf Doernath hopes will be the forerunner of a do-it-yourself plastic floating vacation home. Called a "Bio-Dom," the prototype consists of haphazardly cut blocks of lightweight foam plastic glued in layers to form a twin-domed igloo and sprayed outside with a coating of polyurethane. The exhibit, 50 miles northeast of Cologne, will run for five years.

# Housing for Older Americans

By Mercer L. Jackson, Jr.

*Mercer L. Jackson, Jr., of Wichita Falls, Texas, was appointed in March by Secretary Romney to the newly created post of Assistant to the Secretary for Programs for the Elderly and Handicapped. Prior to his appointment, Mr. Jackson served the Department as Senior Assistant for Congressional Relations. The appointment is a concrete expression of a new emphasis HUD is putting on programs for older Americans. Mr. Jackson's job requires an immediate and continuous assessment of all HUD programs to ensure full responsiveness in serving the needs of the elderly.*



The dream of good housing for America's elderly citizens—an old and continuing dream—is being brought nearer fulfillment with our Federal aid programs. The programs' approaches are three-pronged: (1) liberal mortgage insurance for privately financed housing; (2) help to local housing authorities to provide public housing suited to low-income elderly needs; and (3) subsidies to bring down mortgage interest rates, coupled with rent supplements, for needier tenants in privately owned and operated housing.

For millions of Americans the process of growing old—even in the world's richest nation—is the hardest part of their lives, too often marked by poverty, neglect, and isolation. This knowledge underlies President Nixon's call, in his address to the White House Conference on Aging, for, "a new national attitude toward aging in this country—one which fully recognizes what America must do for its older citizens, and one which fully appreciates what our older citizens can do for America." In a message to Congress on March 23, 1972, the President outlined a comprehensive program for meeting the complex problems faced by older Americans, including recommenda-



tions for more and better housing.

Social Security, of course, puts a minimum subsistence floor under most of the elderly. But with their earning years ended, many lack the means to provide adequately for their health or their housing, and to participate or function, even in a limited way, in the life of their community.

Providing for their needs has been a growing problem,



HUD-funded units for older Americans include garden apartments as well as high-rise and low-rise projects. Some projects feature hot meals at least once a day to assure residents of a balanced diet. Where space permits, units may have individual patios for residents.



and it is still growing, as more than 1,000 people pass the elderly milestone every day.

### Need for Housing

Their housing problems are indeed severe. Over 1.6 million of them live in housing lacking basic plumbing facilities. They pay a disproportionate amount of their fixed incomes for rent or homeownership costs—thus leaving too little to support other critical needs. In recent years, moreover, their housing problems have been aggravated by the general inflation of housing costs.

In many instances, the standard housing occupied by the elderly is unsuited to the needs and conditions of later life. Elderly homeowners—comprising nearly 70 percent of all the elderly—are in fact “house poor” because property taxes and other housing costs have risen faster than incomes. Moreover, many of these homes were built for younger and larger families, and constitute a severe financial and maintenance problem for the elderly homeowner. He would like to move to smaller, appropriately-designed housing, but costs lock him into his present quarters.

Recognition of these various problems led to attempts to deal with them, and today a significant part of our housing production is being channeled to elderly needs at all income levels.

This Administration, as President Nixon reported in his March message to Congress, has worked hard to respond to the very special housing needs of older Americans. It is expected, for example, that an all-time record in producing subsidized and insured housing and nursing homes for the elderly will be achieved this year by HUD. In fiscal year 1972, nearly 66,000 units of subsidized housing for the elderly will have been funded under HUD's housing assistance programs—a figure which should rise to over 82,000 in FY'73. In addition, accommodations for over 14,000 people, mostly elderly, will have been provided in FY'72 under HUD's nursing and intermediate care facility programs—and nearly 18,000 such accommodations will be provided next year. Finally, a large number of elderly citizens will benefit from other housing funded by this year's record number of nearly 600,000 subsidized housing unit reservations. Clearly, we are making substantial progress in this important area.

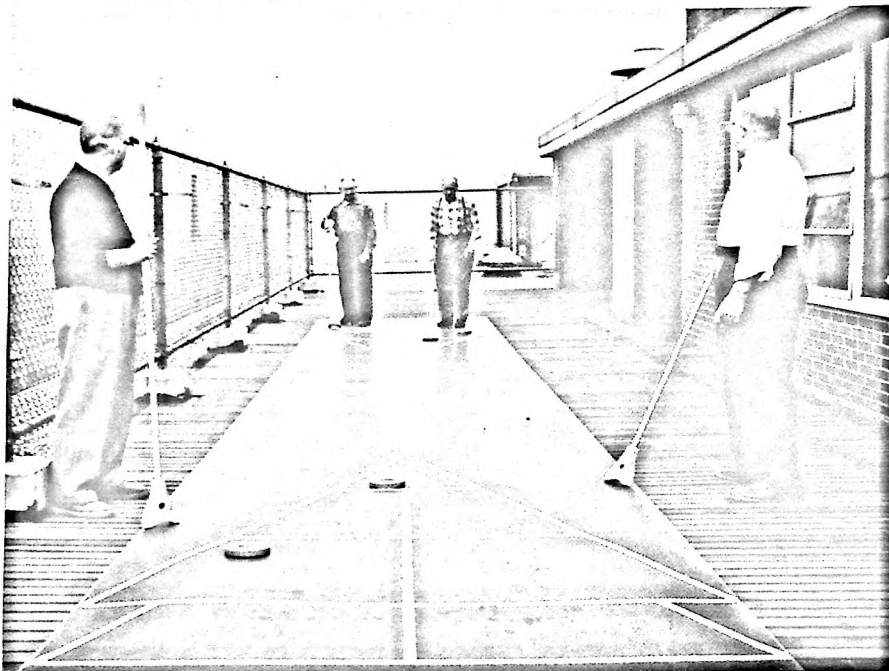
### Meeting the Need

This process toward decent housing for the elderly, while dramatic, is still far behind the need. But the stepped-up pace of current efforts and the success of the program to encourage development of a housing industry capable of volume production that will meet the Nation's total housing needs—these will certainly mean an increasing supply available to the elderly as well.

The current increased pace of development of subsidized housing for the elderly reflects the rapidly growing program of mortgage insurance with a subsidy that can bring the interest down to one percent. This broad based program—called Interest Subsidy for Rental and Cooperative Housing (Section 236)—to stimulate privately developed housing for lower income households makes possible

not only higher production levels, but lower rent levels, varied sponsorship, and greater diversity of tenant age and income. Its formula can provide housing for the elderly across the board, ranging from those who can pay full market rents to those who require the full interest rate subsidy and rent supplement help as well. In sum, its flexibility allows the Federal Government to assist people

meet elderly needs has evoked enthusiastic response by nonprofit organizations. Two-thirds of the applications to build housing under Section 236 have come from nonprofit sponsors, including civic, fraternal, church, and labor groups. They assume the responsibility of building and operating housing for the elderly as a matter of immediate social need, as well as continuing a long term



Many HUD funded elderly projects have rooms and outdoor areas set aside for games, arts and crafts, or parties. Provision for leisure-time activities is an important part of planning housing for older Americans.

within a much broader income range than previously possible.

The one percent interest possible under Section 236 is in contrast to the three percent rate required under the Senior Citizen Housing direct loan program (Section 202), which was replaced by Congress in 1968 with Section 236. In the decade from 1960 to 1970, only 43,500 units in all were started under Section 202, or an average of less than 5,000 units yearly. On the other hand, the Section 236 program has in its three-year operation authorized the start of 39,750 units—a funding rate four times greater than that achieved under Section 202.

HUD Assistant Secretary for Housing Production, Eugene Gullidge, testifying before the U.S. Special Committee on Aging in August 1971, said, "We fully expect that Section 236 will continue to be used to finance housing for the elderly at a volume much larger than that achieved under Section 202."

#### Nonprofit Sponsors

The expansion of Federal aid into the field of housing and related health facilities designed expressly to

obligation. This represents a historic example of effective cooperation between Government and private voluntary groups.

Technical and financial assistance are available to sponsors who need it to start and complete projects. Interest-free loans help nonprofit sponsors to put projects under construction. Repayment of these loans may be waived if the sponsor runs into financial straits. During the first three years of operation of this special program, geared to assist nonprofit sponsors of housing for the elderly, loans totaled \$5 million. Last year they were \$2.7 million. In FY'72, as the pace of construction under Section 236 accelerated, loans were expected to total over \$7 million.

A new grant program to assist nonprofit sponsors of housing was announced by HUD Secretary George Romney in his address last November 30 to the White House Conference on Aging. The Secretary said:

"Today I am announcing the beginning of a new program that should be of great assistance to nonprofit sponsors. Authorized by Section 106(a) of the Housing Act of 1968, this is a \$1 million grant program. Under it,

HUD will contract with experienced public or private organizations to provide a variety of technical assistance and information to inexperienced nonprofit sponsors of low- and moderate-income housing."

Thus, the knowledge of the experienced nonprofit developer will be available to others who would like to participate in providing housing that meets the needs of the elderly, and would welcome such help.

### Life Styles

The types of housing developed with Federal aid programs vary and afford a choice in both physical environment and life styles, responding to the needs of the active and not so active. Congregate housing, for example, fills the gap between complete housekeeping units and nursing homes; it combines central dining facilities with limited housekeeping in individual apartments. Dining with one's peers provides, particularly for the person alone, a focal point in the day as well as an opportunity for socializing. Lounge and community areas provide a residential atmosphere and encourage activities and programs that involve the residents. Developments are planned with safety features, such as intercoms and grab bars, and some developments provide health services, with costs reflected in the rents.

Local needs, tastes, and life styles are mirrored in the design of housing for older Americans. "We sponsors tried to figure out a place that we would like, if we were in it," said the chief organizer of a project sponsored by the United Church of Christ in one Maryland community. The result is a three-level, garden-type brick structure with small lounge areas similar to Scandinavian housing for the elderly. The building, which blends in with its suburban residential neighborhood, is located a few blocks from the community's business and shopping district.

Another project, sponsored by the Baltimore Yearly Meeting of Friends, is in a rural location outside the suburban fringe. Since space was available, the entire structure was built on one level and each unit has its own outdoor patio-garden area. A common dining area doubles as a community room for large gatherings. A library circulates books from the local public library. Gaily furnished smaller lounge areas for residents are located at the ends of the four wings that make up the housing development.

