League of Women Voters of Minnesota Records

IS HOUSING DISCRIMINATION A SERIOUS PROBLEM IN MINNESOTA?

IS GOVERNMENT ACTION NEEDED?

SHOULD THE LWV OF MINNESOTA BE CONCERNED?

This report is prepared and submitted by the Committee for the Promotion of a Civil Rights Item on the State League of Women Voters 1961 Agenda.

Additional copies are available for 25¢ from Mrs. F. L. Hughart, 2807 Hayes St. N. E., Minneapolis 18, Minnesota.

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EXPLANATION

Every two years the membership of the League of Women Voters of Minnesota chooses a program of study and action for the biennium. Three months before the biennial state convention in May local Leagues send in recommendations for the state program. The State Board considers them and sends out a "Proposed Program" which goes to Leagues for a second round of discussion. Final decisions are made by a majority vote of delegates in Convention.

The League cannot cover the civic waterfront but selects a few important issues at a time. OBJECTIVE STUDY IS MADE OF FULL FACTS, THE PROS AND CONS, BEFORE THE LEAGUE TAKES A POSITION. At present the League position on Civil Rights in Minnesota is limited to continued support of FEPC. To help in League program making for 1961-63 the following facts were assembled by a volunteer committee of League members who wish to see a broader civil rights item adopted in 1961. The committee did not do original research; they are indebted particularly to the authorities listed on Page 14 of this report, to the Governor's Human Rights Commission and to other human relations agencies and government officials.

INTRODUCTION

The Minnesota Legislature and Housing Discrimination.

Open occupancy legislation will unquestionably be introduced into the 1961 Minnesota Legislature. The 1957 Legislature declared that"...practices of discrimination against any of its inhabitants because of race, color, creed, religion, national origin or ancestry are a matter of <u>state concern</u>, that such discrimination <u>menaces and undermines the institutions and foundations of a democratic state</u>." (Underlining ours.) (Laws of 1957, Chapter 953)

Our Legislature has also recognized that denial of equal opportunity is serious in the field of housing. The 1957 Legislature created a commission to study housing discrimination and declared: "...discrimination or segregation in the sale, lease, sublease, use occupancy, tenure, acquisition or enjoyment of property or housing accomodations ... tends unjustly to condemn large groups of inhabitants to depressed and substandard living conditions which are <u>inimical to the general welfare and contrary to our democratic way of life</u>." (Underlining ours.)

" ...The opportunity to buy, acquire, lease, sublease, occupy and use and enjoy property and to obtain decent living and housing accomodations without discrimination because of race, color, creed, religion, national origin or ancestry is hereby recognized and declared to be a <u>civil right</u>." (Underlining ours.) (Laws of 1957, Chapter 953)

Urgency of Housing Discrimination

As meritorious as the Legislature's declaration may be, it has not provided equal opportunity in the housing market. The United States Commission on Civil Rights reported in April, 1960: "...widespread discrimination against Negroes, Indians, and other nonwhite persons with respect to availability of housing in Minnesota." (Minneapolis Tribune, April 9, 1960)

Patterns of racial segregation in housing are becoming increasingly rigid. Experts believe this tightening of racial lines will increase and the problem in five or ten years will be more complicated and difficult to solve.

Right now Minnesota is in a favorable position to handle this matter. Our non-white population is small enough that pressures for equal housing opportunities have not led to the violence and unrest found in many northern cities. However, in St. Paul last summer an outbreak of racial violence was attributed to discrimination which prevented Negroes from securing adequate shelter.

Minnesota has provided by law for equal job opportunity. As minority groups attain better jobs they want better housing. We believe fair employment practices must be followed by fair housing practices. The Fair Employment Practices Commission is increasingly concerned about the effect of housing discrimination on employment opportunity.

Thousands of people, a large proportion non-white, are being displaced by urban renewal, redevelopment and freeway projects. These people must find adequate homes. Because of discrimination it is frequently impossible for non-whites to do so.

Discrimination against minorities places an increasing burden on U.S. foreign policy. President Eisenhower has said "...every action that deprives individuals, because of their race or color, of rights and privileges enjoyed by others, in some measure burdens the nation in the world struggle... Few aspects of American life are more highly publicized throughout the world than racial discrimination." ("Where Shall We Live?", Report of Commission on Race and Housing, 1958, University of California Press)

Finally, and most important, denial of equal opportunity is always an urgent problem. Discrimination and segregation are fundamentally wrong in a democracy founded on the belief that all men are created equal.

MINORITIES IN MINNESOTA

"Minority group" is a widely used term to designate a group of people who encounter discrimination because they differ in race, creed, color, national origin or religion from the dominant group in a given situation. Almost anyone in a community may become a minority group member in one situation or another. In Minnesota, five main groups have suffered widespread discrimination in recent years: Indians, Mexican-Americans, Japanese-Americans, Negroes, and Jews.

1960 census figures are not yet available, but, according to estimates, the Indian population of Minnesota is approximately 20,000. Most Indians live on the reservations; some are in cities and towns throughout the state. The Twin Cities area has between 5,000 and 8,000 Indians.*

The number of permanent Mexican-American residents in Minnesota is estimated at about 4,000. Of these, 3,100 are in St. Paul. Most of the rest are in Minneapolis, a few are in Albert Lea. The remainder are scattered. These are, of course, in addition to migrant workers who come here for short periods.*

Estimates of the Japanese-American population of Minnesota over the past ten years have ranged from under 6,000 to 1,000.

There are an estimated 17,000 Negroes in Minnesota, mostly concentrated in Minneapolis and St. Paul.

The estimated Jewish population of Minnesota is 40,000. Approximately 23,000 are in the Minneapolis area; 1,000 are out-state; the remainder are in the St. Paul area. The Jewish population is about 1 percent of the Minnesota total.

The 1950 Minnesota population was 2,982,483. The state's non-white population was 28,786, just under 1 percent of the total.

Each minority group has individual problems with regard to discrimination. However, "the particular manifestations of discrimination against Negroes are more evident and more often practiced. Discrimination against other minorities follows the same pattern generally as discrimination against Negroes." (Report of Interim Commission on Housing Discrimination and Segregation Practices, 1959) The problems of Negroes in securing a home in Minnesota are discussed below.

*Because housing discrimination is not the only problem of Indians and migratory workers, we are compiling some information on these two groups in a separate report. This report will be available for 15¢ from

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HOUSING DISCRIMINATION IN MINNEAPOLIS AND ST. PAUL

Minority Population

The estimated 1957 population of Minneapolis was 552,431, of which 10,000 were Negroes. Approximately 90 percent of the Negroes lived in six of the 121 Minneapolis census tracts. With few exceptions they were unable to buy or rent homes in other areas.

In St. Paul, the non-white population in 1950 was 6,219, approximately 2 percent of the total population of 311,349. St. Paul's estimated non-white population in 1958 was 7,450. Approximately 93 percent of the non-whites were located in eight out of 76 census tracts. Because of discrimination, these areas have been forced to absorb an increasing Negro population.

Problems of Negroes in the two cities are similar. With some exceptions, they have been limited to areas which exceed the city average in percentage of blighted conditions. "According to the St. Paul Housing and Redevelopment Authority approximately 55 percent of the city's non-white population lives in sub-standard housing as compared to only 16 percent of the white population." (Statement by E. C. Cooper, Exec. Sec., St. Paul Urban League, before Senate Judiciary Committee, Minnesota State Legislature, Re: S.F. 849, March 20, 1959.) Much of the Negro area in both cities is in the path of proposed freeways. Negroes who have the financial ability and desire for better housing and those faced with loss of homes because of urban renewal and freeway development consistently encounter discrimination in their attempts to purchase or rent outside the Negro ghettos.

Availability of Housing

Houses for Sale

A 1957 report of the Minneapolis Urban League estimated that the Negro population, which was approximately 2 percent of the city's total, gained access to about .9 percent of new housing units constructed between 1946 and 1957.

In the Greater St. Paul Metropolitan Area some 23,000 new housing units were built from 1954 to 1960. Of this total, the Urban League estimates that fewer than fifty units have been made available to non-white families, either on a segregated or non-segregated basis.

Dwellings for Rent

In Minneapolis, the rental situation is extremely unfavorable for the Negro. A 1957 Urban League report stated that Negro families occupied <u>none</u> of the privately owned multiple dwelling units less than eleven years old. Very recently, two owners of new apartment buildings in the University area have accepted Negro renters.

In St. Paul, virtually all privately owned multiple dwelling units were closed to Negroes according to a 1959 Urban League report. More than 1,600 such units were constructed from 1946 through 1958. With one exception, a twelve-unit structure located within the Negro area, no non-white families occupied any of these units.

Some Results of Discrimination

Economic Loss

Discrimination causes economic loss both to the minority and to the majority. Because the Negro cannot purchase housing on the open market and because he is restricted, in the main, to old housing within a very limited geographical area, the Negro cannot get the most for his housing dollars. He is not in a favorable position to bargain, and he must often pay what is referred to as a "color tax."

Discrimination causes a loss of tax returns to the city because economically able Negroes are forced to live in sub-standard or low-tax areas. They could shoulder more of the costs of municipal services, but instead are an expense to the city because crowded conditions increase demands for police, fire and health services.

Segregated Education

Housing segregation inevitably leads to segregation in education, recreation, religion, etc. Experience has shown there is a breakdown of good race relations where minority groups are relegated to ghetto-type living. Therefore, a concern about segregated housing is a concern about the total community.

In Minneapolis and St. Paul, increasing concentration of non-whites in a few areas has caused a tendency for several elementary schools to become "Negro" schools. Although schools keep no records on the race of students, a PTA report in 1959 stated that during the preceding six years Negro pupils in one Minneapolis school had increased from 30 percent to more than 60 percent. (It is now estimated at 70 percent.)

An elementary school in St. Paul had not over a 50-50 concentration of Negroes and whites prior to 1950. In the past ten years the percentage of Negro children has changed until today it is 90 percent. Another school, which in 1950 was 30 percent Negro, 70 percent white, is experiencing a similar change in the concentration.

Relocation Problems

Housing redevelopment and urban renewal programs displace hundreds of Negro families. Relocation is often difficult because of discrimination. A Glenwood Redevelopment Plan and Project Report in April, 1954, said, "The rental market for Negro families in Minneapolis is sharply restricted, and it is unrealistic to regard white and Negro families at the same economic level as presenting the same relocation problem." The 1956 Annual Report of the Minneapolis Housing and Redevelopment Authority states: "...Negro families are paying more for the same quality houses than are white families due to the limited areas in which they can buy."

St. Paul is faced with a similar problem. Two areas under the Urban Renewal Program contain most of the city's Indian and Mexican population and more than 90 percent of the city's Negro population.

Because of discrimination non-whites are generally forced to relocate in an area which shows a population density and percentage of deterioration and blight above the city average. The result is that the problem is not solved but is merely transferred elsewhere. The gravity of this situation has caused some officials of the St. Paul Housing and Redevelopment Authority to declare that the city cannot hope to carry out effectively its urban renewal programs until current practices of racial segregation and discrimination are eliminated from the housing market.

Some examples of Discrimination

In 1959 a former college dean and member of the U. S. Foreign service was selected from a nation-wide list of applicants to direct a church-sponsored program against housing discrimination in Greater Minneapolis. This Negro newcomer contacted 100 persons advertising rental property. More than 90 percent declared they would not rent to a Negro.

A white family was willing to sell their middle-class home to a Negro couple. After a two-week delay, the real estate agent informed the owners that it was against his company's policy to sell to Negroes in a block where Negroes did not already live. The owners felt this policy prevented them from making a sale and asked to be released from the 90-day exclusive contract. The company refused.

A prominent St. Paul settlement house director responded to a newpaper advertisement offering a house for sale. The owner did not want to sell to Negroes, but her son persuaded her to consent. However, the price rose $2,000. The Negro bought the house despite the increase. When asked why, she replied that any property she wanted would have been subject to a price increase because of her race.

These are only a few examples of what most Negroes face when they seek to buy or rent homes outside the segregated areas. A Negro wishes to select his home for the same reasons anyone else does: availability of good schools, libraries, parks, accessibility to work, beautiful surroundings, etc. It is unreasonable to force a Negro to choose his home, not for any of these reasons, but merely because his neighbors have a similar complexion. What is often construed as a desire of Negroes to live together is more often their reaction to rigidly closed neighborhoods in other areas.

HOUSING DISCRIMINATION IN TWIN CITIES' SUBURBS

The heart of Minnesota's housing discrimination problem lies in that much discussed and dissected area--suburbia. There, great masses of white families have shut out the middle-class Americans with whom they share almost every characteristic except race. All minority group families have suffered this exclusion to some extent, but the gate is most rigidly closed against Negroes.

Minority Population

Statistics giving the number of Negroes in each suburb are not available. The Minneapolis Urban League estimated that the total Minneapolis population increased approximately 5.9 percent from 1950 to 1957, while the suburban population increased 114.8 percent. Except for a few isolated cases, Negro families have been denied participation in this suburban growth.

Availability of Housing

From 1953 to 1959 more than 23,000 new housing units were built in St. Paul and its suburbs. The Urban League estimated that fewer than 50 units were made available to non-white families.

The problem of suburban discrimination is especially critical for non-whites because the suburbs are generally the only areas offering new, moderately priced housing. Many of these homes are GI or FHA financed. Despite the avowed non-discriminatory FHA policy, enforcement is limited to states or cities with fair housing laws. Minnesota has no such law. Thus, whole suburban communities are built by a few individual builders, frequently with the support of FHA-insured or VA-guaranteed loans, systematically excluding Negroes and often other minorities.

Some Results of Discrimination

Discrimination in suburban housing leads to de-facto segregation in education, recreation, religion, etc. Citizens of both races are denied the opportunity of getting to know and understand each other. This is happening in a world whose population is approximately two-thirds non-white.

Discrimination in suburban housing may also cause discrimination in employment. The FEPC, noting its concern for equal job opportunities in industrial areas surrounding the Twin Cities and Duluth, states: "A suitable dwelling not too far distant from one's work is often a determining factor in applying for and accepting a job for which the individual may be best qualified.

"...we are led to the conclusion that resistance to the practice of employment on merit is currently most serious in the reluctance to upgrade qualified minority group workers to public contact, supervisory and executive positions. We also find that discrimination in this area involves a concern about social contacts with the members of different racial, religious, or nationality groups and thus is related to discrimination in housing, public accommodations, recreational opportunities and other areas of community life." (Report for 1959, Fair Employment Practices Commission, State of Minnesota.)

Some Examples of Discrimination

Instances of discrimination in housing may vary from outright refusal to sell to putting harassments and obstacles in the way of completing arrangements. The Negro couple looking at development housing may find that the salesman simply leaves the house they are inspecting and goes to another, not even acknowledging their presence. Or, a hostess showing a model home may follow the builder's instruction to turn away all Negroes. Or, as happened recently, a salesman who was friendly and helpful during a Negro couple's inspection of a house, would not accept earnest money when they decided to buy. He had been informed of the company's discrimination policy in the meantime.

In one suburb a man was willing to sell his house without discrimination based on race, creed, color, etc. A Negro couple wanted the house and offered a substantial down-payment. Neighbors on both sides were willing to welcome this couple. At the last moment, the owner refused to sell because a sister-in-law, two blocks away, who claimed she was not personally prejudiced, was afraid of what her neighbors would say.

Another Negro couple, finding their city house inadequate, got a warm reception from the mortgage institution until the suburban location they wanted was mentioned. After a long period of being put off on one or another detail, they sought another financing company. Eventually, their financing had to be handled by a conventional mortgage and their house built by a private builder. Financial disadvantages of being a Negro are numerous.