Another retirement home, sponsored by the Washington Diocese of the Protestant Episcopal Church, is in the heart of the District of Columbia. It is a six-story building accommodating 200 residents. Each apartment has a pullman kitchen, but food service supplied by a catering service is also available in a central dining room.

High-rise housing is characteristic of the crowded urban centers. In Reading, Pa., Episcopal House, sponsored by the Episcopal Church, is 15 stories high. The Reading, Pa., Housing Authority's Dwight D. Eisenhower Apartments, has 14 stories, as does the St. Paul, Minn., high-rise for older Americans built by the Housing and Redevelopment Authority. New York City's 17-story Isabella House, sponsored by the nonprofit organization called Isabella founded in 1875 to care for aged Germans,

is described as "a new adventure in living for older people." The 14-story Hillcrest Hampton House, nearing completion in Orlando, Fla., has 156 apartments to accommodate 250 occupants. Its sponsor is the Florida Conference Association of Seventh Day Adventists.

In contrast to high-rise buildings, is Santa Venetia Oaks in Marin County, Calif., which is composed of low, balconied, wood-shingled structures in a wooded setting that creates an environment close to nature for its elderly residents. It won a HUD 1970 Award for Design Excellence.

A Section 236 project in Centerline, Mich., sponsored by the Jack Dunn Foundation, has 108 units in a single wood frame, brick veneer building that combines one- and two-story sections. The latter is equipped with elevators. All units have kitchens. A lounge, multi-purpose room, and areas for arts and crafts are included.

Another Section 236 project is the 100-unit West Hartford Fellowship in Hartford, Conn., sponsored by the nonprofit Greater Hartford Housing Fund. It consists of 13 one- and two-story buildings, 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.

A 28-unit development for the elderly in Mill Valley, Calif., was also cited for the excellence of its design by the judges of the HUD 1970 Awards for Design Excellence.

### Index of Deep Feeling

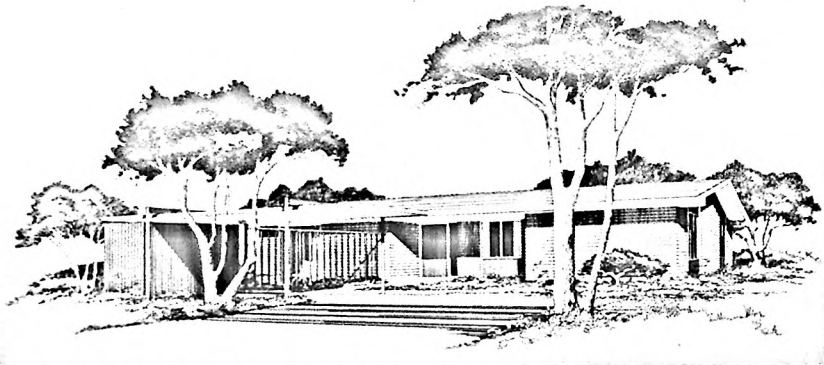
"You've given us what we thought we had lost and would never have again—a future," a 73-year-old woman said on moving into her new home in a project for the elderly.

Comments of other beneficiaries of the Federal aid that makes decent housing possible for older Americans, have been just as heartfelt: "This is a wonderful place," says a resident of Friends House in Sandy Spring, Md. Another resident says, "I love my home here because it's mine." And a third enthused: "We love it."

These comments are an index of the deep feeling of men and women who have contributed lifetimes of productivity to the growth of the American economy—only to be told in their retirement years that they are unwanted and no longer have anything to contribute. The comments appear exaggerated in view of the modesty of the housing. But they reflect the psychologist's explanation that a decent home removes much of the fear of growing old. For the elderly, a decent home means community and independence combined with dignity. It does away with isolation and provides older people the support of being together with their peers.

The experience indicates that the lowest income elderly can be provided with decent housing through the public housing program. For the lower and middle income groups, however, the Section 236 formula has proven most successful. With its encouragement to broader organizational and financial participation, and the ability to provide a broader range of housing for the elderly with inadequate income, the program holds out the greatest promise for improving the quality of life for older Americans in the future. ☺

# Using Modules: Military Housing



In the military, good housing is recognized as one way of attracting high quality personnel into career military service. Yet a highly transient population complicates the problem of providing attractive housing that is economical to produce.

The military needed to develop housing with lower construction and maintenance costs than traditionally used. Searching for alternatives, the Department of Defense found a solution in modular housing. The pilot program, a \$5.4 million joint contract with General Electric Company and Del E. Webb Corporation for 200 modular homes at George Air Force Base in Victorville, Calif., has proved so successful that the Air Force has contracted for 250 more units at Norton Air Force Base in San Bernadino, Calif.

G.E., built a prototype housing factory as part of the project in

In modular construction the Department of Defense found a solution to its need for housing with low construction and maintenance costs. The homes are manufactured in a nearby plant and shipped to the bases for assembly. Lessons learned in the first project have been applied in the second military housing program.

Apple Valley, Calif., 18 miles from George AFB. The factory has been producing on a continuous schedule for other projects since George was completed. It is also producing the housing for Norton, more than 50 miles away.

## Closed Modules

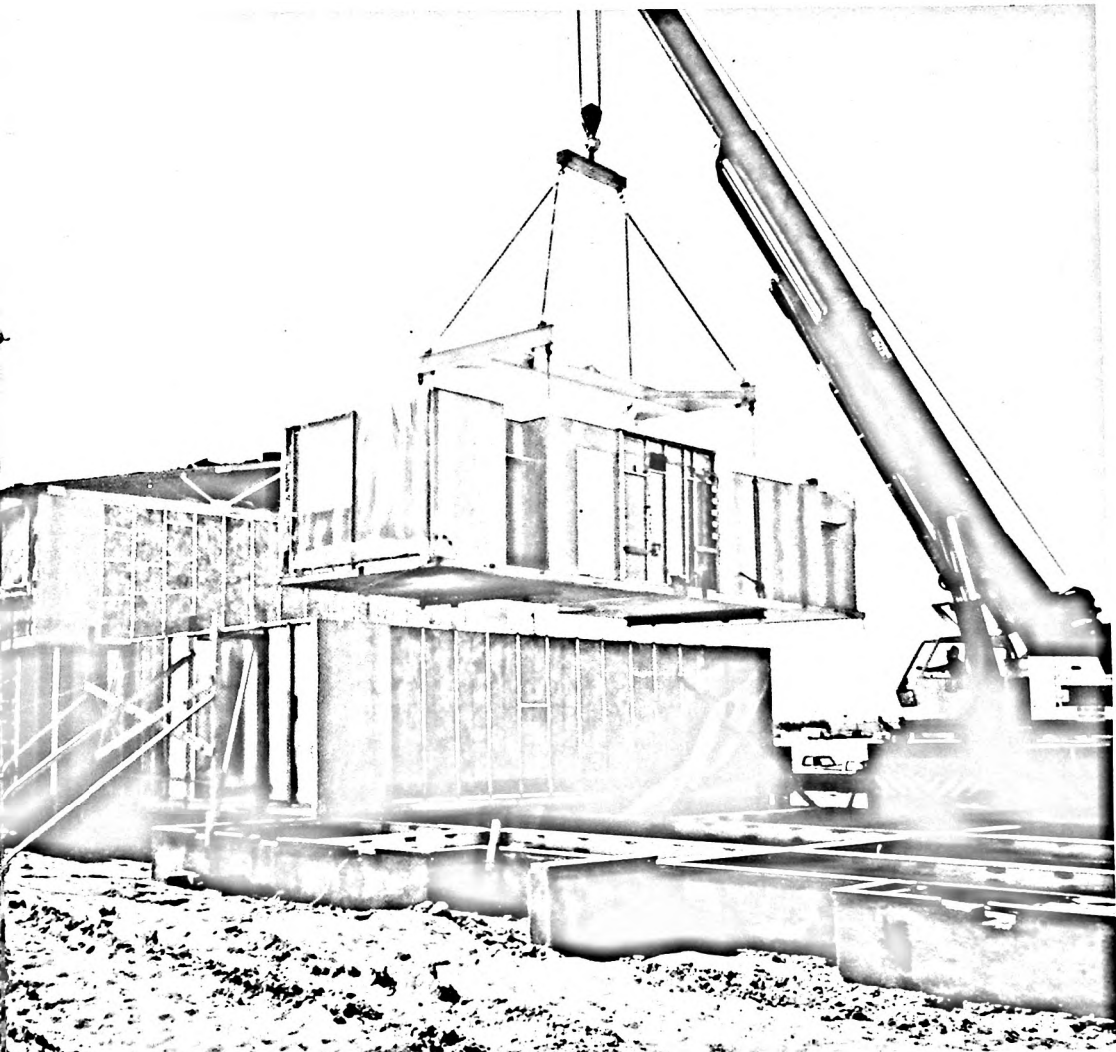
Incorporating the lessons of the first project, the second run is made up of closed, rather than open, modules. Closed modules have the

advantage of keeping adverse weather conditions from affecting assembly time. In addition, these units are relocatable—they can be dismantled, shipped as a closed box, and reassembled at another location.

The homes for Norton are expected to be completed this month, about 11 months ahead of the target date.

Under the pilot program, which included building the factory, the average unit cost including site devel-





opment and landscaping, was \$23,360. These first homes at George AFB are attractive, economical, comfortable units. The 37-acre site contains 16 two-bedroom duplex units, 90 three-bedroom units, and 90 four-bedroom units in two-story townhouses, and four single-family four-bedroom houses. Different combinations of units with various exterior finishes and setback arrangements are clustered around a series of cul-de-sacs along a wide central drive. The

clusters are arranged to conceal driveways and carports.

#### Successful Production Rate

Among the construction features that have proved most successful are the one-piece cast plaster wall and ceiling systems and the steel wall framing that has adapted well to speedy manufacturing and quick field assembly.

The housing factory at Apple Valley became fully operational two-

and-a-half months from time of start up. After prototype units were approved, the project was completed in about seven months. Peak factory production was 11 houses per week with a maximum weekly erection rate of 15 houses. Air Force families started moving in the George AFB homes last September.

Because of its success, the factory may serve its original objective as a facility for full scale production of future military housing. ©

# Housing Allowances a New Way to House the Poor

By Malcolm E. Peabody, Jr.

*Malcolm E. Peabody, Jr., HUD's Deputy Assistant Secretary for Equal Opportunity, pioneered the Housing Allowance program at HUD and organized the demonstration in Kansas City with the cooperation of Irving P. Margulies, HUD Associate General Counsel and Otto Hetzel, then counsel for the HUD Model Cities program, which financed the demonstration. Others who played important roles in the demonstration's launching are Robert Baida, HUD Regional Administrator in San Francisco and Donald Patch and Warren H. Butler of the Community Development staff in Washington.*



Is there a way to house the poor in decent housing without concentrating social problems and without paying an arm and a leg?

The taxpayer's cost of over \$200 a month to subsidize rents of average new public housing units plus mounting difficulties of housing inner city residents via the subsidized housing programs are leading HUD to try other approaches.

Now being tried out in the Kansas City metropolitan area is a program of housing allowances the initial results of which are very encouraging. The families that participated in the program are located in good neighborhoods; the average monthly rent of \$20 paid out of their own funds is about a third of the cost to the tenant in public housing; and the cost to the taxpayer is about 40 percent less than the annual cost for newly constructed public housing.

## What are Housing Allowances?

Housing Allowances provide monthly cash payments to needy families who find and rent decent housing units on the private market. It's a simple concept but so far it seems to work. It differs basically from most other federally assisted programs in that assistance is delivered in cash rather than in kind.

Present housing programs tie subsidies to the units and families must move into these units to gain the benefits. Direct assistance in cash to families has several advantages over an in-kind program. For one thing, it is much more flexible. The Government is not committed to subsidize a unit for 40 years though the condition or location of the unit may render it unusable. For example, the Pruitt-Igoe project in St. Louis has been partially demolished in a demonstration of controlled explosives.

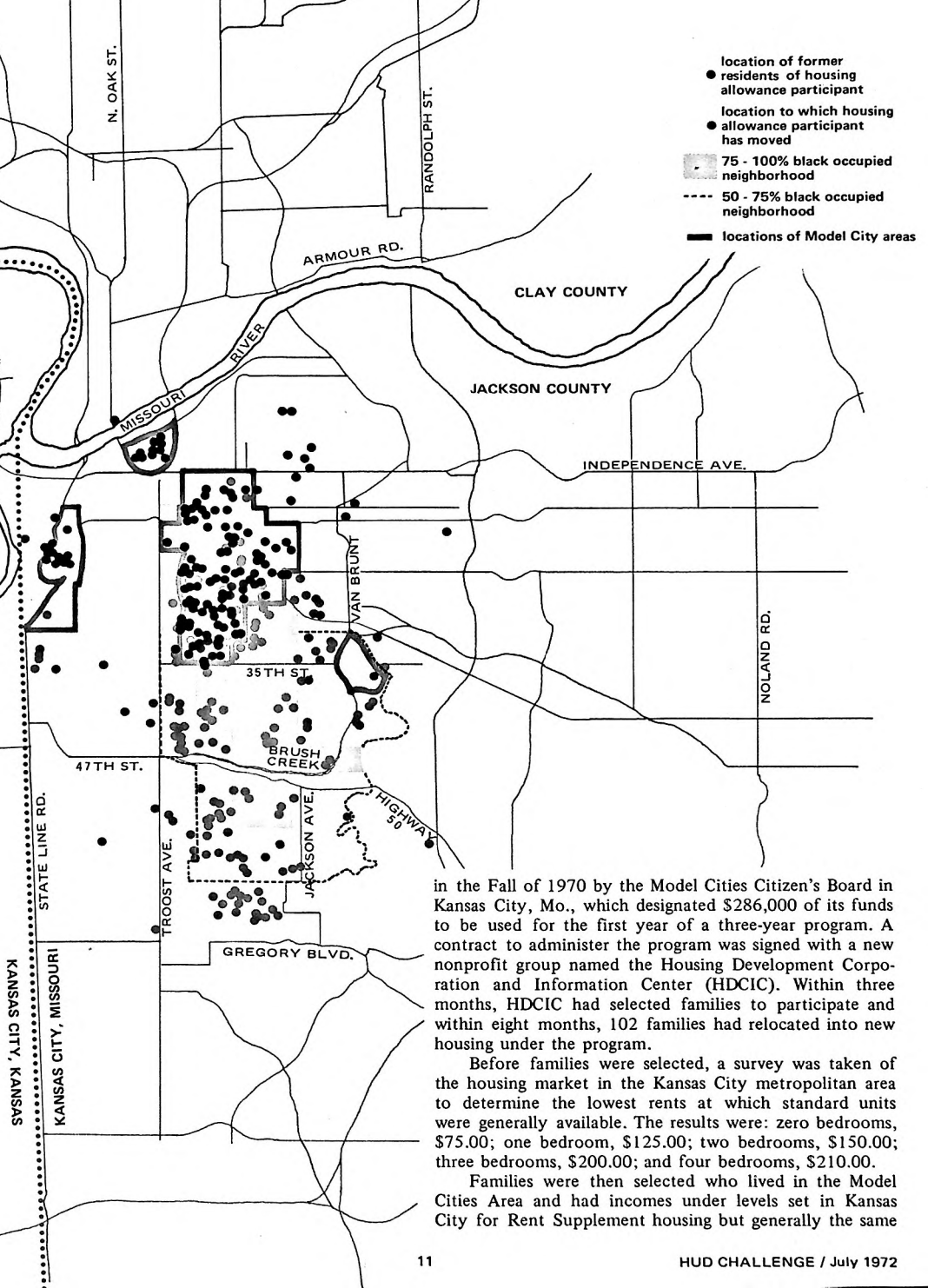
Our present housing programs, servicing the inner city poor, have run into increasing social and financial problems. Their concentration of problem families in projects has often created new, sometimes greater, community problems. In addition, rapid deterioration from vandalism, poor construction, and poor management have combined with inflation to put several housing projects into the red. As a result, HUD must now give them substantial additional subsidies to keep them going and to keep their rents low. Moreover, it's tougher and tougher to find decent locations for new projects without arousing angry citizen protests which can stall or frustrate development. This is particularly true in larger cities where the need for low rent housing is greatest but where our statistics show that the rate of public housing construction is declining rapidly. For all these reasons, the housing allowance concept is being considered as an alternative to present programs.

Under the program families can be assisted whether or not their community has a public housing program. Administration is simpler since there are fewer middlemen through which funds flow and since the private market provides the housing services on a competitive basis, it reduces the need for regulation.

However, it should be emphasized that housing allowances do not reduce the need for new construction. Without an increasing supply of housing rents will be driven up, particularly in tight markets, so Government support for new construction will continue.

## How it Started

The Housing Allowances demonstration was launched with the support of HUD Assistant Secretary Floyd Hyde and Under Secretary Richard Van Dusen. It was adopted



in the Fall of 1970 by the Model Cities Citizen's Board in Kansas City, Mo., which designated \$286,000 of its funds to be used for the first year of a three-year program. A contract to administer the program was signed with a new nonprofit group named the Housing Development Corporation and Information Center (HDCIC). Within three months, HDCIC had selected families to participate and within eight months, 102 families had relocated into new housing under the program.

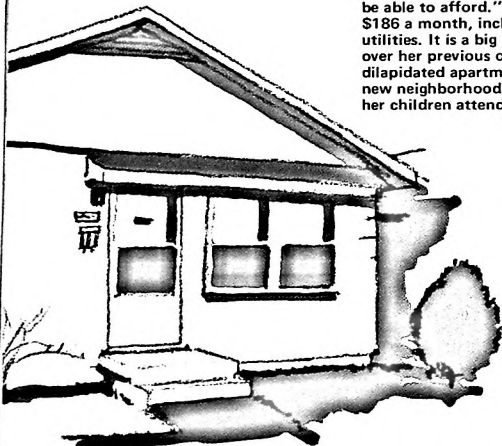
Before families were selected, a survey was taken of the housing market in the Kansas City metropolitan area to determine the lowest rents at which standard units were generally available. The results were: zero bedrooms, \$75.00; one bedroom, \$125.00; two bedrooms, \$150.00; three bedrooms, \$200.00; and four bedrooms, \$210.00.

Families were then selected who lived in the Model Cities Area and had incomes under levels set in Kansas City for Rent Supplement housing but generally the same

income levels as for public housing. First priority was given to families living in substandard units or in public housing. Families had to move from present units to receive allowances. Seventy-one families were selected.

Mrs. Louise Garrett, age 27, attests to the program's value. She is typical of those who received allowances: A welfare mother with four children and an income of \$150.00 per month, she was having a tough time surviving. Her children were hungry, her bills unpaid and she herself was recovering from an auto accident. But... "one night while I was drowning in my tears, I heard the announcement over the radio about this program that pays your rent, but I didn't believe it. I just forgot about it. A week or so later my neighbors started telling me about this same program. So we both went and applied together." When she was selected, Mrs. Garrett was astonished. "This is the type of thing you read about happening to others but I never imagined it would happen to

Mrs. Louise Garrett says, "The neighborhood and the house exceeded my highest expectations of what I thought I would ever be able to afford." The rent is \$186 a month, including all utilities. It is a big improvement over her previous one bedroom dilapidated apartment and her new neighborhood and school her children attend is a lot nicer.



have to pay only \$25.00 out of their own funds for rent. The allowance would remain at \$125.00. This gives families an incentive to find the bargains, but also allows them to choose higher quality housing if they are willing to pay more out their own pockets. If, on the other hand, they found an apartment for \$100.00 the allowance would drop to \$100.00.

Units were inspected prior to move-ins to assure that they met city code standards. Beneficiaries were required to show proof of the rents paid in the new units.

A short orientation course helped families to learn (1) that they could search anywhere in the metropolitan area for housing; (2) that they must rent standard housing; (3) how to recognize standard housing; (4) how to find listings; and (5) how to deal with landlords.

Between 30 to 60 days was allowed for the families to locate new accommodations. After they located a unit of their own choice, they notified the HDCIC to inspect it. The HDCIC then provided the family funds to cover rental deposits and moving expenses, and the family moved into their new home. If they became dissatisfied with their new accommodations, beneficiaries could move and take their subsidy with them, but the cost of the move would be deducted from their total subsidy. If another move was made the HDCIC had to be notified and the second units inspected before the move was made.

Most of the 102 persons who headed the first families selected were black (85%), female (79%), and on social welfare (75%); 70% were unemployed and their average annual income was under \$3,000. Their average age was 32 years old and they had families of three to four children. In short, these were the families ordinarily judged toughest to house and the ones often excluded from public housing programs. The average housing allowance payment was about \$120.00 per month. Families selected later had incomes closer to the limits listed above, which resulted in the lowering of the average payment to \$105.00 per month.

me." Within 60 days, Mrs. Garrett had found a three-bedroom house in the southeastern part of the city.