Learning that a Negro family was about to rent a home in their neighborhood, a group of suburbanites became excited and called a meeting of about sixty people in one of the homes. They invited a professional in the human relations field to meet with them and counsel with them on the situation. He came and brought his wife. After a discussion which lasted over an hour someone asked, "But can you give us positive assurance that this family will be of a desirable type?" "We are the Negro family!", answered the human relations official.

Discrimination in the suburbs is especially serious because the reaction in most suburban areas now is a resistance to a change in the "established pattern." The non-white population of Minneapolis and St. Paul is approximately 2 percent. The number of non-whites economically able to buy or rent outside present Negro areas is even less. If artificial barriers producing concentration of minorities were removed and this less than 2 percent of the population allowed to distribute itself evenly throughout the metropolitan area, the pattern of white majority in a neighborhood would not be changed.

HOUSING DISCRIMINATION IN MINNESOTA OUTSIDE THE TWIN CITIES AREA

In the past, discrimination against European immigrants was a serious factor in Minnesota's minority problems. Various nationality groups suffered discrimination because of difference in customs and culture. As they adopted American ways and obtained better jobs they were able to move freely throughout the population.

Discrimination in Minnesota today is largely directed toward racial minorities. Negroes, in particular, although they have the same customs and culture as white Americans, have had difficulty in obtaining jobs and housing. In 1950, more than one-third of Minnesota's total population was first or second generation Americans whose families have not been in this country as long as the Negroes.

Minority Population

Other than the Indian and migratory labor worker--whose difficulties involve culture, health, education, economic status, etc. as well as discrimination--there are but a few concentrations of racial minority groups throughout the state. Two cities have Negro concentrations: Rochester and Duluth. Rochester is reported to be somewhat segregated with instances of housing discrimination against nurses, doctors and other professional people. Duluth has a minority concentration partially because of the nearby airbase. Airbase personnel in general find it difficult to acquire housing, but the airbase Negro finds it more difficult than does the white person.

Availability of Housing

In the rest of Minnesota's communities where few, if any, Negroes or other racial minorities live, superficial observation might give the impression that there is no problem. The real test is: if a Negro family should attempt to move into one of these communities, would they be accepted? The Fair Employment Practices Commission notes that in some of these communities "...prejudice against members of different racial, religious and nationality groups is likely to be more serious and more extensive than in areas where persons of different backgrounds have had an opportunity to become acquainted with each other." (Report for 1959, Fair Employment Practices Commission, State of Minnesota.)

Some Results of Discrimination

Loss of professional people because of discrimination should concern the entire state. For a number of years Minneapolis and St. Paul public schools have found qualified teachers and specialists among different races, and this has been a help in solving teacher shortages. A few out-state communities have benefitted also, but some have turned down highly qualified applicants on the grounds that there would be no place in the community for a Negro to live.

The University of Minnesota Hospital trains and employs physicians, nurses, and technicians of many races. Citizens of the state help support this training. Small towns and cities, who often search months or years for medical personnel, can ill-afford to let these people leave the state because they do not feel welcome.

It has been demonstrated that where they are given the opportunity, whites and non-whites can live together amicably in Minnesota. Among examples of successful integration is the experience of one Minnesota community where a white southern school teacher roomed by choice with a Negro teacher. In another Minnesota town a Japanese doctor and his wife were highly respected members of the community.

Involvement of Out-State Communities

Discrimination is a problem which the entire state must solve. The Legislature has recognized this by supporting two agencies dealing with discrimination: the Fair Employment Practices Commission and the Governor's Human Rights Commission. These two commissions have jointly established advisory Citizens Committees on Human Rights and Fair Employment Practices in the labor market areas surrounding Albert Lea, Austin, Detroit Lakes, Fairmont, Faribault, Fergus Falls, Granite Falls, Montevideo, Hibbing, Moorhead, Owatonna, Rochester, St. Cloud and Virginia. These committees arrange employment conference and speaking engagements for the Commissions. They represent the effort of the two commissions to coordinate their educational programs.

Some Examples of Discrimination

In a southern Minnesota town an editor in need of a printer found the best qualified man available to be a Negro. Because he feared that the man could not find housing in the community, the editor did not employ him.

A Negro librarian in another town was refused an apartment because of her race.

It has been said that discrimination in Minneapolis or St. Paul reflects upon the entire state. Two recent examples demonstrate this.

The University of Minnesota received a gift of land a few years ago and decided to sell it for development as a "model" community. Human relations organizations urged the University to require non-discriminatory practices by the developer. They pointed out that a "model" community should not exclude people of any race, religion, etc. When the houses were built and offered for sale, a Negro University staff member was refused a house because of his race.

A prominent businessmen's organization was planning an international convention in the Far East not long ago. The State Department was so concerned about the damage done to our foreign relations by the Little Rock situation that they asked if this organization would send some colored delegates. One of the Minneapolis officers, a young Negro businessman, was asked to attend. He had suffered repeated discrimination in his attempts to find a home for his family. He and his wife had visited nearly forty homes, and in each case the reaction was the same--X refused to sell to a Negro. Someone asked the man what he would answer when people from other countries inquired "How are you Negroes treated in Minnesota?" He replied that he would just have to be diplomatic.

LEGISLATION AS A MEANS TO ELIMINATE HOUSING DISCRIMINATION

History

The 1957 Legislature directed a commission to investigate and study discrimination in housing. This commission, after two years of research and study, prepared a draft of legislation in the field of publicly assisted housing (housing obtained through VA or FHA mortgage insurance, public ownership, and public resale for development.) The proposal exempted personal residences and apartment houses containing less than five units if the owner lived in the building. The Fair Employment Practices Commission was designated the enforcement agency with emphasis on its conciliatory methods.

The commission split five to five on recommending this bill to the 1959 Legislature. Those opposing the bill, while acknowledging the serious problems of discriminatory practices in the housing market, maintained that the primary method for dealing with the situation was through education.

The five legislators supporting the drafted bill maintained that law and education were not alternatives but complementary methods of promoting equality, and that an official agency was required to do a systematic, efficient, and adequate job of education.

The 1959 Legislature did not pass legislation against housing discrimination. In addition to the disagreement within the Interim Commission, a number of reasons have been advanced to account for this failure: the minority groups principally affected were not large enough to make a formidable political pressure group; there was failure to educate the community as to what legislation would and would not mean; this lack of education of the voting constituencies of the lawmakers made it difficult for them to support reform legislation; opposition to an open occupancy law had crystallized and was well-organized.

Future of Housing Legislation

Legislation to prohibit housing discrimination will, undoubtedly, be proposed in future legislatures. Proponents of such legislation believe it would be virtually impossible to solve the problem by local ordinances. They doubt that each local unit of government (approximately 69 local units of government in Hennepin and Ramsey Counties alone) would pass such ordinances and provide funds for effective enforcement and conciliation.

As in the case of fair employment legislation, opponents of a fair housing law say: "You can't legislate morality; you can't eliminate prejudice by passing laws." "Legislation prohibiting discrimination...in the sale or rental of housing accommodations is directed at men's conduct and not their attitudes....Laws are rules governing the actions of men. Control of men's thoughts is not only beyond their scope but also as unnecessary as it is undesirable...laws that are effectively enforced have an educational and persuasive effect."

Perhaps the fear most commonly expressed by those who oppose integration in housing is that property values will drop if a non-white family moves into the community. Many research studies are being made on this subject.

Dr. Luigi Laurenti, former teacher at the University of California and economist for the California Senate, has just published a book entitled PROPERTY VALUES AND RACE (University of California Press.) It is based on a test of 10,000 real estate transactions in seven American cities. Dr. Laurenti asserts that where non-whites buy houses in previously all-white neighborhoods, the odds are four to one that values will rise or remain constant.

As in the case of the Fair Employment Practices law, the question of constitutionality has been raised by opponents of open occupancy legislation. William B. Lockhart, dean of the Law School of the University of Minnesota, was asked by members of the Legislative Interim Commission on Housing Discrimination and Segregation Practices for an opinion on the constitutionality of the housing provisions of the bill proposed in 1959. His five-page reply is published with the Interim Commission Report.

Dean Lockhart says: "The only arguable basis for constitutional attack on the proposed bill would be a claim that it violates the due process clause of the United States and the Minnesota Constitution." But anyone who has followed the constitutional decisions in this area for the past twenty years cannot avoid the conclusion that the proposed statute would be upheld if attacked on this basis in the United States or the Minnesota Supreme Court."

Constitutionality of a proposed state law is not to be confused with constitutionality of open occupancy ordinances which were introduced in the Minneapolis and St. Paul city councils; nor are the opinions of the city attorneys, that these two ordinances would have been unconstitutional, to be confused with decisions of a supreme court, state or national. The advice of city attorneys to their clients, the councilmen, are not the law of the city.

CONCLUSION

Today in Minnesota Negroes, and to somewhat less extent members of other racial, ethnic and religious groups, cannot buy or rent homes freely. It would be a mistake to conclude that these problems cannot be solved. There has been some successful integration in Minnesota for years.

Measures needed to eliminate the problems caused by discrimination merit serious study and discussion by all Minnesota citizens. Most of those who have worked in voluntary human relations programs in Minnesota for years believe that progress under voluntary programs is negligible and that legislation is necessary. Since legislation cannot be achieved without education, nor can it be effectively enforced without continued education, the first step must be research, careful study, objective and widespread reporting of facts. We hope that this effort to summarize some of the available information may be useful.

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5. Summary of talk given by Ernest C. Cooper, Acting Executive Secretary, St. Paul Urban League.

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" THE UNFULFILLED PROMISE OF THE DEMOCRATIC CITY"
ADDRESS BY ROBERT C. WEAVER
SECRETARY, HOUSING AND URBAN DEVELOPMENT
ANNUAL MEETING, LEAGUE OF WOMEN VOTERS
DENVER, COLORADO
MAY 5, 1966

George Bernard Shaw, that most astute observer of women and their activities, once noted that "Women know instinctively that communities live not by slaughter and by daring death, but by creating life and nursing it to its highest possibilities."

Two days ago, the League demonstrated in a dramatic manner that it is deeply concerned with the "highest possibilities" for life in urban America today.

The vote of the 1,300 delegates here that put equal opportunity in housing at the highest level of your considerations represents a new dimension in the continuing development of the League's concern for the future of our communities. I want to congratulate those of you who worked and voted for this move, for it emphasizes again, most forcefully, the League's commitment to the furthering of our democracy.

There is a very good reason to be dissatisfied with conditions in our cities, as I gather many of you are dissatisfied. And right now, let me make it clear that by city I mean not just the central city, or even the city as defined by political boundaries. When I speak of the city, I allude to the central city, its suburbs and the urbanizing areas beyond.

In this context, the two great urban problems of our time involve central city blight and suburban growth. The economic and social forces impelling each are all part of a single, interrelated complex. No single program has ever been devised to encompass the totality of this complex, but we are coming closer, right now, than ever before in our history. And our efforts are more and more oriented to human as well as physical problems.

Last week, President Johnson delivered to the Congress a special message on civil rights. That message makes it clear that the promise of democracy is still by no means assured, even though we are but a decade away from celebrating the two hundredth anniversary of the founding of this nation. Despite the fact that it has been a dozen years since the landmark Supreme Court decision on school segregation, and despite the Civil Rights Act of 1964 and other historic measures since then, equality of opportunity cannot be taken for granted.

In his message, the President traced these efforts of the Congress and the Executive, and indicated that: "The time has come for the Congress to declare resoundingly that discrimination in housing and all the evils it breeds are a denial of justice and a threat to the development of our growing urban areas."

And the President made it clear that problems of segregated housing are inextricably tied to problems of discrimination in employment and segregated education. And these patterns, in turn, cannot be conceived as problems of the central city alone.

A twentieth century democracy has no place for enforced ghettoes. And there must be an official Federal policy as well as effective machinery for securing equal opportunity in housing. The President's proposal is designed to accomplish this. It merits your enthusiastic support.

Tonight, I want to talk primarily about what I call the unfulfilled promise of the democratic city, the steps which have already been taken, and are being taken, to deliver on that promise to all Americans, rich or poor, black or white. I want to make special mention of new approaches in this effort, but it is important first to see these as part of a continuing evolution of Federal policies which is bringing us closer to truly democratic cities.

Basically, the problems of the American city are problems of expanding opportunities for the disadvantaged. The symbol of our past failures and the challenge of our future actions is epitomized by the status of Negro Americans. The real test is whether the American city will implement a significant rise in the status of the non-white newcomer as it has the living levels of all its previous immigrants. If the city is successful in doing this, more will be resolved than the race problem: but unless and until non-whites enter freely and fully into the mainstream of urban life, our cities will remain troubled, regardless of what else we may do to improve them.

This movement of non-whites implies several things. First, there must be legislation of the type recently proposed by the President, to break down the barriers to mobility within the housing market. But equally important is the need for positive action which improves the quality of urban life and provides effective assistance to the disadvantaged in our cities.

The American city has escalated millions of immigrants to relative affluence, or at least to considerably better conditions of living than could have been hoped for in the "old country." But, in recent years, this historic role of the city has deteriorated badly. Its humanizing function seems to have broken down. In some city neighborhoods, blight and poverty have existed, hand-in-hand, affecting three generations or more. And for the people involved, escape from the slum and the clutch of impoverishment no longer seems likely. The slums have become ingrown, their residents increasingly isolated -- through lack of education, skills and opportunities-- from the growing well-being of the larger society.

These conditions afflict particularly groups of the impoverished who labor under special difficulties--non-whites, the elderly and the handicapped. Since the end of World War II, with the acceleration of the suburban exodus and expanding affluence of most of society, the poor have increasingly become impacted into large central city areas. The reasons for this --available housing, some mass transportation and a broader range of job opportunities -- are the same reasons which have traditionally attracted the poor to the slums. Thus, the city slums began to collect an increasing number of non-whites who were in search of the same dream which had drawn earlier immigrants -- opportunity for a better life.

But the sort of obstacles facing the non-white immigrant were deeply rooted in his past. They were, and are, more severe and enduring than those met -- and often superseded -- by his predecessors. The social and economic heritage of American slavery had ill-equipped most Negroes for successful survival in a highly competitive urban environment. These historical impediments were accentuated by the deadly barriers of prejudice and discrimination which followed. And the tragedy of discrimination is that it provides an excuse for failure while erecting barriers to success.

As long as this nation struggled to provide enough goods and services to meet the needs of most Americans, varying degrees of poverty were tolerated. Today, however, the vast majority of our people no longer feel the heavy hand of scarcity. The pockets of poverty that exist have become intolerable. They offend the national conscience; they enforce an unnecessary damper upon economic growth; they breed unprecedented resentment and hostility in those who are the glaring exceptions to America's prosperity.

It is out of this background that the Kennedy and Johnson Administrations developed new programs to meet the new situation. Today we have new programs for expanding employment opportunities, and for training those job-seekers once considered unemployable. We have new approaches in education, designed to offset the century-long period of neglect.

In addition, we have expanded our low-income housing and have initiated a highly successful moderate-income housing program. We have greatly expanded assistance to low-and moderate-income households displaced by urban renewal, and we have reduced enforced displacement by substituting more and more rehabilitation for total clearance in that program.

These and many other new approaches to solving the complexities of urban living have evolved in the past five years. In that same period, there has been new legislation for civil rights and a concerted effort to reapportion state legislatures to obtain a more equitable representation of urban populations. And, I should add, the Federal government, for its part, created the eleventh Executive department, giving city dwellers representation in the highest councils of government.

And now, in January of this year, the President has proposed an approach which for the first time calls for a comprehensive effort, to mesh all of these programs together into an intensive drive against those obstacles standing between us and the full realization of the democratic city.

Under the Demonstration Cities Act, this will be a major effort, on a critically selective basis, aimed at developing solutions to the full range of urban problems. And the program is based squarely upon this fundamental premise: that the ingenuity and inventiveness needed to solve these problems are present in cities right now. They need to be rallied and coordinated, and, most important, they need the backing of Federal funds, so that ideas and new approaches can be translated into action programs which will in turn provide trail-blazing directions to <u>every</u> American city.

The legislation asks cities to think big -- bigger, in fact, than they have ever had to think before.

It asks a new sort of coordinated approach, combining the full range of existing grant-in-aid programs for both physical and social development. The list of programs which are already at work in cities is long. But there is a desperate need for sharper coordination of effort and for clarification of program objectives. This would be a key goal of the Demonstration Cities program.

The effort proposed by this bill has three major thrusts:

> To concentrate all available resources in planning tools, in housing construction, in job training, in health facilities, in recreation, in welfare programs, in education -- to improve the conditions of life in urban areas.
>
> To coordinate all our available talent and skills.
>
> To mobilize local leadership and private initiative, so that local citizens will determine the shape of their new city freed from the constraints that have handicapped their past efforts and inflated their costs.

In evolving program criteria, there has been considerable thought given to keeping the ground rules as flexible as possible, so as to provide minimal restrictions on innovation.

The program stresses impact upon the Target Area. We do not propose to tell cities either what specific areas they should treat or how big these areas should be, in strict terms. But the criteria in both the Bill and the President's message clearly point the general direction:

(1) The Target Area must be large enough to remove blighted conditions throughout whole sections or neighborhoods;
(2) The Target Area should be largely residential, containing a substantial share of a city's substandard housing;
(3) The program must be designed to upgrade the living environment for poor and disadvantaged families and individuals.

Federal funds would finance 90 percent of the initial planning cost of these Demonstration programs, but the planning would be done locally. To carry out these plans, the whole array of Federal assistance for human and physical improvement, as well as those of the state and locality, would be combined in concentrated form.

In addition to regular Federal program funds, special Federal grants equal to 80 percent of the local share of the Federal programs involved, would be extended to Demonstration areas. These grants would supplement normal grant-in-aid funds, and could be used for any purposes within the framework of the development plan.

Under the program, new and rehabilitated housing would be created, at rents or prices geared to the incomes of the people in the area. Most of this would be provided through improvement of existing housing, using rehabilitation loans and grants where needed. It could also provide for low-income needs through locally-owned public housing, new or rehabilitated, and private low-rent housing whose tenants would be aided by Federal rent supplements. Additional private housing at reasonable rents could be provided under FHA's moderate-income housing program, and under programs for housing the elderly.

The provisions of better housing, under a Demonstration Cities plan, should be conceived in a metropolitan framework. For instance, if one of the objectives of the plan is to cut down residential densities in the area, then obviously housing outside the area must be utilized. This sort of broadening of the total housing market is essential not only for the immediate goal of the success of the Demonstration Cities but for the larger goal which is my theme: the fullest flowering of our urban democracy.

It is quite clear that the rent supplement program can be a tremendous resource for Demonstration Cities, as well as throughout metropolitan areas. We have already had applications for over 100,000 units of this low-income housing from all the states. Sites are actually selected, optioned, or acquired for over 70,000 of these units already. There is no disputing the need for, or the interest in, this new program, which will supplement the public housing program in meeting the need of low-income families for decent housing.

The Demonstration plan would also involve urban renewal, ranging from clearance, where necessary, to rehabilitation, code enforcement, and demolition assistance. It could include write-downs of properties to be rehabilitated. Rehabilitation and conservation of housing and structures would predominate, reducing costs and keeping displacement of people to a minimum.

Schools, hospitals, neighborhood facilities for community health, and recreational centers, parks and open spaces, would be part of the plan. Public facilities -- sewers, water, streets and mass transportation -- and public services, such as better police and fire protection, could also be included in the program.

These activities deal largely with major physical facilities and services. Equally as basic, however, would be the programs for social and human betterment, designed to raise aspirations and help provide the skills and motivation to realize those aspirations.

Today these programs for rebuilding lives have been greatly expanded to include a wide range of Federal grants-in-aid, covering manpower training, vocational education and rehabilitation, employment assistance, special education for deprived children, and the anti-poverty community action programs.

Multi-purpose community centers would provide home management and family counseling, legal assistance, services for youth and the aging, and neighborhood health centers could provide diagnostic services and treatment, mental health programs, and programs to deal with drug addiction and alcoholism.

Finally, there is another critical aspect to rebuilding human aspirations. That is, the complete involvement of a neighborhood's citizens in the whole process. In the Demonstration Cities program, we are asking cities to insure that citizens participate fully in the development of the plan, so that they can be working usefully toward objectives of their own choosing. Of course there will have to be compromises between neighborhood objectives and citywide objectives, but that is what democracy is all about.

It takes more than an investment of money alone to infuse pride and hope into old, beaten neighborhoods. It takes an investment of time, and sweat and caring. But the potential returns are immense -- I hope we will all see them soon, in the eyes of city children, happy and proud of their neighborhood, their school and their city.

The American city today is going through its greatest crisis. It has survived fires, floods and pestilence and seen these menaces conquered by our rapidly developing technology. And this technology today even promises us an urban environment free from the wastes which spoil our streams and harbors and darken our skies and our lungs.

I have little doubt that technology can make cities more efficient and economic. I have little doubt that we can control our suburban growth, and even develop patterns of living which will outshine those European examples so dear to the hearts of many American critics and columnists.

The problem is not a lack of technical know-how or a paucity of resources to create a better urban environment. It is rather a disinclination to utilize our technology, a failure to direct our resources into the most productive channels, and a proliferation of local governments. The first is due, in large part, to the fact that we have not permitted ourselves to dream of what a better urban America could be. Surely, it need not and it should not be a replica of our past shortcomings. We must raise our individual expectations and encourage others to do the same.

The experimental and demonstration programs proposed by President Johnson, now before the Congress, are designed to indicate how we can better allocate our resources in urban communities. Demonstration Cities will establish guidelines for the core areas, and a companion program for encouraging effective metropolitan planning will serve a similar purpose for the larger community. The latter activity, coupled with special inducements for area-wide approaches to area-wide problems, will mitigate somewhat the adverse impact of proliferation of local governments. This problem, however, cannot really be attacked effectively until the states assume their responsibilities for urban development.

I could have spoken more of the promise of technology to tame that urban growth which will thrust another 85 million or so persons into our urban areas by the end of this century.

But I have addressed myself to the problem of democracy in the city because I believe it is the great remaining challenge on the national domestic scene. And the solving of this crucial issue can no more be segmented than can the metropolitan complex continue to operate as a haphazard collection of feudal fiefdoms.

I am one of those who believe it does make a difference that there is a League of Women Voters. It can make a significant difference in the effort to fulfill the promise of the democratic city. Let us work closely together to realize this objective.

# # # # # #

LWV of Minnesota, State Organization Service, U. of M., Minneapolis, Minn. 55455
March 24, 1967

T I M E   F O R   A C T I O N

Eq. of Op.

HOUSING LEGISLATION

Senate File 1287 (authors K. Hughes, Davies, Popham) and House File 1545 (authors Flakne, Frenzel, Smaby, Norton, Overgaard) were introduced on March 21. Governor LeVander called a special press conference to indicate his strong support of the bill.

The bill extends the fair housing law to cover the sale of single-family, owner-occupied housing which is privately financed (this includes 73% of the housing on the market). This housing provision is exactly in accordance with the League consensus. Governor LeVander, in his January inaugural address, urged the legislature to "include the sale of privately financed housing." Both political parties favor this extension of coverage.

Official Letter: We expect these bills to be heard by the Civil Administration, Judiciary and Finance Committees in the Senate and by the Civil Administration and Appropriations Committees in the House.

This is a general Time for Action. You should write an official letter, encourage members to write letters and build support for this legislation in your community. BEGIN RIGHT NOW!

Official Response: We have included the voting records of Senators and Representatives on past civil rights legislation. Refer also to your legislative interview. Tailor your letter to your representative. Refer to his authorship of present bills and his past support of legislation. Thank him for his efforts in the past. Ask him specifically for his vote in a committee if he is a member and for his vote on the floor. Refer to the green Position VOTER for the League position on housing. Refer to Project Update: Discrimination in Housing if you feel you need additional information. Use your own words in paraphrasing League material.

Inform your members through articles in your bulletins, through general meetings and unit meetings. You might have each member bring stationary to a unit meeting and write letters right there. Encourage members to discuss bills with neighbors and friends.

Community Response: The Minnesota Council on Civil and Human Rights, numerous community Civil Rights Councils, Minnesota Council of Churches, the Republican and Democratic parties, the Council on Religion and Race, ministers and lay church leaders, social agencies and community leaders support this legislation.

In order to have a concentrated effort at this time, you should contact representatives of all of these endorsing groups in your community reminding them that letters to legislators are needed now. Contact your newspaper editors for a favorable editorial. Ask ministers and prominent citizens to write letters to the newspaper. Arrange short talks or announcements for groups you feel will be interested.

Your League lobbyist is actively supporting this legislation at the Capitol. This will not be effective, however, unless we have your push on the local scene to back up our efforts.

[1971]

LEAGUE OF WOMEN VOTERS OF MINNESOTA

555 WABASHA, ST. PAUL, MINNESOTA 55102

To: Members of the Governmental Operations Committee

From: Mrs. O. J. Janski, State President, and Mrs. Russell Lucas,
Director State Board, Human Resources

Re: Minnesota Housing Finance Agency - H.F. 1657

The League of Women Voters of Minnesota strongly supports legislation that will alleviate the acute housing shortage for low and moderate income families in the State of Minnesota.

In our recognition of this grave need we are supporting a number of related measures. Among these are bills for a Metropolitan Housing and Development Assistance Agency, County or Multicounty Housing and Redevelopment Agencies, a Statewide Uniform Building Code and Tenants Rights legislation.

Although all these bills if passed will be positive measures to deal with various aspects of the shortage of safe and sanitary housing for low and moderate income families, financial assistance and expertise at the State level is essential.

We feel that the passage of a Minnesota Housing Finance Agency bill is the key to full implementation of housing production in the State of Minnesota.

We would like to emphasize specific positive elements of H.F. 1657 which, in our opinion, would aid in the production of low and moderate income housing.

1. Housing costs for low and moderate income families will be lowered since the Agency will be able to lend money to sponsors of low and moderate income housing at a lower interest rate than is currently available.

2. A revolving fund for seed money and development loans plus construction financing loans and permanent mortgage loans to sponsors of low and moderate income housing will allow construction of more housing units at a lower cost per unit.

3. The production of scattered-site single family housing for those with low and moderate incomes will be increased by the Agency's power to purchase federal securities from the Government National Mortgage Association (Ginny May). The management of these mortgage portfolios would be the responsibility of private mortgage institutions.

TELEPHONE 224-5445

4. Needed technical assistance to the sponsoring organizations will be provided by the Agency.

5. Through research and planning activities the Agency will aid financial institutions, governmental agencies and housing and supply industries in the provision of adequate housing for all citizens throughout the State.

6. Finally, the State of Minnesota can take full advantage of all federally assisted housing programs through this Agency.

We urge, therefore, your favorable consideration of H.F. 1657.

April 20, 1971

Subsidized Housing Activity In The Metropolitan Area July 1972-73

Metropolitan Council Staff Report
December, 1973

Subsidized Housing Activity

In The Metropolitan Area

July 1972-73

Metropolitan Council Staff Report
December, 1973

PREFACE

The purpose of this report is to update earlier Council housing reports entitled, **Types and Distribution of Subsidized Housing**, and **Subsidized Housing Activity July 1971 - July 1972**, which contain housing information current to July, 1972.

This report reviews the major subsidized housing activities which have occurred in fiscal year 1973, and summarizes the major changes which resulted from this year's activities. It also includes tables indicating figures for the period July, 1972 - July, 1973, as well as Metropolitan totals as of July, 1973.

Preparation of this report was financed in part through a comprehensive planning grant from the Department of Housing and Urban Development.

INTRODUCTION

The President's subsidized housing moratorium has greatly influenced subsidized housing activity between July, 1972, and July, 1973. Many of the proposed low-and-moderate-income developments throughout the Seven County Area that had originally been given preliminary approval had to be cancelled or suspended.*

As a result of the moratorium, subsidized units approved for HUD funding in fiscal year 1973 were only about one-half of the number of subsidized units approved in fiscal year 1972. Funding for public housing was one-quarter of 1972's, and the 235 program had one-half the funding of 1972. The 236 program was less drastically affected, down one-quarter from the 1972 funding levels.

The Metropolitan Council has identified a need for nearly 10,000 low-and-moderate-income subsidized housing units each year to 1980. In fiscal 1973, federal funding met about one-fifth of the projected units needed.

The major impact of the reduced funding experienced in fiscal 1973 will be felt most in 1974 and even 1975, due to the time lag between federal approval and actual occupancy of a building.

It could also force a rise in the cost of the existing housing through increased demand for such housing, and affect related employment and industry in the Metropolitan Area.

In spite of the freeze, however, some housing proposals were approved, changing the subsidized housing picture. This report will review those changes from July, 1972 through July, 1973.

TOTAL NUMBER AND GENERAL DISTRIBUTION OF ALL SUBSIDIZED UNITS AS OF JULY 1, 1973

The Region's total supply of subsidized housing units approved for federal funding has increased nine per cent from last year to 24,202 units. Total housing activity was down from previous years as the result of the rejection of many proposed units and the suspension of many projects given preliminary approval but not funded as a result of the moratorium.

Of the total number of units funded as of this year, 19,877 (82 per cent) are located in either Minneapolis or St. Paul. Eighteen per cent (4,325) of the approved units are located in suburban communities, and of these, the majority are moderate-income units. In 1971, ten per cent of all approved units were located in the suburbs, in 1972, 15 per cent, and in 1973, 18 per cent, demonstrating the consistent increase of units in the suburbs. Between July, 1971 and July, 1973, there has been a 130 per cent increase in the number of approved units in the suburbs.

A total of 67 Metropolitan communities now have some approved subsidized housing (see attached map). Twenty-five communities and one county as of July, 1973, have created Housing and Redevelopment Authorities (HRAs). The Housing and Redevelopment Authorities of Maple Plain, Belle Plaine, and Fridley are inactive.**

*Units are designated as "approved" if they have been officially approved by the Department of Housing and Urban Development (HUD) for funding. Units are identified as "proposed" by HUD **only** if the applications were still under consideration by HUD for funding as of July, 1973. Projects which have been proposed, but have been either rejected or suspended are not included. The "proposed" category differs substantially from previous Council reports when "proposed" included all activity during the year, not just applications pending. Comparisons in the "proposed" category with previous years may, therefore, be misleading. Because the 235 program involves procedures that do not distinguish between proposed and approved housing units, only existing 235 units are counted and are designated as approved.

**HRAs are designated as inactive if the term of office of its commissioners, executive director, and local officials has expired and no new personnel presently hold those offices.