Allowance amounts were determined by deducting what the family could afford in rent (25% of their income, adjusted to family size) from the cost necessary to rent a suitably sized, standard apartment. For example, if a family needed a three-bedroom apartment (standard cost \$200.00) and had income after adjustments of \$300.00 a month, they would be entitled to an allowance of \$125.00 (25% x \$300.00 = \$75.00, \$200.00-\$75.00 = \$125.00). If families found apartments at less than the set amounts, they could keep the difference as long as the rent equaled or exceeded the allowance amount. For instance, using the above figures, if the family with the \$125.00 allowance found an apartment for \$150.00 instead of \$200.00, they would

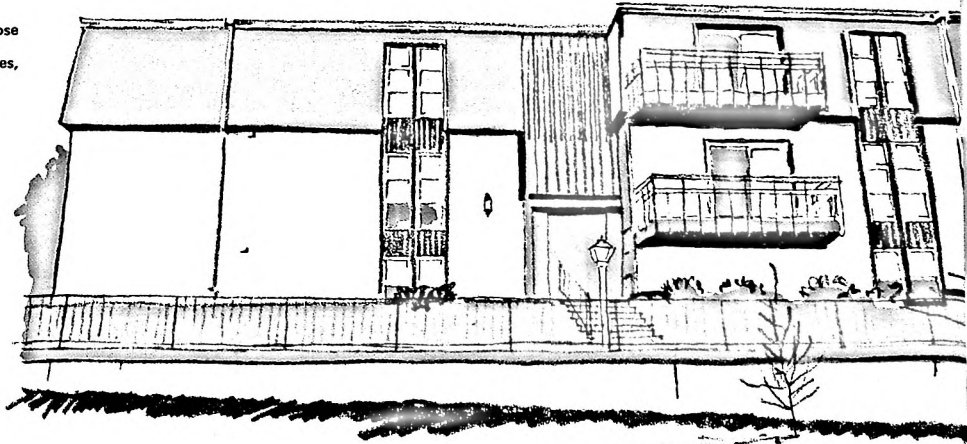


Mary and Jim Robinson, by checking with various real estate companies and watching the papers daily, located the house of their choice immediately—a four bedroom house which could hold their six children. It is a spacious, well maintained house in an integrated neighborhood.

Armed with their prospective allowances, most of the families found housing within the 30 to 60 days allowed. For others it wasn't as easy, but they too managed to find housing promptly. Many had difficulty getting transportation to see available units; others couldn't find enough listings and when they did, had trouble finding housing which could pass inspection. The experience pointed up a need for additional help in the future, particularly in transportation and counseling.

Some trouble was experienced with landlords. Some refused to rent to families with children or to persons on welfare. Some practiced outright racial discrimination.

Although many families chose to rent single family homes with their housing allowances, apartments were rented by some of the participants.



The great majority, however, did not. Three out of four landlords were willing to decorate and make minor repairs to pass inspection and persuade tenants to move in. Six out of ten continued to make prompt repairs afterwards. Slow repair service was reported by 30% of the participants but only 8% reported that their landlords refused to make repairs or ignored their requests.

Tenants were so successful in finding rents below the standard rents, that the average rental paid by participants from their own funds was \$18.96. Many, in fact, found housing at the allowance rates and thus paid no rent out of their own funds.

#### What the Demonstration Showed

The results indicated a number of important things. First, that the standard rentals were set higher than proved necessary. Second, that given a choice, most lower income families will opt for paying less rent even if they can afford to pay for something better.

Where families moved is also fascinating. The map in the inset shows the Model Cities Area from whence all participants came and the dots where they all located. As can be seen, an overwhelming number moved out of the Model Cities Area and most of them into areas considered middle and lower middle income. Most minority families remained within the minority community and of 18 families who moved to white areas, seven were black and one was Latin American.

The pattern seems to show that when decent housing is available in neighborhoods within their own ethnic community, poor minority families are less likely to move outside. Peter Gomez illustrates this point. He was reluctant to leave the Spanish community in Kansas City but had difficulty finding decent housing within it, so he chose a home in the southwestern part of the city near his job. He and his family had some adjustment problems, but now prefer their new community to the one that they left. How many more families would follow Mr. Gomez' example if additional counseling and transporta-



tion assistance were available or if families had been selected from a higher income level, is difficult to say without further experimentation. Many of the minority families who did move outside, received counseling and other assistance from private fair housing groups.

Nine out of the ten people interviewed felt that the allowance program was preferable to public housing. They were pleased with the freedom to choose their own home. They mentioned frequently the pleasure of privacy, peace, and quiet of their larger house in less crowded neighborhoods and the feeling of pride they got from living there.

The children were not interviewed, but they seemed to be thriving in their new communities. Said Mrs. James Robinson, "My children and the neighborhood children play together, eat together, and, of course, occasionally fight. The new environment has had such a positive influence that I notice it more and more each day, even in such things as their table manners. I don't worry about them as I used to; since they have become active in church clubs, Boy Scouts, Little League baseball, it leaves them little time to get into trouble," and, she noted, "even I have changed."

In general, tenants' satisfaction was clear. But there are some continuing problems. Many participants find transportation cost higher in their new neighborhoods, and this has limited their visits to other parts of the community. About a third still have problems with landlords.

About half of the participants hope to stay in their new homes even after their allowances run out in two years. Taking advantage of their lower rent outlays, the Robinsons are putting money aside and hope to buy their present house with a GI loan. Mrs. Robinson is hoping to get a job in a day care center. Both Mrs. Gomez and Mrs. Garrett are also determined to stay. They are enrolled with a number of other allowance participants in a training program to become licensed practical nurses and will seek full-time employment when their children are all in school. They don't intend to slip back into their

Almost without exception, allowance recipients are pleased with their new homes and neighborhoods, particularly the extra spaciousness and dependable heat. The Peter Gomez family moved to a three-bedroom house. He now recalls, "Our house was always cold in winter and believe me, with a wife and four children in one bedroom, I know what sardines must feel like."

previous hopeless and helpless way of living, or as Mrs. Garrett put it, "not if I can help it."

Despite the initial success of the Kansas City Program, a number of questions have yet to be answered before housing allowances can be instituted on a nationwide basis. Kansas City has a relatively high vacancy rate—6.2 percent in the metropolitan area and higher within the city—which makes mobility possible. Can a full scale housing allowance program be used in tighter markets without driving rents up and if so, to what extent? Should housing allowances be used to subsidize people who already live in standard housing and who wish to remain there but are paying more than 25% of their income to do so? What would happen if better counseling and supportive services were available... and how much would it cost? Can the housing allowances be used in a home purchase plan? And what effect would allowances have on abandonment? And finally, through what local institution should housing allowances be delivered: local housing authorities, State housing authorities, nonprofit agencies, or a combination of all three?

To answer some of these questions, a much larger experiment is planned this year in a number of cities around the United States. ☞

## Marshalling Support For EO:

# Ways To Celebrate The Fourth

**RIGHT**—Special events for the Indian and Spanish-speaking communities included dedication of a \$2.5 million, 13-story elderly housing development in Denver, built by a Mexican-American contractor and workforce and sponsored by the Mexican-American Good Americans Organization.

**BELOW**—The Fair Housing Poster was developed for display in rental and real estate offices and by developers.



Every year since the passage of the Civil Rights Act of 1968, HUD has observed the anniversary of the equal housing opportunity mandate with commemorative events. The fourth anniversary of this Fair Housing Law was no exception. Varied events involving the Federal and private sectors were designed to arouse individuals and groups to cooperative undertakings concerning shared equal housing goals.

### HUD Activity

HUD events during April included an appeal by Secretary Romney for support of the law in letters to other Federal department and agency heads, in memoranda to HUD Regional Administrators and Area Office Directors, and in telegrams to the country's 50 Governors and to civil rights and key housing industry organizations and affiliated groups.

Television spots calling for public support of the law and special news clips were distributed to radio and television stations across the country to supplement personal appearances by HUD officials.

### Public and Private Support

Samuel J. Simmons, HUD Assistant Secretary for Equal Opportunity, whose office spearheaded the month-long anniversary program, urged private organizations to:

- adopt organizational statements supporting equal housing opportunity and giving such statements wide publicity;
- support local "Fair Share" plans to increase housing opportunity for low- and moderate-income people;
- work for passage of State and local fair housing laws or strengthening existing laws;
- publicize the endorsement of fair housing by prominent local figures.

Both private and public agencies and organizations supported the anni-



## We Do Business in Accordance With the Federal Fair Housing Law

(Title VIII of the Civil Rights Act of 1968)

### IT IS ILLEGAL TO DISCRIMINATE AGAINST ANY PERSON BECAUSE OF RACE, COLOR, RELIGION, OR NATIONAL ORIGIN

- In the sale or rental of housing or residential lots
- In advertising the sale or rental of housing
- In the financing of housing
- In the provision of real estate brokerage services

Blockbusting is also illegal

Anyone who feels he has been discriminated against should send a complaint to:

U.S. Department of Housing and Urban Development  
Assistant Secretary for Equal Opportunity  
Washington, D.C. 20410

versary. The Post Office placed housing posters in 10, 200 first class post offices. The Washington, D.C., *Evening Star* forwarded fair housing posters to 2,000 of its advertisers. The League of Women Voters distributed 2,000 copies of Mr. Simmons's commemorative speech and posters to leadership within the League.

Several mayors and Governors issued proclamations or official statements supporting equal housing opportunity and/or declaring April "Fair Housing Month". Among them were the Governors of Minnesota, Connecticut, Wisconsin, and Alaska and the mayors of Indianapolis and South Bend, Ind., and Canton, Ohio.

The Smithsonian Institution placed HUD fair housing materials in its national collection of documents on the American political scene.

A thirty-minute tape on which Mr. Simmons and Donald Miller, Deputy Assistant Secretary of Defense for Equal Opportunity, candidly discussed their Departments' approaches to the problems of discrimination in housing. The program was carried on Armed Forces radio and television broadcasts throughout the world.

The Veterans Administration urged all veterans service groups to commemorate the fourth anniversary and noted VA actions over the past years, including VA's collection of racial data on all of its housing programs and the creation in selected field offices of an experimental counseling program to help veterans select housing. The VA is also developing affirmative marketing requirements intended to parallel HUD's Affirmative Fair Housing Regulations.

In addition to these special anniversary activities, over 20 departments and agencies responded to a request by Secretary Romney to designate officials to work with HUD on a Federal affirmative action program to advance equal housing opportunities. The Fair Housing Law requires that all executive agencies administer their programs and activities relating to housing and urban development in a manner that will further fair housing practices throughout the Nation. ☞



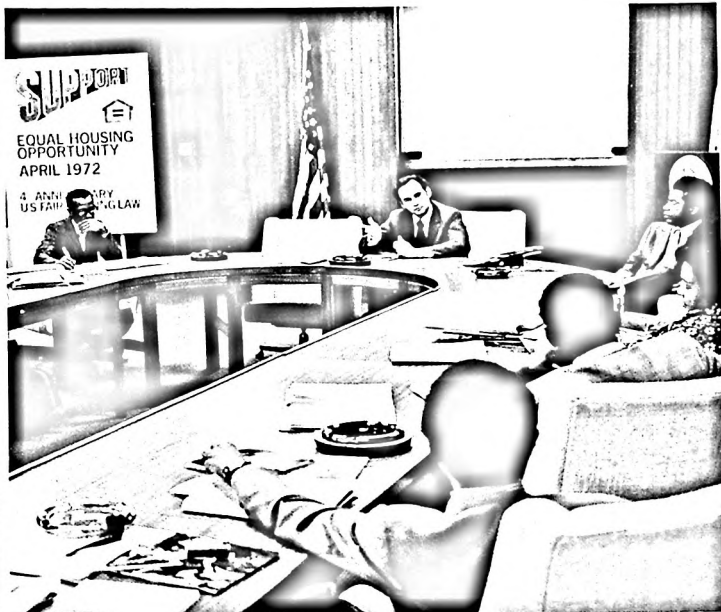
Equal Housing Opportunity is highlighted in this eye-catching exhibit at the Wash., D.C., HUD Headquarters. The illuminated display spotlights court decisions, legislative action, and historic statements on fair housing in the United States. Studying the exhibit are HUD employees, from left to right, Diann Stanley, Delorah Arnold, and Elva Castillo.







Mr. Simmons, (left) briefs leaders of the National Association of Real Estate Brokers and the National Association of Real Estate Boards during the April observance of the Fourth Anniversary of the Fair Housing Law. The all-day meeting ended with the traditionally unaligned groups expressing interest in closer working relationships and professing strong support for the elimination of artificial barriers to equal housing opportunity.



CENTER—Mr. Simmons meets with winners of the first annual "Fair Housing Essay and Poster Contest" sponsored by the HUD Denver Regional Office and the Colorado State Board of Education. The winners, seated clockwise, are Wendy Bryce, 13; John Wisotski, 14; Carol Cook, 12; Deanna Kay Saucedo, 13; and Amy Guy, 13. The winners received an all-expense paid trip to Wash., D.C., which included meetings with HUD officials, a tour of the White House, and other Washington landmarks. There were also meetings with Colorado members of the Congress.

ABOVE—HUD Assistant Secretary for Research and Technology, Harold B. Finger, conducts briefing for minority media representatives. The briefing highlighted efforts to increase the housing options of minorities in all the programs of the Department. Some of the largest minority newspapers were represented at the all day activity commemorating the fourth anniversary of the Fair Housing Law.



LEFT—Another significant gathering was made up of diplomats from 32 embassies who were invited to hear Mr. Romney discuss HUD programs dealing with the problems of housing for the minorities of this country, whose social and economic plight in many ways parallel those of minorities in other parts of the world.

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# editor's notebook

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GNMA has revised its Special Assistance Program to provide an increased opportunity for private investors to purchase FHA mortgages from GNMA under the Tandem Plan. The new procedures became effective June 5, 1972. GNMA President Woodward Kingman called this revision "an important step in broadening participation of the private sector in the permanent financing of low-income housing. Furthermore, this additional source of funds for such housing will effectively supplement the financing provided by FNMA, which until now has been by far the largest permanent investor in these mortgages."

Housing Production and Mortgage Credit has insured a \$2.3 million mortgage for a 100-bed, Section 232 medical center in Tulsa, Oklahoma. The Hillcrest Medical Center is unique in that it is specially designed to help patients suffering from physical disabilities associated with strokes, amputations, spinal injuries, and central nervous system ailments, and other debilitating afflictions. The facility features the most modern equipment and techniques for such patients.

A study on crime in the parks, recently released by HUD, revealed that of some 7,800 crimes reported in 20 study area parks and the neighborhood areas around them, 2,600 occurred in the streets of those areas, and just over 1%, or 108 crimes occurred in the parks. Further, eight of the parks had no violent crimes; three had only a single offense each. The study covered 64 parks, four of them in each of 16 cities throughout the country.

In the West Virginia flood disaster area, 587 trailers are in place; 535 are occupied; 31 more were on order as of May. *HUD Challenge* thanks the American Red Cross for providing many of the photographs used in the May article on the disaster.

HUD has prescribed procedures for identifying and treating existing lead-based paint poisoning hazards in low-rent public housing and HUD-owned properties. HUD's policy places priority on detection and treatment or removal of lead-based paint health hazards in older residential structures. All dwelling units built in, or before, 1950 are to be inspected for existing lead-based paint health hazards. Any identified hazard, in the form of cracking, scaling, peeling or loose lead-based paint, is to be eliminated.

A total of 888 communities out of 918 participating in the HUD flood insurance program in 1971 submitted local land use and control measures by the statutory deadline of December 31, 1971. In 1972, 226 more communities were admitted to the program by adopting

similar ordinances. A total of 1,144 counties and municipalities in 50 States plus Puerto Rico are now eligible for flood insurance. To meet Federal requirements, the ordinances must limit or control future construction within their flood plains.

Scientists at Stanford Research Institute studying carbon monoxide concentration in street "canyons," report that apartment dwellers on one side of a city street may breathe twice as much carbon monoxide as their neighbors across the street. Additionally, tenants of lower floors are subjected to higher concentrations of carbon monoxide than those on upper floors.

Loans totaling \$647,476 were made to 10 rural low-income housing development organizations by the Housing Assistance Council (HAC). The loans are the first to be made by the Washington-based national organization funded last year by the Office of Economic Opportunity to improve the delivery of low-income housing to the poor in rural areas.

The current housing boom is feeding, in part, on urban decay. Demand is soaring in many outlying suburbs so that even boom-level construction rates can't keep up, while in the central cities housing is being abandoned. These are findings of Advance Mortgage Corporation's current survey of "U.S. Housing Markets" which compares housing trends in 20 major markets.

The National Corporation for Housing Partnerships provided assistance for construction of 14,500 housing units for low-income families during 1971—the first full year of operation for the Partnership. This may be the largest assistance for low-income housing production during 1971 by an organization such as NCHP offering development and financial services.

A pilot program designed to seek out public housing tenants interested in becoming homeowners is underway in Dade County, Fla. The program will counsel tenants in how to obtain private housing in one of the HUD-FHA assisted programs. The undertaking is part of HUD's commitment to provide upward mobility for tenants, wherever possible. If the response from tenants warrants, the program will be expanded and made permanent.

John R. McDowell was appointed Deputy Administrator of the Office of Interstate Land Sales Registration. Prior to this appointment he served as Deputy Director of the HUD Office of Budget.

# Satisfying Tenants & Management

The city of Springfield, Mass., is proving that an effective solution to a very serious housing crisis can satisfy both tenants and management, HUD and the community.

Two years ago after a survey of tenants in the City's Riverview Homes public housing project, the community rallied to actively work to correct housing problems. The survey showed that an overwhelming majority of the tenants favored a 10-point plan designed to ease overcrowded conditions, stem rapid deterioration and vandalism, and reduce the turnover and vacancy rates in the seven-year-old complex.

Riverview Homes consisted of 388 dwellings in two garden apartment structures and five eight-story elevator buildings. The survey indicated that the 80 garden apartments met the needs of their occupants, having been "consistently and fully occupied." But the multistory buildings told a different story. Conditions were described as intolerable for the families living in them and for the community.

Approximately 80 units, or 26 percent, of the high-rise dwellings were vacant; while 66, or 21 percent, were occupied by families that were too large for the unit. Occupancy in one high-rise building averaged seven children to every adult.

The plan called for relocating most of the tenants of the five high-rise buildings, especially families with three or more children. In November 1969, the Riverview Study Committee reported that "there can be no alternative to relocating the 78 large families" living in the project.

## Example of Problem Housing

Riverview was deplored in speeches and highlighted in studies. In 1969 the Riverview Study Committee reported:

*"In addition to the physical design of the buildings, it is now recognized as a proven error to concentrate or 'colonize' large numbers of low-income families in highly visible, identifiable 'projects.' Both the prof-*

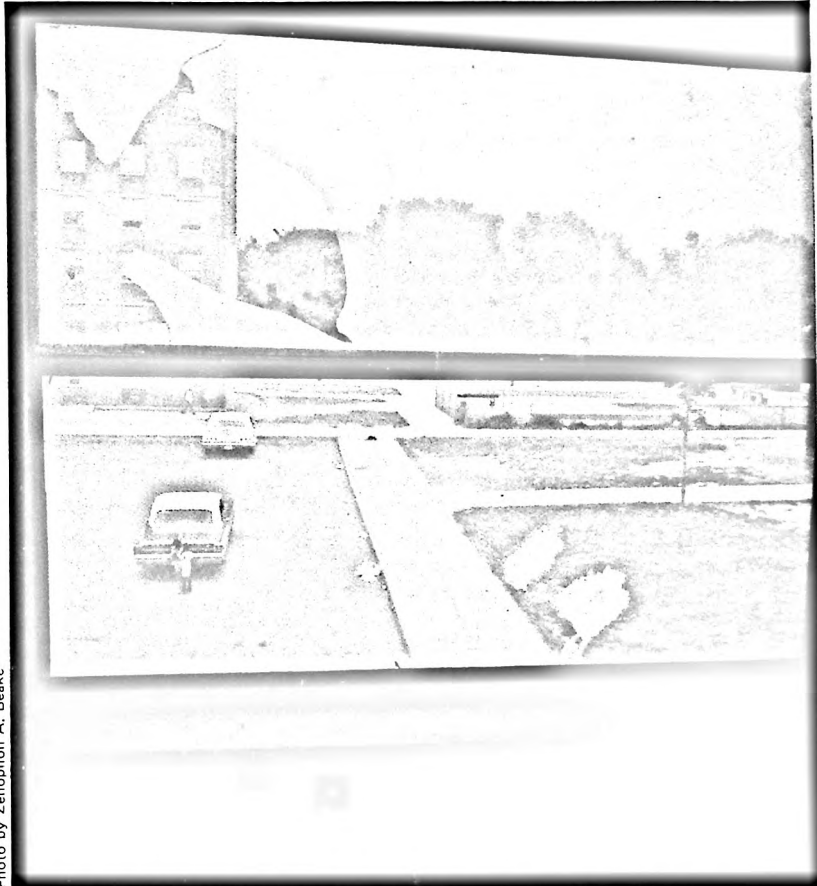


Photo by Zenophon A. Beake

*ect and occupants become victims of a stigma in the eyes of the public and ultimately in their own eyes. This system leads to a loss of self-respect and, therefore, a lack of concern for the surrounding premises. . . ."*

The plan, which evolved after six years of intensive study, immediately won widespread local approval and, more importantly, the endorsement of an overwhelming majority of the families directly affected by its proposals. The plan strongly urged the city to reduce the concentration of large low-income families and children in the Riverview units, and

Before the renovation and conversion of Riverview, vacant apartments and vandalism were rampant.

make the project a mix of heterogeneous racial, economic, and ethnic groups.