Total Number of Subsidized Housing Units by Program
July, 1973

	Units Approved	Units Proposed	Total Units
Low income (HRA)	14,274	0	14,274
Moderate income multi family (236, 221d3)	7,564	2,587	10,151
Moderate income single-family (235)	2,364	--	2,364
TOTAL	24,202	2,587	26,789

Public housing remains almost entirely concentrated in Minneapolis and St. Paul (see map). Of the 14,274 approved public housing units only six per cent (857 units) are located in the suburbs. On the other hand, 2,233 (30 per cent) of the 7,564 approved units in the multi-family program Sections 221d3 and 236 for moderate-income persons are in suburban communities. About equal numbers of subsidized single-family units (Section 235) have been funded in the central cities and suburbs. However, the suburban units are concentrated in only a limited number of communities.

1972-1973 ACTIVITY

During the past federal fiscal year 2,147 housing units were approved for federal funding. In addition, 1,471 units received preliminary approval for funding but were suspended by the moratorium. Approved projects alone decreased by 48 per cent from 4,139 to 2,147 from the previous year. This year for the first time half of the units approved and the majority of the units proposed were located in suburban communities.

However, while the Region-wide distribution of approved units in each of the subsidized housing programs is improving, the majority of the subsidized housing remains in the central cities.

Central City-Suburban Distribution of Subsidized Housing Activity
July 1, 1971-July 1, 1973

Location	Units Approved (71-72)		Units Approved (72-73)		Units Proposed (71-72)		Units Proposed (72-73)		Total Units (71-72)		Total Units (72-73)	
Central Cities	2,668	64%	1,083	50%	3,666	51%	707	46%	6,334	56%	1,790	49%
Suburban Communities	1,471	36%	1,064	50%	3,582	49%	829	54%	5,053	44%	1,893	51%
TOTAL METRO AREA	4,139		2,147		7,248		1,536		11,387		3,683	

Four communities, Laketown Township, Apple Valley, Eagle Creek, and Oak Park Heights, which had no subsidized housing of any sort before this year, provided some subsidized housing for the first time. Some communities such as Golden Valley, Eagan, Eden Prairie, Edina, Stillwater, Brooklyn Center, Minnetonka, and Anoka, already having some limited subsidized housing, expanded into new housing programs during the year.

The trend toward greater funding of moderate-income housing (Sections 236, 221d3, and 235) as opposed to low-income continued this year as in the two previous years. The number of moderate-income units

approved was over three times the number of low-income units approved. The Metropolitan Council estimates, on the other hand, show that two-thirds of the housing units approved each year need to be for persons of low income and one-third for moderate-income persons.

Subsidized Housing Activity by Program Type
July 1, 1972-July 1, 1973

Program	Number of Units Approved	Proposed	Total Activity
Low income housing (HRA)	410	0*	410
Moderate income multi family housing (236 and 221d3)	1,419	1,536	2,955
Moderate income single family housing (235)	318		318
TOTAL	2,147	1,536	3,683

Low-income Public Housing (HRA) Activity

"Public Housing" programs are those programs operated by municipal housing and redevelopment authorities. Funded entirely by the federal government, the program seeks primarily to aid low-income people.

More than any other housing program, low-income activity was severely limited in the past year. Only 410 new units were approved compared to 1,586 units the previous year. An additional 425 units were given preliminary approval but were suspended. This was approximately one-quarter of the funding in 1972. Of the units approved, 394 or approximately 96 per cent were to be located in St. Paul. These were entirely for the elderly. No low-income family units were approved this year and only 16 public housing units were approved in the suburbs.

Despite the low level of funding there was a great deal of activity and interest in public housing programs, especially in the suburbs. There were 3,148 public housing units applied for by Excelsior, Minnetonka, Wayzata, Bloomington, Hastings, North St. Paul, South St. Paul, Anoka, St. Paul, and Dakota County. Nearly all applications included both family and elderly.

Of these, five applications, all in suburban areas and all providing for family and elderly housing, received preliminary funding commitments. These commitments were withdrawn when the moratorium was enacted. These projects receiving a suspended status are listed below.

Public Housing Projects Which Were Initially Approved, Then Suspended During Fiscal Year 1973

Location	Non-elderly	Elderly	Total Units
Dakota County	60	65	125
Wayzata	10	50	60
North St. Paul	15	55	70
Bloomington	45	90	135
South St. Paul	35	0	35
TOTAL	165	260	425

*Units are "Proposed" when an application has been made to HUD for funding. Those projects proposed but rejected or approved and suspended are excluded. Therefore, the "0" indicates that there are no public housing units pending as of July 1, 1973. This does not mean that no units were proposed in that category during the past year.

The status of these projects, if and when funding would be available in the future, is unclear. Of the units suspended, three-quarters were in Council designated first or second priority areas for approval of subsidized housing, and none of the units would have been located in the central cities. The number of suspended units is greater than the number of approved units for this year. The moratorium cut potential public housing activity by over one-half. It appears that if the federal freeze on programs had not occurred, this year would have been a breakthrough year for the provision of low-income family and elderly housing in the suburbs.

Moderate Income Multi-family (221d3 and 236) Activity

A second major set of subsidized programs administered by the Department of Housing and Urban Development (HUD) are those which serve primarily moderate rather than low-income persons and families. While public housing programs require a public agency to own or operate the housing, the HUD administered programs allow only non-profit or private developers to develop the housing. These programs fall into two categories, one which reduces the cost of renting for the occupant, and one which reduces the mortgage costs of home ownership.

The rent reduction programs are known as Sections 221d3 and 236. Both programs are essentially the same, providing for multi-family rental developments to be sponsored by non-profit or limited-profit developers and rented to moderate-to-low-income persons. Developers are required to follow HUD regulations in managing the projects and must observe income limits and guidelines set for eligibility of tenants. Another program, the Rent Supplement Program, may be used together with the 236 and 221d3 programs to further reduce rental costs for lower income persons.

There were 1,419 units approved during fiscal year 1973. This figure is down 455 units or 24 per cent from the previous year. The Section 236 housing program experienced less of a reduction in the number of units approved from fiscal 1972 than any of the other programs. Despite the reduced funding for the program, the number of units approved in the suburbs exceeded the previous year's.

Of the units approved, 894 or 63 per cent were in suburban locations. This brings the suburban total for approved 236 units to 2,233.

Four communities had Section 236 units proposed for the first time. These were Golden Valley, Minnetonka, Richfield, and Forest Lake.

In addition to the units funded, 1,046 units were approved but were suspended by the moratorium. These units are being re-evaluated by HUD, and it is anticipated that most will be funded in fiscal year 1974.

**Moderate-income Projects Which Were Initially Approved,
Then Withdrawn During Fiscal Year 1973**

Location	Total Units
St. Paul	493
Forest Lake	60
Bloomington	120
Minnetonka	204
Maplewood	169
TOTAL	1,046

Single-family Moderate Income (235) Activity

Another major HUD program, the Section 235 program, provides for home ownership for moderate-income persons. The Section 235 program includes new single-family housing built by private developers as well as existing housing offered for resale to lower income families. The income limits of this program are the same as those under the Section 236 rental program. This year, as in the two previous years, the majority of the homes were new single-family dwellings rather than existing housing offered for resale. A total of 318 single-family units were approved this year under the Section 235 program, one-half of the number approved last year.

This year's activity brought the total number of units with home ownership programs to 2,364 units, increasing the Area's housing supply under the 235 program by ten per cent.

The majority of this year's Section 235 housing units are located in the central cities (52 per cent), but the 235 housing units were more evenly distributed throughout suburban communities than in previous years.

Some suburban communities had 235 housing units approved for the first time in 1973. These were Laketown, Apple Valley, Eagle Creek, and Oak Park Heights.

Table 1
Total Number of Subsidized Housing Units by Community, July 1, 1973

		Public (HRA) Housing		FHA Rental Subsidized Housing (221d3, 236)		FHA Home Ownership Subsidized Housing	
	HRA?	Approved	Proposed	Approved	Proposed	(235)	Total
ANOKA COUNTY:							
Anoka	Yes			65		86	151
Bethel							
Blaine (pt.)						343	343
Burns Twp.							
Centerville							
Circle Pines						11	11
Columbia Heights	Yes	100				8	108
Columbus Twp.							
Coon Rapids				149		40	189
East Bethel							
Fridley	Yes-Inactive					18	18
Grow Twp.							
Ham Lake Twp.							
Hilltop							
Lexington						5	5
Lino Lakes							
Linwood Twp.							
Oak Grove Twp.							
Ramsey Twp.							
Saint Francis							
Spring Lake Park (pt.)						5	5
TOTAL	3	100		214		516	830
CARVER COUNTY:							
Benton Twp.							
Camden Twp.							
Carver							
Chanhassen (pt.)							
Chaska	Yes			86		43	129
Chaska Twp.							
Cologne							
Dahlgren Twp.							
Hamburg							
Hancock Twp.							
Hollywood Twp.							
Laketown Twp.						2	2
Mayer							
New Germany							
Norwood							
San Francisco Twp.							
Victoria							
Waconia	Yes	31					31
Waconia Twp.							
Watertown	Yes					3	3
Watertown Twp.							
Young America							
Young America Twp.							
TOTAL	3	31		86		48	165

Table 1
Total Number of Subsidized Housing Units by Community, July 1, 1973 (cont.)

		Public (HRA) Housing		FHA Rental Subsidized Housing (221d3, 236)		FHA Home Ownership Subsidized Housing	
	HRA?	Approved	Proposed	Approved	Proposed	(235)	Total
DAKOTA COUNTY:	Yes						
Apple Valley						1	1
Burnsville				200		1	201
Castle Rock Twp.							
Coates							
Douglas Twp.							
Eagan Twp.				144		6	150
Empire Twp.							
Eureka Twp.							
Farmington						8	8
Greenvale Twp.							
Hampton							
Hampton Twp.							
Hastings (pt.)	Yes					6	6
Inver Grove Heights				322		44	366
Lakeville						54	54
Lilydale							
Marshan Twp.							
Mendota							
Mendota Heights							
Meisville							
New Trier							
Nininger Twp.							
Randolph							
Randolph Twp.							
Ravenna Twp.							
Rosemount						125	125
Sciota Twp.							
South St. Paul	Yes	298				7	305
Sunfish Lake							
Vermillion							
Vermillion Twp.							
Waterford Twp.							
West St. Paul						6	6
TOTAL	3	298		666		258	1,222

Table 1
Total Number of Subsidized Housing Units by Community, July 1, 1973 (cont.)

		Public (HRA) Housing		FHA Rental Subsidized Housing (221d3, 236)		FHA Home Ownership Subsidized Housing	
	HRA?	Approved	Proposed	Approved	Proposed	(235)	Total
HENNEPIN COUNTY:							
Bloomington	Yes					16	16
Brooklyn Center				122		25	147
Brooklyn Park				176		52	228
Champlin						3	3
Chanhassen (pt.)							
Corcoran							
Crystal						22	22
Dayton (pt.)							
Deephaven							
Eden Prairie				130			130
Edina				265		2	267
Excelsior	Yes						
Fort Snelling						1	1
Golden Valley					234	5	239
Greenfield							
Greenwood							
Hanover (pt.)							
Hassan Twp.							
Hopkins	Yes	86		161		5	252
Independence							
Long Lake						1	1
Loretto							
Maple Grove						1	1
Maple Plain	Yes-Inactive						
Medicine Lake							
Medina							
Minneapolis	Yes	8,336		3,421	1,265	798	13,820
Minnetonka	Yes				204	1	205
Minnetonka Beach						1	1
Minnetrista							
Mound	Yes	50				69	119
New Hope						4	4
Orono							
Osseo							
Plymouth						5	5
Richfield					162	11	173
Robbinsdale	Yes					3	3
Rockford (pt.)							
Rogers							
Saint Anthony						2	2
Saint Bonifacius							
Saint Louis Park	Yes	250				24	274
Shorewood							
Spring Park							
Tonka Bay							
Wayzata	Yes					1	1
Woodland							
TOTAL	10	8,722		4,275	1,865	1,052	15,914

Table 1
Total Number of Subsidized Housing Units by Community, July 1, 1973 (cont.)

		Public (HRA) Housing		FHA Rental Subsidized Housing (221d3, 236)		FHA Home Ownership Subsidized Housing	
	HRA?	Approved	Proposed	Approved	Proposed	(235)	Total
RAMSEY COUNTY:							
Arden Hills						2	2
Blaine (pt.)							
Falcon Heights							
Gem Lake							
Lauderdale						1	1
Little Canada							
Maplewood					169	4	173
Moundsview						10	10
New Brighton						5	5
North Oaks							
North St. Paul	Yes					25	25
Roseville							
Saint Anthony (pt.)							
Saint Paul	Yes	5,081		1,910	493	331	7,815
Shoreview						1	1
Spring Lake Park (pt.)						1	1
Vadnais Heights							
White Bear Lake				118		49	167
White Bear Twp.							
TOTAL	2	5,081		2,028	662	429	8,200
SCOTT COUNTY:							
Belle Plaine	Yes-Inactive						
Belle Plaine Twp.							
Blakeley Twp.							
Cedar Lake Twp.							
Credit River Twp.							
Elko							
Helena Twp.							
Jackson Twp.							
Jordan						1	1
Louisville Twp.							
New Market							
New Market Twp.							
New Prague (pt.)	Yes						
Prior Lake						11	11
Saint Lawrence Twp.							
Sand Creek Twp.							
Savage							
Shakopee	Yes			62			62
Spring Lake Twp.							
TOTAL	3			62		12	74

Table 1
Total Number of Subsidized Housing Units by Community, July 1, 1973 (cont.)

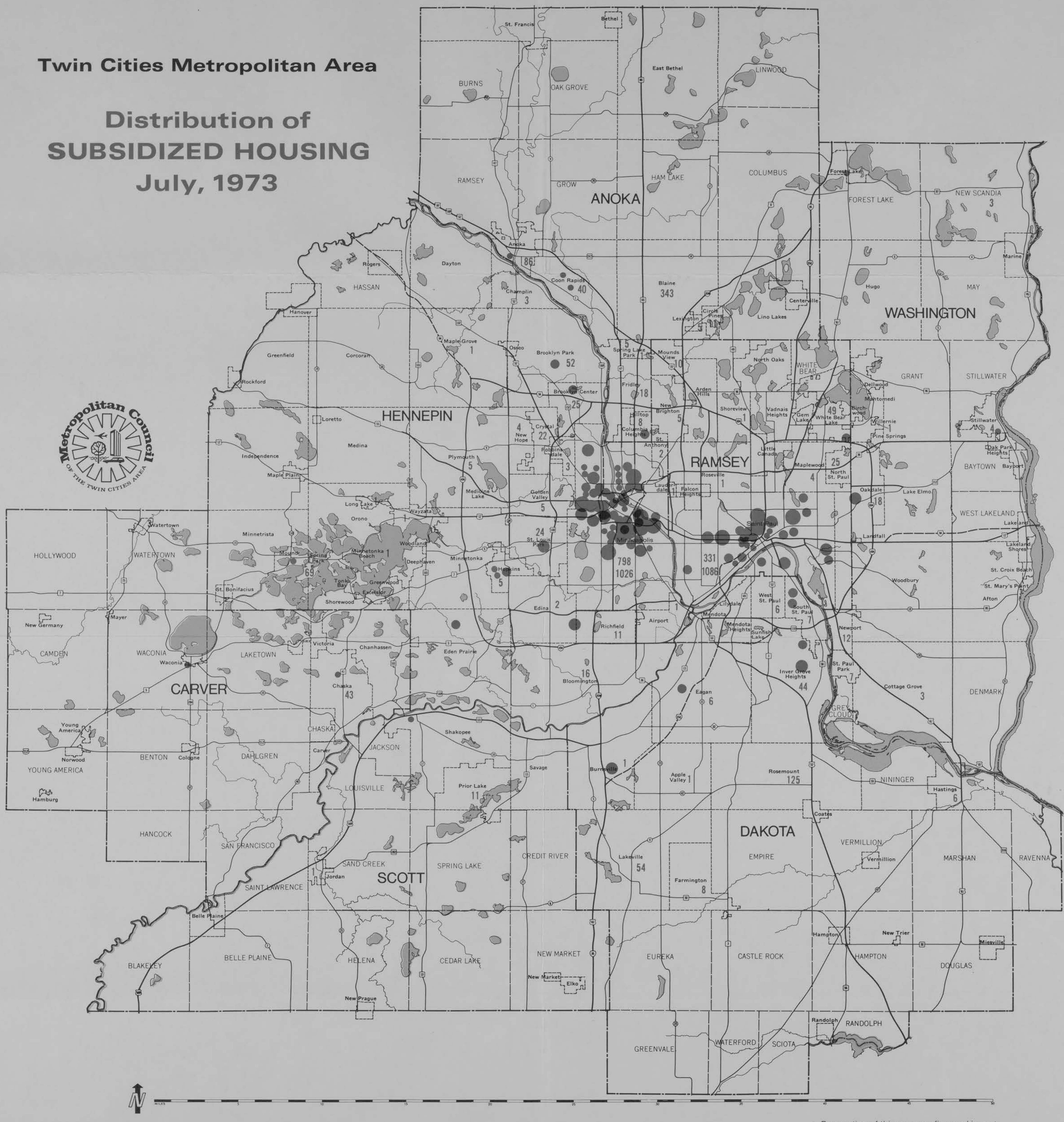
		Public (HRA) Housing		FHA Rental Subsidized Housing (221d3, 236)		FHA Home Ownership Subsidized Housing	
	HRA?	Approved	Proposed	Approved	Proposed	(235)	Total
WASHINGTON COUNTY:							
Afton							
Bayport							
Baytown Twp.							
Birchwood							
Cottage Grove						3	3
Dellwood							
Denmark Twp.							
Forest Lake	Yes	42			60		102
Forest Lake Twp.							
Grant Twp.							
Grey Cloud Twp.							
Hastings (pt.)							
Hugo							
Lake Elmo							
Lakeland							
Lake St. Croix Beach							
Lakeland Shores							
Landfall							
Mahtomedi							
Marine On St. Croix							
May Twp.							
Newport						12	12
New Scandia Twp.						3	3
Oakdale				177		18	195
Oak Park Heights						1	1
Pine Springs							
Saint Mary's Point							
Saint Paul Park						7	7
Stillwater	Yes			56		4	60
Stillwater Twp.							
West Lakeland Twp.							
White Bear Lake (pt.)							
Willernie						1	1
Woodbury							
TOTAL	2	42		233	60	49	384
MPA TOTALS	26	14,274		7,564	2,587	2,364	26,789

Table 2
Subsidized Housing Activity July 1, 1972 to July 1, 1973

	Public (HRA) Housing		FHA Rental Subsidized Housing (221d3, 236)		FHA Home Ownership Subsidized Housing	
	Approved	Proposed	Approved	Proposed	(235)	Total
ANOKA COUNTY:						
Anoka			65		7	72
Blaine					9	9
Circle Pines					5	5
Coon Rapids					4	4
Fridley					10	10
Lexington					1	1
Spring Lake Park					1	1
CARVER COUNTY:						
Chaska					8	8
Laketown Township					2	2
Watertown					1	1
DAKOTA COUNTY:						
Apple Valley					1	1
Eagan			144			144
Inver Grove Heights			112		6	118
Lakeville					20	20
Rosemount					3	3
South St. Paul	16					16
HENNEPIN COUNTY:						
Bloomington					1	121
Brooklyn Center			122		3	125
Brooklyn Park					1	1
Crystal					4	4
Eden Prairie			130			130
Edina			265		1	266
Fort Snelling					1	1
Golden Valley				234		234
Minneapolis			525	214	115	854
Minnetonka				204		204
Mound					19	19
Richfield				162	2	164
St. Louis Park					4	4
RAMSEY COUNTY:						
Maplewood				169		169
New Brighton					5	5
North St. Paul					9	9
Saint Paul	394			493	49	936
White Bear Lake					6	6
SCOTT COUNTY:						
Prior Lake					6	6
WASHINGTON COUNTY:						
Cottage Grove					1	1
Forest Lake				60		60
Newport					9	9
Oak Park Heights					1	1
Stillwater			56		2	58
Willernie					1	1
TOTAL	410		1,419	1,536	318	3,683

Twin Cities Metropolitan Area

Distribution of SUBSIDIZED HOUSING July, 1973



Preparation of this map was financed in part through a comprehensive planning grant from the Department of Housing and Urban Development.

HRA Low-Income Programs*

- Approved multi-family bldg. with less than 100 units
- 100-200
- 200-300
- Over 300
- 01 Approved scattered site or leased single or multi-family units

**Housing & Redevelopment Authorities units. "Low-income" means, for example, a family of four with combined income of up to $6200.*

HUD Moderate-Income Programs**

- Approved multi-family bldg. with less than 100 units (221-D3 & 236)
- 100-200
- 200-300
- Over 300
- 01 Approved scattered site or leased single family home-ownership units (235)

***Federal Housing Administration units. "Moderate-income" means, for example, a family of four with combined income of up to $7980.*

- County Boundary
- Municipal Boundary
- Township Boundary
- Freeway or Expressway
- Proposed Interstate Freeway
- Arterial
- Water Body

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League of Women Voters of Minnesota, 555 Wabasha, St. Paul, Minnesota 55102
April, 1973

TIME FOR ACTION

To: Capitol Letter Subscribers
From: Pat Lucas, Human Resources Committee
April 6, 1973
Re: H.F. 1059 - Hook, Berg, Flakne, Norton, Stanton
S.F. 961 - Tennessen, O'Neill, G. Perpich
Tenants' Rights Legislation - "Remedies" Bill

During the 1969 and 1971 sessions of the legislature the League supported three bills dealing with Tenants' Rights. In 1971 two of these measures passed, the "Covenant" and "Retaliatory Eviction" bills. The "Remedies" bill passed the Senate in both the regular and special session but did not pass the House.

The bill this session is essentially the same as the 1971 version. This bill is designed to provide a procedure for obtaining needed repairs where there are housing, safety or health code violations in rental housing. The major provisions of the bill are:

1. A procedure to establish that code violations do in fact exist. The code violations in point are those that "materially endanger the health and safety of the tenant."
2. Enforces a time limit for repair or correction of violations by the landlord.
3. Establishes a rapid procedure for the tenant to bring action in District Court if violations are not corrected.
4. Protects the landlord from willful, malicious or irresponsible conduct by the tenant which led to the violation.
5. Provides options to the court -
   a. Order the owner to immediately remedy the violation
   b. Order the tenant to repair the violation and deduct the cost from his rent
   c. Appoint an administrator to collect the rents of the building and make the repairs and to pay debt service (mortgage), taxes and insurance
   d. Determine the extent to which uncorrected violations impair the tenant's use and enjoyment of premises and abate the rent accordingly
   e. In all cases grant such other relief as the court sees just and proper.
6. Provides that in no case is the tenant relieved from his responsibility to pay rent.

Status of the Bill: House - passed House Judiciary Committee - it is expected to reach the floor the week of April 9th or early the next week.
Senate - passed the Judicial Administration Subcommittee of the Judiciary - it is expected to be heard in the full committee the week of April 9th.

Re: H.F. 1034 - Berg, Berglin, Ferderer, Savelkoul, Stanton
S.F. 965 - Tennessen, O'Neill, G. Perpich
Tenants' Rights Legislation - Damage Deposit Legislation

Please see Housing section this Capitol Letter for some background. A damage deposit bill did pass into law during the 1971 session. It did not have the support of the League or the consortium of lawyers working on housing problems. The 1971 statute has proved inadequate because the time allowed to return the deposit was too long and the statute did not provide effective sanctions against the landlord who illegally withheld a deposit. The consortium of lawyers reviewed the 1971 statute and decided that amending it was not feasible, so they wrote a new bill to replace the existing statute. This new legislation will clearly define the rules for keeping or returning a deposit, will provide interest to the tenant on his deposit money, and will provide more effective sanctions. The League feels the bill put together by the consortium is exceptionally well written and should provide the tenant with a more equitable situation and the possibility of redress.

Status of the Bill: House - passed out of subcommittee of the House Committee on Commerce and Economic Development. It will probably be heard in the full committee on April 13th.

Senate - passed the Judicial Administration Subcommittee of the Judiciary. It is expected to be heard in the full committee the week of April 9th.

Both of these bills need your support. Please write your legislators now!

Perma-Lease: New Concept in Homeownership

A new concept in home ownership now being tried in the Metropolitan Area allows you to own your own home but lease the land on which it's built.

Called the Perma-Lease Plan, the concept is being used exclusively by Westbrooke Patio Homes in Hopkins.

The company is building 120 patio homes, 50 of which are completed and sold. Eleven of the 50 were occupied as of November. It is hoped all the units will be finished early in 1974.

The plan works this way.

The patio homes range in price from $22,900 to $28,900 (plus closing costs) depending on the number of bedrooms preferred and the size of the basements and patios. Two and three bedroom homes are available.

When you buy the home, you acquire complete title and ownership. Westbrooke Patio Homes has arranged financing only through Midwest Federal Savings and Loan for this plan.

But instead of purchasing the land as you would normally in buying a single family home, you lease or rent the land at a rate of $64.58 a month. The land and special features of the development are shared by all the residents which compose the Westbrooke Homeowners Association. Everyone pays the same leasing fee, as well as $25 a month Association fee for maintenance of the common grounds and facilities.

The lease figure remains constant as long as you own your home and changes only if you sell the home after ten years, when the new owner may be charged differently.

Jim Hawks of Westbrooke Patio Homes explained the benefits of the plan.

Through the plan, Hawks said, more people are eligible to buy a home because less annual income is needed. The plan also allows for a smaller downpayment. And it's Hawks' feeling that the Perma-Lease Plan is cheaper in the long run than purchasing both the land and the house.

He explained that each unit of land is worth $10,000. This is about one third of the total value of the land and a patio home. He said that when you rent one third and purchase two thirds of a property, you are buying under 75 per cent of the total value, and consequently a homeowner does not have to buy mortgage insurance. Under those circumstances, a homeowner can get up to 95 per cent mortgage with a 5 per cent downpayment.

On a $22,900 unit with $350 closing costs, the downpayment would be $1,250 when the land is leased. A $22,000 mortgage would be necessary. If the land were purchased, the same unit would cost $32,900 with $1,250 closing costs, and require a downpayment of $1,750. The mortgage would be $32,443.

Hawks pointed out that while the monthly payment on a unit, whether you buy or lease the land, differs by only $10, he feels that the Perma-Lease Plan is cheaper in the long run because of the money having to be paid in interest on the purchased land.

Hawks said he became familiar with the idea in California, and the company spent about 10 months testing the feasibility of the plan in the Metropolitan Area. The 120 units were started in March, 1973.

In summary, Hawks said, "There are a lot of people who want a home, but haven't got a lot of money to start with, because they haven't saved a lot. We wanted a plan that could make it more easy for people to buy a home."

Preparation of this Newsletter was financed in part through a comprehensive planning grant from the Department of Housing and Urban Development.

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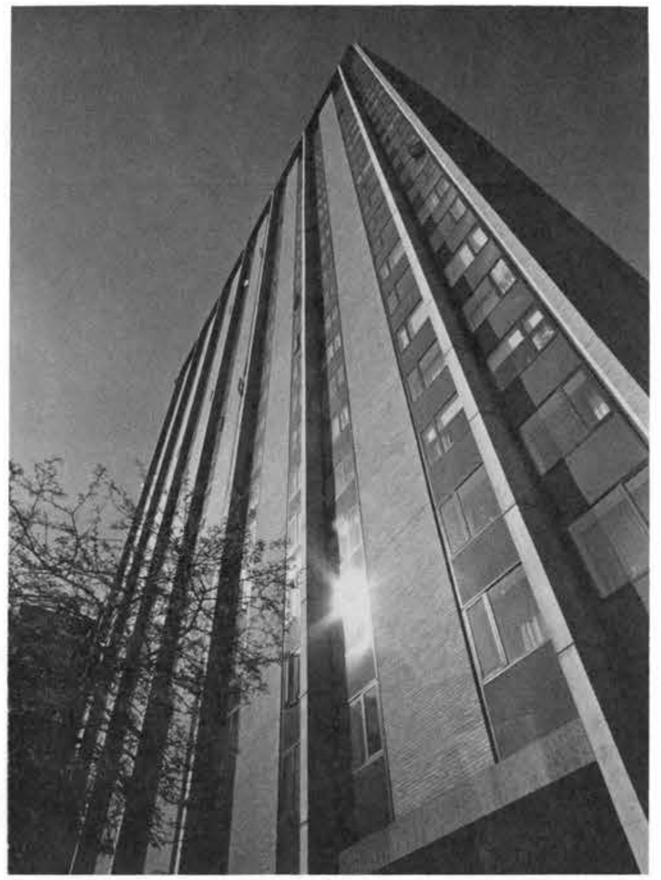
Metropolitan Housing

News from the Metropolitan Council's Housing Program
300 Metro Square Building, St. Paul, Minnesota 55101
612/227-9421

Volume II, Number 9, December, 1973

Condominium Conversions



Five hundred units at The Towers in downtown Minneapolis were converted from apartments to condominiums in 1973. It is the largest conversion in the Metropolitan Area.

Over the last year, a new trend in market rate housing has emerged in the Metropolitan Area. Owners of apartments and townhouses are converting their rental units into condominium units for sale.

According to Mrs. Grace Peters of the Guide to Townhouses and Condominiums, a referral service located in Edina, at least ten developments of over 50 units have converted their apartments or townhouses to condominiums over the period of one year. In addition, a number of 20-50 unit developments have been converted, as well as an indeterminate number of small buildings with 10-20 units. "The figure changes every day," Mrs. Peters said.

She commented, "All developers in the Area are going through a soul-searching time right now — whether to rent units or sell them as condominiums."

WHY NOW?

Minnesota has had a condominium law for a number of years, but it wasn't until recently, in 1969 and 1971, that the State Legislature updated the law to make condominiums attractive and feasible for developers as well as for lending institutions.

The condominium law allows a person to purchase his own dwelling unit, but not the ground beneath it. He also buys a share of the ground and facilities common to a development with all the other buyers.

The success of condominiums has been proven on the coasts, especially in Florida, and Area builders and financial institutions have been encouraged by the national trend.

Consequently, the Metropolitan Area experienced an upsurge in new building of condominiums between 1969 and 1971. More recently, owners of rental units have been looking at the advantages of converting to condominiums.

The trend is so new that most of the converted developments have either just recently opened their units for sale or are about to.

THE LARGEST CONVERSION

The largest conversion in the Area is The Towers in downtown Minneapolis, with 500 apartments in two high rise buildings.

The Towers was opened for rent in 1965 by Knutson Companies, Inc. It offered studio apart-

(Continued on Page 2)

Condominiums

(Continued from Page 1)

ments for at least $170 a month up to three bedroom units for as much as $486 a month. Those units are now selling for $17,900 to $54,000, depending on the number of bedrooms and location in the building.