It included several alternatives for action, which were considered bold and innovative, but feasible approaches to solving problems that threatened a complete phaseout of the project.

#### Tenant Survey

Two Riverview residents who helped in the Springfield Redevelopment Authority site office were Mrs. Jean Edwards and Mrs. Irma Rivera. They both interviewed residents for the relocation survey.

Mrs. Rivera says she was excited about the Riverview conversion plan and her part in it. "I'm glad to be able to do this job," she said. "It's a good program and Riverview surely needs it." Mrs. Rivera also noted that Riverview residents were eager to give information for the survey. "Almost without exception," she said, "the tenants were happy about changes brought about by the conversion and were more than willing to help out."

"One resident told me," Mrs. Edwards said, "when the time comes for me to move, I'll be happy." She also discovered that most Riverview tenants wanted to remain in the surrounding Brightwood area and become a part of the growing and improving neighborhood.

A rehousing plan was developed for each family that ultimately became part of the relocation guidelines. Data on each family covered such items as the type of housing preferred, size, location, and choice of time for the move.

#### Conversion Nearly Completed

Out of the tenant survey, the Committee's analyses, and outside consultant help came plans to reserve two of the high-rise buildings for small families and to set aside two buildings for elderly occupancy. As part of the plan, a marketability study is currently underway to determine the most advantageous use of the fifth building.



Photo by Zenophon A. Beake

Social services at the Riverview Homes complex are already being expanded using ground floor facilities in the high-rises. Serious consideration is being given to providing ground floor dining facilities, a drug store, and other services of special importance to elderly tenants.

Health and medical services offered at the Riverview Homes complex are now reportedly among the best in Massachusetts. Families relocated to other housing throughout the city are receiving follow-up services from as many as 13 public and private agencies.



Photo by Zenophon A. Beake



1. Prior to the current renovation program and the relocation of large families in better suited housing, the project was in constant disrepair.

2. Inside, vandals had dismantled everything possible.

3. This building was completely rehabilitated with new paneling in some units, remodeled bathrooms, stainless steel sinks with formica counter tops, new stoves, refrigerators, and windows.

4. Today, Mrs. Fannie Manner, who works as a health aid in the clinic on the project grounds, can admire her renovated kitchen.

5. A door wired open indicates work still left to be done and the continuing cooperation needed between tenants and management.

New security measures are in effect at the project. Tenants were hired to promote safe conditions and to stem vandalism.

By March 1972, 160 Riverview Homes families had been relocated to other housing throughout the city. The child/adult ratio in one Riverview high-rise is now one child to every adult; in other buildings it is three to one. Actual relocation began in September 1970. Conversion is expected to be completed by late this summer or early fall.

Most of the relocated families are living in newer public housing proj-

ects. Thirteen large families are living in HUD leased housing (Section 23) with five and six bedrooms. Seven families still at Riverview are preparing to move into HUD-FHA Interest Supplement (Section 236) housing that is now being completed, and 35 small families are awaiting available housing.

Thus far \$200,000 has been spent on conversion at Riverview Homes. One high-rise was completely rehabilitated; new roofing has been installed and the project grounds landscaped. A HUD-funded \$2.1 million modernization program will absorb these expenses, and ways to handle the costs of other improvements are to be recommended after a six-month feasibility study.

#### Tenant Enthusiasm Applauded

Officials of the Springfield Housing and Redevelopment Authority say that possible rejection by the tenants, skepticism on the part of local officials, and general tenant wariness of the Authority prompted the tenant survey and information campaign before action was taken. To almost everyone's surprise, tenants registered enthusiasm that exceeded wildest expectations. Consulting them became an important component of success.

"It's the best thing that's ever happened," one tenant said about the proposed plan. "I'm tired of conditions at Riverview and don't care for high-rise units," said another. "I would like to move into another area of the city," another Riverview tenant wrote.

In little time, the entire community of Springfield was involved in conversion efforts, and tenants and local housing authority staff were working to improve social and physical conditions at Riverview. Adequate available housing—much of it provided with HUD assistance—and undisguised cooperation and good will between tenants and management worked together make conversion exciting, pleasant—and so far successful! ☺

Photo by Zenophon A. Beake

Photo by Jim Sumner

Photo by Jim Sumner

# LATECOMERS TO HOMEOWNERSHIP PROGRAMS

The condominium/cooperative concept with all its advantages has been slower catching on as a means of homeownership in the United States than in many other nations. Europeans, who have lived longer with urban togetherness, have long accepted the condominium concept. History records the use of condominiums in Rome over 2,000 years ago. Since other nationalities who must—or chose—to live in clusters prefer to own rather than rent, they accepted the condominium/cooperative concept. But when the average American family thinks of owning its own home, traditionally it thinks of land and detached homes—not a multi-family project.

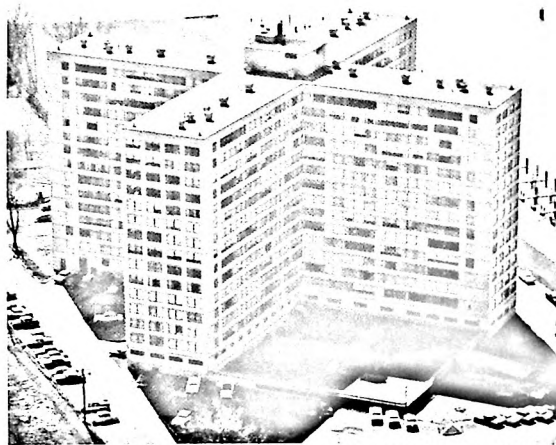
There are only two homeownership concepts available in multi-family housing: cooperative and condominium. Congress, in recognition of the two concepts, has made mortgage assistance available to cooperatives under Mortgage Insurance for Cooperatives (Section 213) and to condominiums under Mortgage Insurance for Condominiums (Section 234). Mortgage assistance is made available to cooperatives under Rental and Cooperative Assistance for Low- and Moderate-Income Families (Section 221(d)(3)), and the Interest Supplement Program (Section 236). Section 235 interest supplements can be applied to either Section 213 or 234 projects. As of December 1971, about 2,600 projects containing almost 162,000 units were insured under cooperative programs as compared to approximately 220 projects and about 15,000 units under condominium programs.

## Differences and Similarities

These figures represent the changing attitudes of many Americans toward the concepts. Says one new homeowner, "I had some crazy idea that cooperatives and condominiums were something like public housing and never thought about it seriously for myself. But when I learned that President Nixon used to live in a cooperative building in New York City before he became President and that former Vice-President Hubert Humphrey lived in a cooperative in Washington while he was in that office, I began to realize I must be wrong. Believe me I was. I learned that many of these beautiful high-rise apartment buildings you see across the country are really cooperatives or condominiums. I like living here; we have homeownership with intown conveniences and the advantages of apartment living."

As the quote points out, there are many similarities between cooperative and condominium ownership. Each offers its own advantages to potential homeowners. Both offer tax advantages to the consumer, which would only be available to the landlord in a rental project. Both concepts rely on relationships of individually and jointly owned property and on an individual sense of responsibility for the whole.

The differences are also important. The common areas of a condominium are owned by all the owners of the individual dwelling units. In a cooperative project, a corporation is created which becomes the owner of all units and common areas. The individuals are not the direct owners of units; they own shares of the corporation proportionate to the value of their living unit. Title to a condominium is treated as real



One of the first luxury cooperatives built under Section 312, River House in Detroit, contains 448 units in four wings that provide a view for all residents.

estate; stock or membership in a cooperative is treated as personal property. These factors should all be considered in deciding which concept is better suited to the individual.

A cooperative corporation owns and holds title to the entire property and is directly responsible for the mortgage and all other common obligations. The members are only obligated for successive three-year terms to the cooperative corporation for a monthly payment on their unit that includes payment on the mortgage. The mortgage interest rate that runs for 40 years is not disturbed by the buying and selling of unit memberships, and the transfer fee normally does not exceed \$25.

On the other hand, the condominium associations own no property. The people own and hold title to the units, whose value includes a proportionate but undivided share of all common structural space, land area, and facilities. Each individual is obligated for only his own mortgage. The interest rate will normally change with each sale, and the closing costs will be similar to the sale of a detached home.



**LEFT**—The Village Green cooperative in Landover, Md., consists of 231 townhouses in which a \$440 downpayment and monthly fees of \$128 to \$193 for one- to four-bedroom units secures both homeownership and community facilities. It was sponsored by the Foundation for Cooperative Housing and financed under Section 221(d)(3).

**BELOW**—Rossmoor Townhouses in Olney, Md., were sponsored under Section 213 for occupancy primarily by the elderly. One of the chief advantages for the elderly of cooperative/condominium living is that maintenance and upkeep do not have to be handled by the individual.



Both housing concepts are governed by a Board of Directors, elected by and from the owners. Greater expertise is required of the board of a cooperative and its professional managers than those of a condominium because a cooperative is a complete corporate business entity with assets and liabilities frequently running into millions of dollars. Conversely, taxes and other financial obligations of a condominium are borne independently by each of the individual owners and the Board and professional managers need only handle the income and expense transactions affecting the common areas.

One of the most important elements in either a cooperative or condominium is group pride in homeownership, rather than only individual concern for maintaining property as in single-family homeownership. Maintenance becomes a function delegated through the Board of Directors of the cooperative or condominium. The group consensus is maintained by the Board.

"I take my hat off to the people who had the foresight and ability to create such a development as this one and to have it succeed as it has," says a condominium tenant who appreciates the sense of community. "We lived in the inner city before this development was built and it is a whole different world. Our monthly payments are no more than we used to pay for rent in a cramped, rundown rowhouse. Here we have a modern kitchen and bathroom, plenty of space, and enough bedrooms for the family. There's a good playground for the kids and we mothers can take turns watching out for them. It makes all the difference when folks own their own place."