Vern Suter, Executive Vice President of the River Towers Company, a subsidiary of Knutson, said one year was spent deciding the feasibility of converting The Towers to condominiums.

In June and July, 1973, the units were offered for sale to the residents of the buildings. Suter said 20 to 25 per cent of the renters purchased condominiums. More than 30 per cent of the total units have now been sold, and those that aren't sold yet are occupied on a month-to-month basis by those who have been renting there. This appears to be the standard process of converting rental units.

Suter estimated that if present sales continue, the 500 units could be sold in two years.

WHY CONVERT?

Suter explained that converting apartments to condominiums has a mutual benefit to the developer and the consumer. "It allows you to realize your investment and profit sooner, and get a quicker return on your money. At the same time, you're offering people the opportunity of homeownership in an apartment or townhouse unit."

He added, "Before the law was updated those advantages were not available to people who wanted to own their own home, but didn't want a single family house."

Mrs. Peters, of the Guide to Townhouses and Condominiums, summarized, "There are tax advantages to builders in converting. Those advantages are probably one of the biggest reasons for converting."

Cal Garley, the owner of Park View Terrace in Roseville, converted the development's 106 apartments into condominiums in May, 1973. The units had been rented for three years.

The one bedroom units that rented for $195 a month now sell for $19,000 to $21,000, and the two bedroom units that rented for $257 to $290 a month now sell for $24,800 to $29,800.

Garley said, "I couldn't make a profit, even though we were 92 per cent full all the time."

Since converting, 62 of the 106 units have been sold, and 80 per cent of the rest of the units continue to be rented on a month-to-month basis. Garley said he is very pleased with the results of converting his units.

A smaller development, Hidden Village townhouses in Golden Valley, found another reason to convert. Sixty-two units were open for rental in 1970 and converted to condominiums about a year ago. The two bedroom, three story townhouses rented for $315 to $350 a month, and now sell for $31,900 to $37,900.

Mrs. Catherine Cass of Hidden Village sales management, explained, "We were making more profit by renting units. But we saw some research on conversions, and 30 families indicated an interest in buying their townhouses." All 30 families purchased their units, and 30 more have been bought by others. Two units were left in November.

Mrs. Cass added, "When we started, a rental townhouse was unique, but people are more educated in homeownership now, and it seemed sound to convert to condominiums."

Jon Abbott, of Swanson-Abbott Development in Edina, is involved in converting rental developments to condominiums for other people. He pointed out that converting "is not a means to unload an undesirable property. You've got to have a good building on a good location to sell. As a rule of thumb, if a building has rental problems, it will have sales problems."

WHO'S BUYING THEM?

Abbott said the condominiums are very attractive, because of tax advantages, particularly to single people with high incomes.

Vern Suter said those who buy condominium apartments usually are retired couples, professional couples with older children away at school, a childless couple of any age, and single people. "Everyone except those with young children in school," he said.

The profile of those buying condominium townhouses may differ, since townhouses are more like a detached single family home.

Whatever the profile of a condominium buyer, it appears many in the Metropolitan Area are attracted to the advantages of condominium apartments and townhouses, and builders are concurrently realizing the advantages of selling their units.

Some who have experienced early success in their conversions are now looking at condominiums as the "housing of the future."

Community Actions In Housing

Representatives from 12 local human rights commissions met with Metropolitan Council staff in November to discuss the role of the commissions in reviewing federal grant applications. About 25 commission members attended the meeting at which housing, criminal justice and health staff talked about the commissions and the A-95 review process. Since January, 1973, federal guidelines have required the Council to ask local human rights commissions to comment on housing and other federal grant applications. Commissions represented included Bloomington; Eden Prairie; Mound-Minnetrista-Spring Park; Plymouth; Mankato Area; Roseville; Edina; Cottage Grove; Maplewood; St. Cloud; Columbia Heights and Golden Valley.

Group Offers Centralized Management Service

Building housing is one thing, but keeping it well managed for 40 years is something else.

That's why a non-profit group called Cooperative Management Service incorporated last May and is now providing centralized management services to five housing developments located both in and outside of the Metropolitan Area.

At this time all the developments managed by CMS are financed under the federal government's Section 236 moderate income program. While CMS is the only non-profit group in the area offering centralized management to Section 236 developments at this time, CMS does not plan to limit its service to subsidized housing.

This year, Charles Krusell, Executive Vice President of the Minneapolis Chamber of Commerce, and Executive Director of the Greater Minneapolis Metropolitan Housing Corporation, provided the catalyst for the formation of CMS.

Krusell said, "We can build almost anything, including housing, but we've never placed much emphasis on the housing after it's built."

He explained that owners of housing developments are faced with three management concerns: administration, maintenance and social services. Too often, he said, one person is hired to handle all of these and can't do it effectively. As a result, management costs increase, rents must increase concurrently, and tenant unrest occurs, particularly in subsidized moderate income developments where a sponsor is allowed to raise the rent. (Since the Brooke amendment, rent in public housing cannot be more than 25 per cent of a family's income, so tenants are protected from rent increases.)

Krusell said the concept of CMS is to provide an organization which can centralize all the management concerns of a number of housing developments at one time, thus providing more efficient management, and saving money which can be better spent elsewhere.

Krusell said he has observed the success of the concept at the Minneapolis HRA which, prior to the Brooke amendment, kept rents from rising through centralized management for ten years.

Since incorporating in May, CMS has grown to 10 employees to manage five developments with a total of 512 units. Paul Merrill is the Executive Director. The developments include Chateau Cooperative in Minneapolis, Torre de San Miguel in St. Paul, Vista Village in St. Paul, Greenvale in Northfield, and Maple Hills in Red Wing. CMS also consults in the management of Commonwealth Terrace in Minneapolis. It is hoped CMS will increase its responsibilities to 1000 units next year.

Until CMS is managing enough developments to sustain itself financially, it is operating at a deficit with a loan from the Greater Minneapolis Metropolitan Housing Corporation.

By providing centralized services, CMS has been able to offer the developments significant annual savings. For instance, the previous management of one development cost $22,054. Under CMS, management cost $6,624, at a savings of $15,430 a year.

Joseph Easley, President of CMS, said, "People in the developments have started to feel the effect of the new management since they are being serviced more efficiently. They are not having some of the problems they had before."

Management staff at the Area Office of the U.S. Department of Housing and Urban Development (HUD) have responded enthusiastically to CMS, particularly in relation to Section 236 projects.

HUD must approve a management plan for a project before it's built, but provides no standard management plan and has no assurance that, in the long run, a project will be well managed.

One staff member said, "Section 236 housing can go either way — some are well managed, others really have problems. There's no doubt that CMS can fill a need in the Area."

HUD, as well as CMS, recognizes that it's too early to tell whether the centralized services will be successful in the various housing developments.

But hopes are high, and Krusell commented, "It may not be the best approach to management, but I have no reservation that it's a better method than what we had."

Governor To Submit Rehabilitation Program To 1974 Legislature

Governor Wendell Anderson has announced that he will submit a comprehensive housing rehabilitation program to the 1974 Minnesota Legislature.

In announcing the program, the governor said, "The role of government should be to put people into homes and not keep them out, to encourage home improvement and not penalize it."

The governor said the major portion of his housing rehabilitation program will include the following:

— A housing rehabilitation loan fund of up to $100 million for the Minnesota Housing Finance Agency. This fund would operate in cooperation with local housing and redevelopment authorities, non-profit groups, city governments and the private financial community. If approved, the Housing Agency could provide some 40,000 housing rehabilitation loans and 15,000 small grants to assist low-income howeowners pay off rehabilitation costs;

— A $1 million cash reserve fund to permit the agency to sell bonds at favorable interest rates and pass those savings on to property owners who borrow the money;

— A $15 million rehabilitation grant program by 1975, under which low-income property owners can qualify for bank loans for rehabilitation efforts;

— Legal safeguards and counseling programs to protect homeowners against unscrupulous home repair firms and provide special assistance for rehabilitation efforts.

Community Curbs Vandalism, Affects Boarded Up Houses

By curbing vandalism an individual neighborhood can prevent abandoned houses from being boarded up, and thus have an effect on the total appearance of a community.

This was clear from an incident in recent months involving the Lexington-Hamline Community Council over a boarded up house on Laurel Avenue in St. Paul.

A house was abandoned by the owner who defaulted on mortgage payments to Iowa Securities and Investment Corporation in St. Paul. Windows were broken so, by law, the house had to be "secured" or boarded up. When this happened, the neighborhood became concerned about deteriorating values of their homes.

The Community Council approached Iowa Securities, the St. Paul City Council, and even wrote letters to congressmen to have the boards removed. Iowa Securities then agreed that if vandalism could be prevented it would replace the windowglass of the house.

Barbara Boulger, Community Council spokesman, said the group took two actions to prevent further vandalism. First, the Council made the community aware of the problem and the need to watch the building. The building has not been vandalized since the boards were removed. Second, community members have begun a strong effort to organize more youth activities in the neighborhood. That effort continues as the Community Council works with the St. Paul Parks Department to find locations for activities and staff for the youth programs.

Preparation of this Newsletter was financed in part through a comprehensive planning grant from the Department of Housing and Urban Development.

Metropolitan Council Approves 1974 Housing Work Program

The Metropolitan Council has approved its housing work program for 1974.

While the program will continue and expand many of the present housing activities, two new major activities will be added.

The first is the evaluation of the impact of housing policies which have been adopted by the Council. The housing staff will re-examine and re-evaluate the Council's housing plan in light of new housing data, federal housing program changes, and the need for an allocation plan for renewal and rehabilitation funds.

The second new activity involves housing participation in the Council's Development Framework (development of a regional growth policy). The staff will participate in preparing and executing a housing attitudinal survey, assist in refining analyses of the Area housing market, prepare a social issues paper and analyze housing conditions in the Area based on 1973 data.

To date, the Council's housing program has involved innumerable activities including adopting a housing plan; operating a regional relocation clearinghouse and housing demonstration projects; developing model residential codes and ordinances; publishing newsletters and informational reports and sponsoring housing conferences of timely interest; technically assisting local governments, developers and citizens groups; researching and drafting recommendations for housing legislation; continually improving the housing information and data at the Council; and developing procedures and processing housing applications for federal assistance.

Many of these activities will be continued in the 1974 work program.

Metropolitan Housing

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An agency created to coordinate the planning and development of the Twin Cities Metropolitan Area comprising Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties.

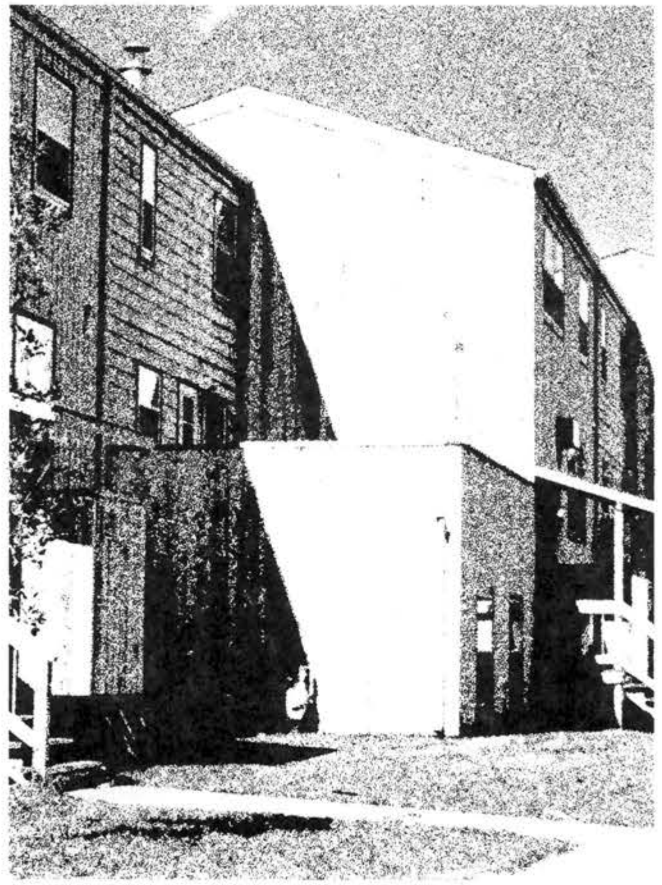
JOHN E. BOLAND, CHAIRMAN
ROBERT T. JORVIG, EXECUTIVE DIRECTOR
MARY-LYNN HARRISON, EDITOR

Metropolitan Housing

News from the Metropolitan Council's Housing Program
300 Metro Square Building, St. Paul, Minnesota 55101
612/227-9421

Volume II, Number 8, November, 1973

Housing Bills



Short term, the Administration proposes to revive the Section 236 moderate income multi-family program and expand the Section 23 leasing program.

The 1974 federal housing legislation may eventually be a compromise of three housing proposals which are being considered in Congress.

In September, President Nixon unveiled the Administration's new housing proposals which were soon translated into legislative form in the Housing Act of 1973 (S. 2507). Two other housing bills have also been proposed, H.R. 10036 by Representatives William A. Barrett and Thomas L. Ashley, and S. 2182 by Senator John J. Sparkman.

The following is a summary of each, an evaluation of their similarities and differences, and a comment on the possibilities for eventual compromise of the three.

Senate proposal: The bill would simplify and consolidate the HUD-FHA insurance and subsidy programs into four basic sections: Section 401 — insured, non-subsidized homeownership; Section 402 — insured and subsidized homeownership; Section 501 — insured multi-family; and Section 502 — insured and subsidized multi-family. The bill also would allocate 60 per cent of the 402 and 502 funds to standard metropolitan areas pursuant to a population, poverty, and housing overcrowding formula. This is the only bill of the three providing for a continuation of public housing.

House proposal: After a period of time, the bill would scrap all three existing housing programs — Section 235, 236 and public housing, and substitute housing block grants. $2.2 billion (in three years) in housing block grants would be divided between metropolitan and non-metropolitan areas (75 per cent and 25 per cent respectively), taking into account population, poverty, and housing overcrowding. Communities would make applications based on a thorough survey of housing needs. Although new public housing units would not be allowed, $45 million of contract authority would be made available for modernization and renovation of existing public housing units.

The Administration's proposal: Short term, the Administration proposes to revive Section 236, expand the Section 23 leasing program, and introduce a new type of leasing program whereby HUD would deal directly with developers. Long term, production oriented programs would be ended and replaced by a modified housing allowance provided experimental studies prove its success.

(Continued on Page 2)

Housing Bills

(Continued from Page 1)

COMPARISONS

Retention of Existing Subsidy Programs: All three proposals foresee some extension of the Section 235 and 236 programs. The Administration has reopened them, at least for 100,000 units before the end of fiscal 1974. The Senate, in its Section 502, carries forward a basic Section 236 with innovations such as further assistance for tenants who cannot afford basic rent on 25 per cent of their income. Although the House contemplates ultimate conversion to block grants, it would authorize its version of Section 502 for fiscal 1974. Both the House and Senate proposals would basically extend the Section 235 program.

In public housing, only the Senate proposes to continue the conventional units, and the Administration would expand the leasing program.

Utilization of State and Local Governments: The Administration favors a federally administered housing allowance program. The House proposal would give localities free rein to choose the programs that meet their needs. The Senate bill is a compromise of the two.

Production Oriented Subsidies: The Senate's extension of present programs would continue production orientation. The House proposal favors production activities such as rehabilitation of single or multifamily projects and a locally run Section 23 leasing program enabling a public body to lease new units. The Administration does not favor more production of housing generally.