### Unique Use of Space

Condominiums and cooperatives solve space problems. They can be built in small clusters or towering high rises. They can be constructed to provide ownership of a cube of space above or below the surface of the earth. They can be built to provide homeownership on a platform over a river, above an expressway, or on otherwise unusable areas.

Condominium law, a special aspect of real estate law, makes it possible to depart from the single lot, conventional, horizontal subdivision of land by adding a vertical dimension to homeownership. The condominium's ability to reach out horizontally to include swimming pools, streets, and other land areas is not destroyed by this vertical subdivision over the land.

These recreation amenities and land area concepts are important to many homeowners. "Last but not least of the things I enjoy about the condominium community are the recreational facilities. Here we have swimming, tennis, golf, card and TV rooms, and clubs of all kinds. Some of the owners wanted an indoor pool too. It was considered by management but turned down because of the expense. We are within walking distance of the shopping center

and several good restaurants. You couldn't begin to match all this if you were a single homeowner on your own."

### Converting Existing Units

A condominium or cooperative does not have to be newly constructed, and many are not. Units in existing multifamily structures can be redefined architecturally and legally for these forms of ownership. New life can be breathed into the inner city by properly rehabilitating sound multifamily structures and converting them to homeownership.

HUD-FHA requires proper rehabilitation of a converted project before its programs can be applied; just bringing a structure up to a city code is not enough. In addition, model forms of documents prepared by HUD-FHA are required to be used in creating cooperatives or condominiums. Many States also require a prospectus and full disclosure to the public. It was HUD-FHA, in implementing the 1961 condominium legislation, that created the model condominium law adopted by most of the States. Every State now has a condominium law.

Ironically, most condominium developers who first took advantage of the new law did not take advantage of the HUD-FHA insured loans that carried with them consumer protection and prevailing wage requirements. In 1968 when HUD-FHA adopted faster and simpler processing, developers began to recognize that the advantages of HUD-FHA insured loans were beginning to outweigh the additional costs of consumer protection. The applications for FHA-insured units in the first six months of 1970 almost exceeded the total units insured in the first eight years of the condominium program.







**ABOVE**—McKeon Townhouses at Lake Tahoe are beautiful examples of the thousands of condominium units in the western States.

**LEFT**—Park Layne Towers in Hallandale, Fla., was the Nation's first HUD-FHA insured condominium apartment development.



### HUD-FHA Involvement

The Housing Act of 1950 authorized and directed HUD-FHA to insure blanket mortgages on cooperative housing projects. The financial record of these cooperatives proved so good that HUD-FHA, by direction of Congress, set up a mutual insurance fund for cooperative projects. The cooperative associations paid HUD-FHA a mortgage insurance premium of half of one percent of the amount of the mortgage over a period of nearly 20 years. When the reserves built up in the fund became more than adequate to meet any possible defaults on the mortgages, payments were made from excess reserves to the participating cooperatives. In 1969 payment amounted to \$1.6 million; in 1970 the dividends were \$4 million and in 1971 the dividends were \$6 million. A total of \$11.6 million has been paid back to the Section 213 cooperatives.

When the Federal Government launched its cooperative housing program, it permitted private builders to initiate cooperative housing without consumer participation or control of project development. The builder purchased a site, submitted a project proposal, and organ-



Parc Chateau cooperative in Indianapolis, a townhouse development, was opened in June 1970 under the sponsorship of the Foundation for Cooperative Housing.



Charles J. Harrison, Jr., (left) and Levy Williams, Harambee of Oakland County (Mich.) officers, open the Martin Luther King Terraces, a 54-unit condominium project sponsored by Harambee and the Metropolitan Detroit Citizens Development Authority.

mortgage interest. The Federal Government pays the difference between the resident's payment of 25 percent of income and the remaining cost of the mortgage at the market rate.

In mid-1971 the cooperative housing program insured by the Federal Government reached the \$2 billion mark. More than 200,000 families, or over one million people are living in cooperative housing projects of various kinds, some insured by HUD-FHA, some not.

Residents feel that a major advantage is the service available for the money. "The cost can be as much as 20 percent lower than you would have to pay for a comparable house on your own lot," says one tenant. "I know that when I make my monthly payment, which is reasonable, it includes a payment on the principal of my mortgage, my taxes, insurance, trash collection, all the water I use and the TV cable, among other things. We enjoy the grounds and the pool and that's included too. My monthly payment also includes my *pro rata* share toward management, operating, and administrative costs."

### Bright Future

The future looks bright for both these types of housing, because of the growing desire for homeownership and the growing need to increase housing densities. Cooperatives with 20 years of HUD-FHA experience and with strong and dedicated national interest will probably remain one of the strongest HUD-FHA insured programs. Condominiums are coming up strong because builders and manufacturers can become involved without the need for a sponsorship group. The number of condominium housing units produced may eventually exceed the number of cooperatives. Housing economists are predicting that 1972 will be "the year of the condominiums." ©

ized a dummy cooperative usually made up of members of his staff. At the time of occupancy a genuine cooperative run by the residents took over. Today, future residents are included in the planning stages. Emphasis on democratic control and participation have become a hallmark of development.

Cooperative homeownership is open to low-income families under the Section 236 Interest Supplement Program. Cooperative residents pay a monthly carrying charge based on 25 percent of their income. Their payment must include a minimum of one percent of the

# in print

*Open Space for People: Acquisition, Conservation, Creation and Design*, edited by Mildred F. Schmertz, designed by Jan V. White. Washington, D.C., American Institute of Architects. 1972. 107p. Single copy free.

*Open Space for People* is an illustrated anthology of papers presented at the International Union of Architects' Conference of the Commission on Town Planning, which has been published by The American Institute of Architects under a grant from HUD.

Representatives of 24 nations which hold membership in the Commission met in Washington in 1970 to exchange ideas on open space preservation and enhancement. Of 12 papers made available by conference speakers, nine are from the United States and three from abroad—France, Bulgaria and Spain. Subjects range from the esthetics of preserving natural resources to planning a living environment for the year 2000.

Although *Open Space for People* focuses almost exclusively on land in this country, the problems it details are worldwide and the solutions proposed are broadly applicable to the 77 nations whose professional architectural societies comprise the International Union of Architects.

The book shows that open space is essential for man's most important needs. It makes the point that nations are wearing out what they have, including the great parks which have been preserved as a legacy from the past. Also, ways of creating and acquiring new kinds of open space must be found, to prevent the squandering of land through inadequate advance acquisition.

The book is filled with more than 100 illustrations of open spaces—from rooftop gardens to the Appalachian Trail. It contains an index and selected reading list.

Contributors include Congressman James H. Scheuer of New York; HUD's General Assistant Secretary, Samuel C. Jackson; George B. Hartzog, Director of the National Park Service; Dwight F. Rettie, former Director of HUD's Open Space and Urban Beautification Division; Planner George T. Marcou, AIP; John P. Keith, President of the Regional Plan Association, Inc.; Architect Chloethiel Woodard Smith, FAIA, AIP; Carl Feiss, FAIA, AIP; Matthew L. Rockwell, FAIA, AIP; Architect and Planner, Luben Tonev of Bulgaria; Architect and Planner, Antonio Perpina Sebría of Spain; Architect-in-Chief of Monuments and Buildings of the City of Paris, Jean Henri Calsat; and the book's editor, Mildred F. Schmertz, AIA, a senior editor of "Architectural Record."

## Recent Studies

*Housing: New Trends and Concepts*, edited by Kenneth L. Bernhardt. Institute of Science and Technology, Ann Arbor, Mich., 1972. 162p. \$3.00. This is a collection of papers presented at several conferences during 1971 which examined current developments and future opportunities in the housing industry. The principal focus is on various aspects of industrialized housing, including considerations in planning an industrialized manufacturing operation, new breakthroughs in manufacturing technology, and various approaches to the marketing of industrialized housing. Other topics covered include: new concepts in financing of housing, land development, opportunities in vacation housing, the role of government in the housing market, and the availability of utilities for housing in the 1970s.

*The Built Environment for the Elderly and the Handicapped*, GPO, Washington, D.C. 20402, 46p. 50 cents. A bibliography prepared by the HUD Library and Information Division in conjunction with the White House Conference on the Aging as a source for those interested in the housing of the elderly. The "built environment" involves not only the structure, but the relationship of its site to other segments of the community as well as to medical and shopping facilities and to transportation. The 400 references include background information on the housing situation for the elderly both here and abroad, on architecture and space use, fire prevention, senior centers, residential communities, nursing homes, and the problems of relocation of the elderly. A separate section is devoted to the design of public and private buildings for the disabled and the handicapped. Items listed are generally available in libraries and bookstores, or from publishers and issuing organizations. Lists of publishers, cited periodicals, and interested organizations are included.

*Environmental Planning and Ecology*, edited by Donald R. Nichols and Catherine C. Campbell. GPO, Washington, D.C., 20402. 200p. Illustrated. \$2.75. HUD and the Geological Survey are publishers of the symposium on "Engineering Geology in the Urban Environment," from which this book stems and in which both participated. The symposium attracted engineering geologists, planners, developers, landscape architects, and public officials concerned with the common problem of man's effect on his physical environment and the effect of natural processes on man.

# Co-op Village

The success of low- to moderate-income housing projects hinges on the cooperation of the occupants. Experience has shown the finest facilities and the best intentions are nothing if the families who live there do not care. Cooperatively owned housing, where people have a real stake in their community, is one solution to the nation's housing problems.

Co-op Village in Pasadena, Calif., provides residents the necessary stake in the community. It claims to be the first cooperatively owned project financed under the Below Market Interest Rate program (Section 221(d)(3)) to combine residential and commercial facilities covered by HUD-FHA mortgage insurance. Co-op Village provides homeownership opportunities under the Interest Supplement program (Section 236) for families whose maximum incomes range from \$6,000 for one person to \$12,300 for families of seven or eight. Twenty percent of the families in Co-op Village will be those with annual incomes less than \$6,000, whose monthly payments will be supplemented by Federal funds.

Co-op Village is sponsored by the Mutual Ownership Development Foundation (MODF), a nonprofit San Francisco-based group formed in 1967 to promote cooperative homeownership. MODF has guided the project through contractual arrangements for the unique 40-year mortgage to cover both the housing and the commercial facilities.