Restructuring of HUD-FHA: The Administration first encouraged simplification of HUD-FHA in its 1970 housing proposal. Both the Senate and House versions contain the same suggestions in substantially the same form.

UNIFYING FACTORS

In searching for factors to unify the three approaches, the Bureau of National Affairs, Inc. in Washington, D.C. has summarized five points.

First, it is agreed that at least for a period of time Section 235 and 236 should continue. Second, there appears to be a consensus of the three proposals on an expanded Section 23 leasing program as a major short run housing production vehicle. Third, there may be a general acceptance of housing allowances if proven through experimental programs. Fourth, if housing allowances eventually prove unfeasible, the Administration might reconsider the block grant concept which reached the "finals" in housing policy studies. Fifth, all agree on a remodeling of HUD-FHA.

Taking those five factors into account, the Bureau of National Affairs, Inc. suggests that 1974 housing legislation might be fashioned as follows:

- **A vastly expanded Section 23 program or other variation of leased housing, which would include significant production oriented subsidies to help those on the public housing level;**
- **Needed programmatic changes in Section 235 and 236 such as contained in Section 402 and 502 of the House and Senate bills;**
- **Authorization for any funds and programmatic changes that the Administration deems necessary to fully test the housing allowance experiment;**
- **Research and demonstration funds to test the House block grant approach on a demonstration basis;**
- **HUD-FHA streamlining consistent with the Administration's proposal;**
- **The community development revenue sharing concept.**

12 Housing Applications Reviewed, June to September

During the three month period of June to September, 1973, the Metropolitan Council staff reviewed 12 housing applications for federal assistance.

The reviews are done in accordance with the A-95 Revised guidelines of the U.S. Office of Management and Budget. Under the guidelines, the Council is asked to comment on the consistency of proposed housing projects with area-wide development plans.

In doing its reviews the Council asks for comments by local units of government, environmental agencies and others. Since January, 1973, the federal government has amended its A-95 guidelines to give state and local civil rights agencies an opportunity to also comment to the Council.

Upon completion, Council staff comments are forwarded to the Area Office of the U.S. Department of Housing and Urban Development, which makes a final judgment on the applications.

All the applications reviewed during the June to September quarter were for market rate (non-subsidized) single or multi-family projects due to the moratorium imposed on federal housing subsidy programs.

Also, all of the 12 applications received favorable recommendations from the Council, some with suggestions for improvements. As of October, six of the 12 had been granted first phase approval by HUD, and the remaining six were being processed.

The 12 applications approved by the Council during the June to September quarter include:

Bluff Housing Site, St. Paul, 100 apartment units, Section 221-D4;

Pinetree Pond — Fourth Addition, Cottage Grove, 49 single family units, subdivision feasibility analysis;

Oakwoode Ponds — Second Addition, Oakdale, 24 townhouse units, subdivision feasibility analysis;

Greenleaf — Sixth Addition, Apple Valley, 140 single family homes, subdivision feasibility analysis;

Boundary Creek — Second Addition, Maple Grove, 135 single family units, subdivision feasibility analysis;

Croixwood — Fourth Addition, Stillwater, 129 single family units, subdivision feasibility analysis;

Carrara, Blaine, 106 single family units, subdivision feasibility analysis;

Elliot House, Minneapolis, 94 multi-family units, Section 221-D4;

Woodgate, Eagan, 38 single family units, 92 townhouses, subdivision feasibility analysis;

Babcock Trail Village, Inver Grove Heights, 162 multi-family units, Section 221-D4;

Mill Creek Townhouses, Eden Prairie, 63 townhouse units, subdivision feasibility analysis;

Casa Del Lago Apartments, Cottage Grove, 218 garden apartments, Section 221-D4.

Boland Comments on Housing Problems

After four months as chairman of the Metropolitan Council, John Boland is the first to admit he's still in the process of learning the depth of housing problems in the Twin Cities Metropolitan Area.

He recently offered some comments on Area housing problems generally, the Council's role in housing, some of the Council's housing policies, and President Nixon's recent housing proposals.

Boland indicated a concern about the present housing situation in the Metropolitan Area. He said housing has reached "a crisis not for just those who normally have the problem like the poor and elderly, but for everybody."

Boland said the Council's responsibility rests in "planning and coordinating for the Area. Our obligation in housing, essentially, is to indicate what the problems are, and then to propose solutions for those problems. I think the housing chapter (of the Metropolitan Development Guide) does that."

He said, however, that the Council is in "limbo" in a way. "We are not in a position of getting involved in financing housing. Even though we can plan and coordinate, we can't act until the Legislature either agrees with our proposed recommendations or comes up with its own," he said.

Boland commented that he felt the Council's legislative proposal for a Metropolitan Housing and Redevelopment Authority (MHRA) is a "step in the right direction" to give the Council a tool to provide local governments with assistance. He noted that the current housing moratorium may result in changes in the direction of the national housing program. But, he said, the MHRA legislation may still be broad enough to enable the Council to make an interim response to the Area-wide housing situation.

Regarding the Council's system of recommending the allocation of subsidized housing units to well serviced first ring suburbs, Boland said, "If it's generally understood that low income people are being given choices in the location of their housing, and if the needed services are provided in those areas, I concur with the policy."

He also commented on the Council's Policy 31 which states the Council will give communities with plans for low-and-moderate income housing high priority on various federal grant applications. Boland noted a concern on the part of municipalities about Policy 31 and said there is a need to examine the administration of the policy. He said in the future the Council would be looking at the procedures of implementing Policy 31 to make sure it is equitably administered.

President Nixon's recent housing proposals concerned Boland. The Administration's approach is based on the assumption that the problem is lack of income rather than lack of housing. Boland responded to that saying, "I don't think that's a workable formula in the Twin Cities Metropolitan Area. We lack both income and housing. I would feel more comfortable if the low and moderate income housing were made available to those who needed it."

He suggested that production of housing was crucial and questioned whether providing housing allowances would be enough.

Commenting on the Administration's intent to discontinue most public housing programs, Boland said, "I don't know how the federal government can go about eliminating public housing. The state won't be able to pick it up financially. I don't see how it can be denied."

'Save-The-Cities' Campaign Launched by Area Coalition

A "Save-The-Cities" campaign has been launched by a coalition of organizations in the Metropolitan Area that is trying to get lending institutions to invest more mortgage monies in Minneapolis and St. Paul.

The groups include Organization for a Better St. Paul, Greater Metropolitan Federation, North East Community Organization, and Metropolitan Senior Federation. The coalition met for the first time this fall.

The coalition was formed to alter the fact that few mortgages are available in the Metropolitan Area. When they are available, down payments of 30 to 50 per cent are required, mortgage preference is given to new and more expensive homes and neighborhoods and mortgage interest rates are increasing.

The group's strategy is to solicit pledges from individuals and organizations that would be willing to transfer their savings deposits to a particular lending institution(s) which would agree to use the new deposit receipts to support more mortgage investments in the central cities.

The strategy has two advantages. First, the pledgees are not required to make any risk investment with their deposit. They merely deposit the money in a bank that agrees to provide the mortgage loans. Their deposits will receive the same return and have the same security as any conventional deposit.

Second, the selected bank will benefit from having a larger cash flow coming to it as a result of the additional accounts it receives through the pledges. From the increased cash flow, the bank will then be able to make additional mortgage loans.

The coalition hoped to raise a million dollars worth of pledges by the end of October, As of mid-October, a total of $197,314 had been pledged by some 80 people or groups. After October, the coalition will approach institutions for the purpose of soliciting additional pledges.

Persons or groups interested in pledging may contact Organization for a Better St. Paul, 646-8555; Greater Metropolitan Federation, 645-0261; or North East Community Organization, 789-7218.

To: Mary, Lorraine, Sid -- copies to Mary Ann, Liz and Helene

From: Pat Lucas

Re: Tax Increment financing

Tuesday, Jan. 22, after we met with Mr. Dahl I made an appointment to talk with Ms Eileen Baumgartner in House research. She is the research assistant for the Tax Committee. We met that afternoon and discussed tax increment financing and the future of H.F. 1810.

This is a summary of that meeting for your information.

The instrument of tax increment financing is scattered throughout the statutes and it is in general a very confused and confusing mess. It is the opinion of the committee chairman that the law should be codified in one place and should apply to all jurisdictions that are using this means of financing. He requested that she undertake such as piece of legislation. This she has done and the bill is now in the revisor's office. She gave me a copy of the draft that she sent to the revisor and asked that I not pass it around freely until it has been introduced.

This bill would take precident over all other tax increment legislation, whereever it appears in existing statute and would guide all future legislation. It provides many things but of particular interest to us are:

- limit on the amount of assessed valuation that can be involved in this method of financing
- public notice of the intent to use this method
- public hearing on the plan -which includes tax implications, total cost, time of bond repayment etc.
- consultation with other taxing jurisdictions that are effected (county and schools, etc.)
- the Weaver portion would not be included in the increment amount

She is of the opinion that this method of financing is not a good one - it doesn't raise the money that it is reported to, it is hidden from the people and it has a spillover effect on other taxing units.

We talked about the bond sellers attitude toward bonds of this kind vs general obligation bonds and she said that it was her opinion that the rate that the bonds would sell for would be determined on the merits of the plan not on the type of bond or I guess I should say repayment method.

It seems to me that if this piece of legislation is passed it would considerably alter the form of development district legislation. It certainly would not solve all of the problems but would place some safeguards in the law that are not now there.

It is my opinion that we should keep track of H.F.1810 and watch what is going on with the senate file and watch for this bill - see what happens to it and what the effect is on the development district bills that are now in the hopper. Is that agreeable with you??????? PLEASE let me know if you have another opinion.

Pat

P.S. If you want to see the bill call me or I'll send you a copy when it is introduced.

Housing Funds Available For Local Use

For the first time in nearly a year, some housing funds are available for use by local communities. Although funding is clearly inadequate to meet Area-wide needs, programs are available for individual and community initiative.

The State Housing Finance Agency is making below market rate loans for multi-family rental developments and single-family homes. To date, the agency has sold $68 million worth of bonds with a maximum authority of $150 million. Proposals are being made to increase the Agency's bonding authority to $500 million.

In addition, Governor Wendell Anderson recently announced his intention to present legislation to enable the Finance Agency to make below market rate loans and grants for home rehabilitation. The Governor will ask for $100 million in bonding authority for loans and $15 million for grants to support rehabilitation.

Officials at the Area Office of the U.S. Department of Housing and Urban Development (HUD) have indicated they expect 1,000 to 1,500 units under the Section 23 low income leasing program to be available to the State this fiscal year. In the past, the Metropolitan Area has received about half of the funding available to the State. These units will be able to be utilized under more flexible federal guidelines and could be used for leasing of new construction, existing housing, and rehabilitated units. It appears that money will continue to be available for this program until Congress enacts definite federal housing legislation.

Monies under the federal government's Section 236 moderate income rental program will also be available from time to time. In November, 2,547 units for the Metropolitan Area were announced. The applications for those units are under processing or must be submitted before the end of this fiscal year.

Units under this program are more likely to be restricted to what HUD calls "special priority" projects, chiefly urban renewal relocation, Operation Rehab, and new communities. At the present it appears rather unlikely that these funds will be available for new proposals in suburban communities. In addition to these 236 funds, the State Housing Finance Agency has a commitment of 500 units of Section 236 funds to be used in conjunction with its other programs.

HUD also has a pool of funds from which some 40-50 Section 235 single family homes could be subsidized. The funds are the unused subsidies from Section 235 homes on which HUD has foreclosed mortgages.

Preparation of this Newsletter was financed in part through a comprehensive planning grant from the Department of Housing and Urban Development.

Metropolitan Housing

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Metropolitan Housing

News from the Metropolitan Council's Housing Program
300 Metro Square Building, St. Paul, Minnesota 55101
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Volume III, Number 1, January, 1974

Shortages

Shortages of construction materials like lumber are slowing up production of housing in the Metropolitan Area.

The shortages of various construction materials are being felt in the Metropolitan Area, and local builders of housing anticipate the situation will worsen in 1974.

In a December sampling of construction material suppliers and manufacturers, as well as Area builders, it was found that shortages are slowing up the production of housing, but not yet diminishing the actual number of units being built.

The materials most often mentioned as being short are lumber, plumbing facilities, wiring and other electrical supplies, plastics, and aluminum materials. The causes of the shortages are numerous.

George Porter of sales for Superior Lumber, a major lumber wholesaler in the Metropolitan Area, said the supply of lumber in December was down 30 per cent from the year before. He cited last year's lumbermans' strike in Canada and the sale of a significant amount of lumber nationally to Japan as primary reasons for the shortage.

The shortage of plumbing facilities was given national attention late last year when several high rise buildings in the Chicago area could not be occupied because of the lack of toilets.

A spokesman for Crane Company in Minneapolis, one of the major manufacturers of plumbing facilities in the nation, said the demand far surpasses the production. And production is short for several reasons. The employees of American Standard, another major manufacturer, were on strike for a number of months in 1973, cutting down national production. In addition, small manufacturers of plumbing facilities are closing down because of the increased costs of providing pollution control mechanisms.

Some felt that other shortages such as asphalt materials, wiring, aluminum, etc. were due to the energy crisis in general.

The builders sampled said they are feeling the shortages, but the degree varies from one builder to the next. Some feel only several days delay in materials. Others are facing a month or more delay in production of housing units.

In cases where materials cannot be found or the delay is too significant, builders are also having to find alternative materials and sources of materials to continue production.

Gary Thompson, President of Orrin Thompson

(Continued on page 2)

Shortages

(Continued from Page 1)
Homes, said different construction items have not been available and the company has waited several days, but "nothing has held us up so far. We're on pace for this time of the year." The company produces 500 to 700 homes a year, he said.

John Blass, Production Administrator of Pemtom, said, "We've had some problems. We've had to change materials and sometimes have incurred increased costs to do it. But we haven't had to decrease our number of units yet."

Bruce Nimmer, Vice President of Shelter Corporation, said, "There have been some instances where we haven't had something the day we wanted it, but nothing to put us out of business." Shelter produces about 300 single family homes a year, and about 1000 apartment units annually.

Don Wong of sales for Eklund and Swedlund Custom Home Builders, said the company has to wait for materials, but still receives them. "Lumber is the biggest shortage, and it appears to be getting worse," he said. As of December, the company's production of 300 units a year had not changed, either.

Roger Schwakoph, Purchasing Manager for Dreyfus Interstate, said the company is experiencing 30 to 60 day delays because of the various shortages. Also, the company has been using alternative materials and sources of the materials to continue production of its annual 400-500 units. "But tough times are ahead," Schwakoph predicted.

Norman Nielsen, of Norman Nielsen Construction Co. Inc. said the company is having to do more careful scheduling because of the shortages to assure getting the materials needed.

A number of the builders said their major problem was not the shortage of materials, but the shortage of mortgage money, and this was a greater concern to them in December. However, all of them anticipated that 1974 will bring greater shortages, probably increased costs of materials, and more difficulties over all than they felt in 1973.

Moratorium Influenced Area Housing Activity July '72-'73

The Administration's housing moratorium greatly influenced subsidized housing activity in the Metropolitan Area between July, 1972, and July, 1973, according to a report now available at the Metropolitan Council.

The report is an update of an earlier Council housing report entitled **Types and Distribution of Subsidized Housing,** and a supplementary report entitled, **Subsidized Housing Activity, July 1971 - July 1972.** The report includes a 17" x 22" map of the location of subsidized housing in the Area as of July 1, 1973.