Located on 24 wooded acres in the San Gabriel foothills of Pasadena, the \$6.4 million community provides homes for 255 low- to moderate-income families in one- and two-story townhouses with one to four bedrooms, and including patios and



**TOP**—Children of Co-op Village can play behind their homes on a common green area.

**ABOVE**—The townhouses of Co-op Village provide a cheerful family environment. This dining area opens onto a tree-filled area, with ample space for sunning, playing, and gardening.

**RIGHT**—Co-op Village features a cooperatively owned shopping center as well as townhouses. The center will include a supermarket, bank, small shops, and a medical center.



**LEFT—Co-op Village, with the San Gabriel Mountains in the background, was built along avenues and walkways. The 255 townhouses of Co-op Village open in the back onto landscaped areas filled with trees and large expanses of lawn.**



carports. The residential section is set in a landscaped park, and includes a large swimming pool and recreation building with a meeting room and day care center.

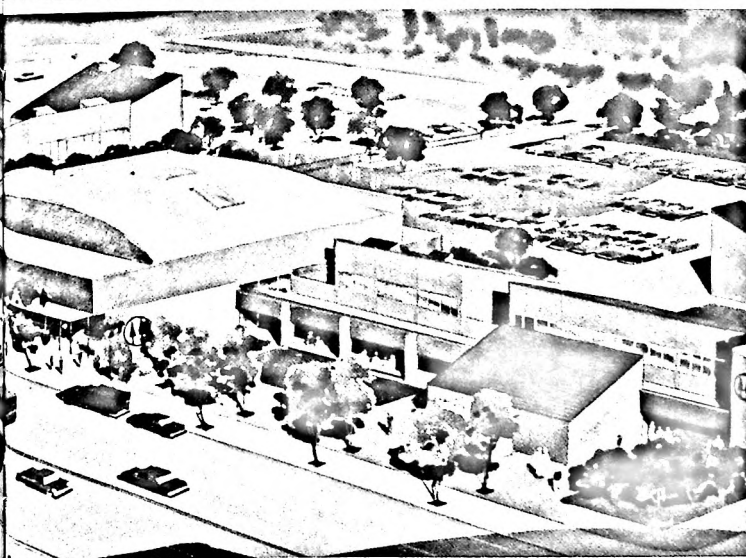
The unique design of this project blends the new homes into an existing community of older homes. Old homes were rehabilitated wherever possible and new buildings were placed around and among the older dwellings. The presence of the co-op in this neighborhood encourages owners to improve the older homes in the area and tends to stabilize the neighborhood.

Only 39 percent of the land in the project is used for buildings and parking. The average density is 13.8 dwelling units per acre. Townhouses face avenues and public walkways; to the rear they open onto large landscaped areas to provide individual privacy for each family.

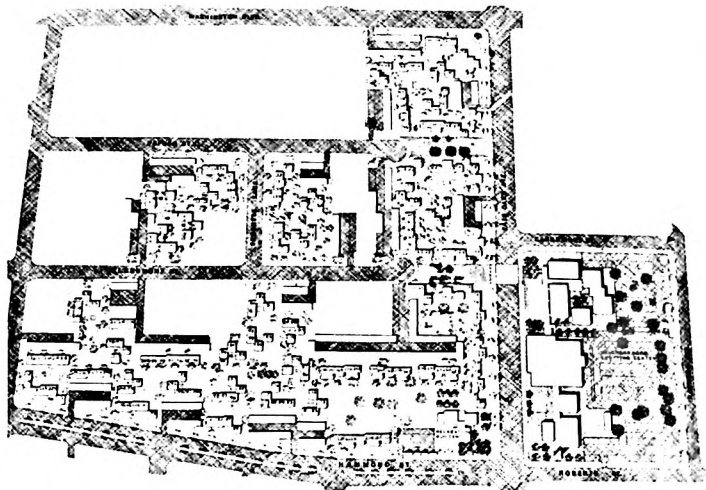
Priority housing options in the project were given to those displaced by the development. Co-op Village is in an almost one hundred percent black area, but early occupancy patterns showed 10 percent white, two percent Oriental, and the rest black residents.

#### **Consumer Co-op Too**

The mutually owned five-acre shopping center provided for in the loan contains a 17,000 square foot supermarket, shops and businesses, a bank, and the Co-op Village Medical Group, which provides medical, pharmaceutical, and emergency services. The commercial facilities are operated by Consumers Cooperative Village, Inc. of Pasadena under a 40-year lease from the housing co-op. Those purchasing resident membership stock in the housing cooperative, a prerequisite for occupancy, simultane-



**BELOW**—The one to four bedrooms of the homes at Co-op Village give the children an opportunity to have their own bedrooms. **RIGHT**—At Co-op Village only 39% of the land is used for buildings and parking. The recreation-meeting house will include a day-care center and swimming and wading pools. The shopping center provides needed services to residents of the entire area.



ously become stockholders of the Consumer Cooperative as well. Ownership of shares at \$5.00 each is limited to four percent to insure that control remains in the hands of all members.

The cooperative is subleasing additional shops and businesses and giving first choice to firms displaced during redevelopment of the land on which Co-op Village has been built. Merchants who were forced to vacate some time ago now find it difficult to adjust because current rents are substantially more than they previously paid for dilapidated quarters. Several potential tenants are in the process of securing Small Business loans to finance their operations. Many of them are new businesses which have chosen to locate in what was primarily a black area, while some were there before redevelopment.

The major tenants will be the medical facilities complete with 24-hour, low-cost pharmacy service, a branch of the Wells Fargo Bank, and the Cooperative supermarket. They will occupy almost 60 percent of all available commercial space. Other stores will include a coin-operated laundry; a beauty parlor; a record shop; a TV and radio store; and clothing shops. Employment of local residents by the shopping center

firms will reduce the above average unemployment in the immediate area.

#### Role of MODF

According to HUD-FHA regulations, when Co-op Village housing is 97 percent occupied, it can become a formal cooperative fully owned by its members. In the meantime, administrative responsibility for the community is provided by a caretaker organization set up by MODF. When the owners assume management, a property management firm will be retained by the members' cooperative to handle maintenance and administration.

"The realization of Co-op Village is a dream come true," says Paul Golz, Executive Consultant. "Ten years ago the site for it was cleared, but it wasn't until 1968 that MODF's proposal was accepted by the Community Redevelopment Agency of Pasadena and construction finally began. Gradually enthusiasm has replaced the neighborhood's original skepticism caused by the seven-year delay, and today Co-op Village gives every promise of a permanent and viable community where residents will determine and shape their own environment and destinies."

MODF is also active in furthering the cooperative system through education and technical assistance to

all groups interested in mutual ownership. MODF plans, organizes, and conducts training programs and holds one major training institute yearly. One of the major recent accomplishments of MODF was a successfully completed homeownership/management training program financed in conjunction with the California State Department of Housing and Community Development. It helped give pre- and post-occupancy training to occupants of Clifford Manor, a 100-unit rent supplement co-op primarily for Chicano agricultural workers. It prepared future co-op resident/members for the rights as well as responsibilities of homeownership—how to best make use of their new homes; how to take care of them; the use of all the amenities; how to make the most of the limited incomes they may have; and learning how to live with new neighbors who may come from different religious or racial backgrounds.

In addition to promoting the co-op concept of ownership through education and research and acting as catalysts for innovative projects, MODF provides guidance to ongoing management. It recognizes that management has a major impact on a long and successful life for the projects after they have been occupied. ©

# lines&numbers

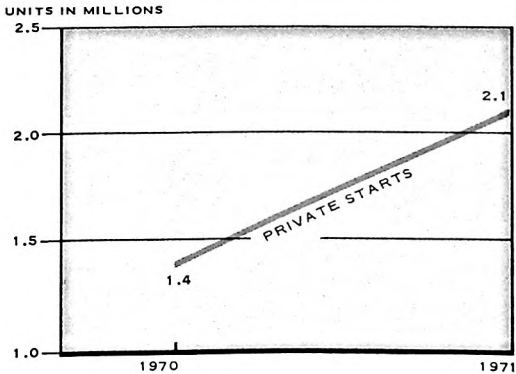
## Lumber Prices Contribute to the Inflationary Spiral

The high rate of construction inflation in recent years has threatened the attainment of the national housing goals. Although price increases for construction materials as a whole have been relatively modest, the rise in lumber prices has been quite marked during periods of rapidly expanding housing production. The prices of softwood construction lumber and plywood, key materials in home construction, rose 19% and 5.6% respectively, as construction starts moved from 1.4 million units in 1970 to a record 2.1 million in 1971. This is in contrast to 1970 when the demand for softwood timber and plywood fell somewhat due to the decline in construction together with weaknesses in the rest of the economy. Although the prices for all construction materials rose 2% during the first quarter of 1972, softwood lumber prices were rising at the rate of 2% a month and plywood prices at the rate of about 3% a month.

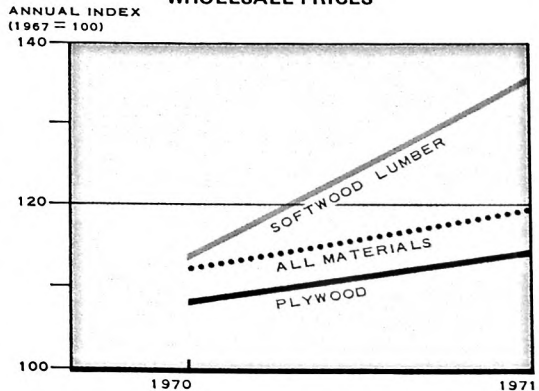
### INDEXES OF WHOLESALE PRICES (1967 = 100)

	Annual Indexes			Percent Change	
	1970	1971	3/31/72	1970-1971	12/71-3/72
All Construction Materials	112.5	119.5	124.9	6.2	2.0
Softwood Lumber	113.7	135.4	152.4	19.1	6.0
Douglas Fir	108.8	137.4	153.6	26.3	7.0
Millwork	116.0	120.7	125.8	4.0	1.2
Plywood	108.5	114.6	128.9	5.6	9.4
Hardware	109.5	105.9	116.4	-3.3	1.3
Plumbing and Brass Fittings	112.5	116.4	118.9	3.5	.04
Heating Equipment	110.6	115.5	117.0	4.4	.06
Window Glass	116.1	124.8	129.1	7.5	0
Portland Cement	115.8	124.6	128.1	7.6	0.2
Prepared Paint	112.4	115.7	117.9	2.9	1.7
Gypsum Products	100.0	106.8	115.3	6.8	1.0

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