During the 1973 fiscal year, 2,147 housing units were approved for federal funding. As a result of the moratorium, the report says, only 50 per cent of the subsidized units approved for funding in 1972 by the U.S. Department of Housing and Urban Development (HUD) were approved in fiscal 1973. Funding for public housing in 1973 was 25 per cent that of 1972. The Section 235 home ownership program received only 50 per cent of the funding in 1973 as it received in 1972. The Section 236 moderate income multi-family program was less drastically affected — down 24 per cent from the 1972 funding levels.

Generally, federal funding in 1973 met about one fifth of the Metropolitan Council's projection of 10,000 low-and-moderate income housing units needed annually between now and 1980.

The report suggests that the moratorium could eventually force a rise in cost of existing housing through an increased demand and also affect related employment and industry in the Area. It also predicts that the major impact of the reduced funding in 1973 will be felt mostly in 1974 and 1975, because of the time lag between federal approval and actual occupancy of a building.

The report is available through the Council's Public Information Office, 227-9421, extension 218.

Supreme Court Supports Rights Of Tenants To Withhold Rent

The Minnesota Supreme Court has upheld the rights of tenants to withhold all or part of their rent as an effort to force landlords to make their apartments habitable. This was the first time the Court has interpreted a housing law passed by the 1971 Minnesota Legislature which established a "covenant of habitability" as part of a landlord's obligation in renting living quarters.

Ramsey County Legal Assistance outlined the procedure for withholding rent:

1. Tenants (singly or as a group) notify the landlord in writing of needed repairs and the intention to withhold rent until the repairs are made.
2. Tenants must give the landlord reasonable time to make repairs. The amount of time considered reasonable depends on the nature of the complaints.
3. If the landlord makes no attempt to make repairs tenants can simply move out.
4. The landlord may bring an unlawful detainer action (eviction proceedings) against the tenants.
5. The tenants and landlord go to court when notified and await the judge's decision.

Officials at Ramsey County Legal Assistance advised that tenants should withhold rent only when they are sure the landlord is in violation of building or maintenance codes. Also, the rent that is withheld should be put into an account separate from a tenant's regular account. The trial courts may require tenants to pay all or part of the rent to the clerk of court to be held until the question of habitability is settled.

Community Actions In Housing

A one year federal moratorium on subsidized housing has not inhibited community actions in housing in the Metropolitan Area. Now, at the start of 1974, it appears that more municipalities than ever are looking at the housing they offer and what can be done to diversify housing costs and types.

The following is a summary of recent community efforts in housing in the Metropolitan Area.

In December, the **Oakdale** City Council passed a resolution favoring low-and-moderate income housing in its community. While Oakdale has one Section 236 moderate income multi-family development of 177 units, as well as some Section 235 single family homes, this is a strengthening of an earlier housing policy contained in the city comprehensive plan.

In addition, the Oakdale Human Rights Commission has been developing criteria for low-and-moderate income housing, and is considering questions such as where subsidized housing should be located, and what services are necessary. The criteria will be submitted to the Oakdale planning commission for evaluation early in 1974.

In 1973, the **Plymouth** City Council passed a resolution calling for 10 per cent low-and-moderate housing in all future housing developments. As a first step in implementing that resolution, the City Council appointed a new Housing Advisory Committee to begin work on a special housing study this January. At the City's request, technical assistance will be provided by the Metropolitan Council's housing staff.

The proposed housing study will identify means by which housing costs may be reduced and methods of insuring that housing units of a broad range of types and cost may be provided in new housing developments in Plymouth. The study will examine some of the most variables to determine the extent to which the variables affect the final cost of a housing unit.

Cost variables to be examined include zoning and subdivision regulations, assessments, housing and subdivision design, and construction and financing costs.

The committee is scheduled to present its recommended and detailed housing policy to the Plymouth City Council in May, 1974.

The New Franklin-Hall Development Corporation is in the final stages of planning a 57-acre Planned Unit Development on the Near North Side Renewal Project of **Minneapolis.** The group is a non-profit corporation that formed out of the Project Area Committee of the Near North Side. The PUD is planned to include housing, a park, recreation, and some commercial facilities. It is anticipated that most of the PUD will be privately developed, rather than subsidized. A project coordinator will be hired by the corporation early this year. The Metropolitan Council has committed a $10,000 one year demonstration grant to assist in paying the new coordinator.

The City of **Minnetonka** has found a means to get housing expertise for its HRA without having to maintain a full time HRA staff. The Minnetonka City Council has contracted for housing assistance from the HRA staff of the City of **Hopkins.** The Hopkins staff is available to the Minnetonka HRA on a parttime basis to attend HRA meetings, research new housing programs, and possibly make future applications for subsidized housing.

The Housing Commission in **Brooklyn Center** is looking into a housing maintenance code for the city. The commission was created last fall to help the city identify problems and strategies for municipal action in housing. A study of a housing maintenance code appeared necessary in light of recent controversies over maintenance at a large apartment complex in Brooklyn Center.

The City of **Maplewood** may establish a Housing and Redevelopment Authority. A public hearing was held in December. The City Council has already approved at least one Section 236 development for the community.

The City of **Woodbury** is working with the Metropolitan Council to determine numerical goals for low-and-moderate income housing as part of the city fair share housing plan. The community already has plans for a New Town — Colby Lake — which will eventually offer housing for a range of income levels.

The **North St. Paul** HRA is looking into applying for Section 23 family and elderly housing funds. An earlier public housing application was approved by HUD but funds were lost in the 1973 moratorium.

The **Anoka** HRA is also pursuing an application for Section 23 housing funds.

The **Crystal** City Council has passed a resolution authorizing the creation of a municipal HRA. The Human Rights Commission of Crystal will be working with the City Council, as well as with Metropolitan Council housing staff, to evaluate possible housing programs.

The **Bloomington** HRA is trying to use local funds to stimulate new construction of low cost housing. The HRA is considering the use of city-owned property for sale or lease for an elderly apartment development, and is also considering the development of family housing on scattered site tax forfeited lots. Bloomington is already using its own finances to lease 10 housing units for low income elderly.

In **Arden Hills,** the Human Rights Commission has been evaluating the housing element of the city's comprehensive plan. The commission is making an analysis of local housing needs in relationship to metropolitan housing needs.

Federal Changes Affect Housing Reviews

Recent federal changes in the review procedures of grant applications will affect the Metropolitan Council's housing review process.

A revised Circular A-95 prepared by the U.S. Office of Management and Budget became effective January 1, 1974. The new guidelines have two important changes:

—The Council now has 30 days to review an application and forward comments to the Area Office of U.S. Department of Housing and Urban Development (HUD) on subsidized and non-subsidized projects;

—Housing application review thresholds have been lowered.

In cities over 50,000 population and contiguous urbanized areas having a population density of over 100 persons per square mile, the Council will review subdivisions having 25 or more lots (previously 50 or more); multifamily projects of 50 or more dwelling units (previously 100 or more); mobile home courts with 50 or more spaces (previously 100 or more); and college housing for 200 or more students.

In all other areas, the Council may review subdivisions of 10 or more lots; multifamily projects of 25 or more units, mobile home courts with 25 or more spaces; and college housing for 100 or more students.

These procedures will apply to new construction applications for loans, loan guarantees, mortgage insurance, or other housing assistance.

The previous A-95 review procedures required a review and comment on a housing application within 15 days of receipt. This necessitated an abbreviated referral procedure in which comments of the Council were forwarded directly by the Chairman.

With an increase in time to 30 days, the normal review process used for all applications at the Council will again be used in housing. Housing applications with no major concerns or issues will be placed on the Consent List to be considered by the Council. Upon approval, comments will be sent to HUD.

Applications with major concerns will be sent to a Council committee for consideration prior to Council approval of the review.

During the three month period from September to December, 1973, the Council reviewed 14 housing applications. All received favorable recommendations by the Council, and were forwarded to HUD.

The applications included:

Subdivision Feasibility Analysis

Amber Woods, Plymouth, 142 single family units;

Arden Ridge, Arden Hills, 68 single family units;

Brooksville Hills, Prior Lake, 31 single family units;

Edenvale 6th Addition, Eden Prairie, 86 single family units;

Edgewater Gardens, Champlin, 115 single family units;

Farquar Hills, Apple Valley, 166 single family units and townhouses;

Oak-Woode Pond, Oakdale, 132 quadra-homes;

Stow's Ham Farm Addition, Brooklyn Park, 67 single family homes;

Wakely's 2nd Addition, Bloomington, 50 townhouse units;

Wescott Hills, Eagan, 42 townhouse units.

Section 236 (subsidized)

Dover Hills, Golden Valley, 234 units for elderly and handicapped, family garden apartments and townhouses;

Chaska Housing Project, Chaska, 41 apartment units;

Housing Project, Chaska (Jonathan), 79 townhouse units.

Section 221-D3

Arlington Park II, St. Paul, 82 garden apartments.

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Metropolitan Housing

News from the Metropolitan Council's Housing Program
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Volume III, Number 2, February, 1974

Bloomington HRA

The Metropolitan Council will begin a survey on substandard housing in the Area while the Minnesota Legislature considers housing rehabilitation bills this session. (See stories pages 2 and 3.)

Although the 1973 federal housing moratorium stifled many housing plans in the Metropolitan Area, it spurred the Bloomington Housing and Redevelopment Authority to seek alternative programs for both low and moderate income persons in its community.

Except for one, the programs are not large, but altogether they constitute the HRA's attempt to reach a cross-section of needs in Bloomington.

Briefly, the HRA:

—is now leasing 13 senior citizen units;

—is considering a project entailing construction of 16 moderate income, single family homes;

—is in the final planning stages for constructing a senior citizen high rise of 276 units;

—will be applying for 200 leased units for elderly and 25 leased units for families;

—and is planning a long-range large-scale Planned Unit Development.

The HRA has been successfully leasing the 13 units to elderly residents since last fall. In September, the Bloomington City Council authorized the allocation of $20,000 annually from its mill levy to subsidize the rent of an estimated 10 units. Dennis Daniels, HRA Executive Director, said the program had minimal administrative costs, so three more units could be funded.

In all cases, the residents were able to remain in their homes while the HRA assumed the leases. No more than 25 per cent of their income is paid for rent. The HRA pays the rest. Daniels said in some cases out of pocket expenses were reduced by $100 a month. He said some of the elderly were paying $200 a month in rent while trying to live on $215 monthly income.

The Bloomington City Council has recently been considering conveying to the HRA for a small sum 16 vacant city-owned lots which were used as holding basins for excess rainfall until the city's storm sewer system was enlarged. If the Council approves the project the HRA will, in turn, convey the properties to the Greater Minneapolis Metropolitan Housing Corporation (GMMHC). GMMHC would then contract with a construction company to build 16 single family homes, and also arrange low interest financing of the homes through the Minnesota Housing Finance Agency.

The houses would be sold for $24,000 to $30,000

(Continued on page 2)

Bloomington HRA

(Continued from page 1)

to moderate income families with maximum incomes of $12,000, or for monthly payments of $220 to $270, depending on down payments. The value of the homes under a private developer, without a land subsidy from the City, is estimated at $36,000.

Daniels thought the houses could be completed sometime this summer if the project were approved soon.

An architectural consultant has been retained by the HRA for a senior citizen high rise of some 276 low-and-moderate income units which would also be built on city property. The Ebenezer Society will sponsor the project since the HRA is limited to only low income activities.

Daniels said because of a lack of Section 236 moderate income federal funding, the HRA is now trying to decide on alternative funding for the high rise, and is considering local resources such as revenue or obligation bonds.

At this point, the Bloomington City Council will be evaluating which financial route to use for the project. Daniels anticipated that once funding was decided the project could take 20 months to build.

The HRA will be re-submitting to the Area Office of the U.S. Department of Housing and Urban Development (HUD) a previous application for Section 23 leased housing funds. A previous application for low-rent housing funds was held up during the moratorium.

The program includes 200 senior citizen leased units, some of which would be built, and 20 leased units for families. Federal funding appears to be more feasible for this since the Administration announced it will be making money available for the Section 23 program in the next few months.

For over two years, the HRA and the Metropolitan Council have been studying the possible development of 1000 acres of prime residential land in Bloomington. The HRA and Council are now looking at the acquisition of land in the area. A comprehensive plan would be developed, and the land would be reserved until private developers were found to build in accordance with the plan.

With this project, the HRA and the Council hope to demonstrate some of their housing objectives such as the need to provide a mixture of housing types and costs in well planned, well serviced environments.

The Planned Unit Development will continue to be a long-range, large-scale program, compared to the other HRA activities which could be completed in a few years.

Regarding the HRA development of all the projects, Daniels said, "We wouldn't be involved in some of these except for the moratorium. With the lack of federal funding the HRA had to do something. The City Council wanted us to be involved in both low and moderate income housing."

He said the HRA aims for smaller projects. "They're more flexible when they're small, and the HRA can use its manpower more appropriately," he said.

Daniels said communities in the Area will have to rely less on the federal government for development of housing and suggested a metropolitan pool of housing funds to expedite local programs.

He added that the City of Bloomington will be submitting a bill to the Legislature this session to propose community development agencies. Basically, the agencies would retain the existing powers of HRA's, but have expanded responsibilites to undertake and finance projects that are not solely low income programs.

"We need to broaden the HRA powers, and make the current HRA legislation appropriate for the suburbs," Daniels said.

Council Consultant To Survey Substandard Housing In Area

The Metropolitan Council has retained Economic Research Corporation of Minneapolis to conduct a survey of substandard housing in the Metropolitan Area.

The survey was initiated for numerous reasons.

Data on housing conditions in the Area is essential to determine housing needs, to develop strategies to revitalize the central cities, and to identify the magnitude of resources needed for rehabilitation and redevelopment programs.

The existing information on substandard housing is generally restricted to urban renewal areas in Minneapolis and St. Paul. No data is available citywide for either of the center cities, and the data that does exist is limited, inconsistent and out of date. Data on housing conditions in the Area was also eliminated from the 1970 Census. Outside of the central cities, virtually no information exists except for a few communities like South St. Paul and Hopkins.

The consultants will conduct a "windshield survey" involving actually viewing the exterior of housing units throughout the Metropolitan Area.

The following information will be identified by census tract in the center cities and by municipalities outside the center cities:

—The housing units that are dilapidated or could be removed;

—The housing units that are deteriorating or could be rehabilitated;

—The number of abandoned (boarded up) housing units that are dilapidated or deteriorating.

A report on the survey will be published by the Council this summer, and made available to the public.

Preparation of this Newsletter was financed in part through a comprehensive planning grant from the Department of Housing and Urban Development.

Rehab Program Focus Of '74 Housing Bills

Governor Anderson's legislative program to rehabilitate housing will undoubtedly be the focus of housing groups throughout the Metropolitan Area during the 1974 legislative session.

The program contains a number of provisions which, if passed by the Legislature, could help alleviate many of the present housing pressures by making more money available for low-and-moderate income housing.

The program, composed of several bills, was developed by the State Planning Agency, the State Housing Finance Agency and the Governor's Council of Economic Advisors.

James Dlugosch, Executive Director of the Housing Finance Agency, said the loan and grant program contains three major provisions: 1) A bonding authority for the Housing Finance Agency of $100 million to establish a housing rehabilitation loan fund; 2) The establishment of a housing rehabilitation grant program with a $15 million appropriation proposed for 1975; 3) An increase in the general bonding authority of the Agency to a maximum of $500 million. Current commitments amount to about $125 million and the present maximum authority is $150 million.

Dlugosch said in January that legislative response has been "pretty favorable" so far on the Housing Finance Agency bill.

In a related bill to be introduced by State Representative E. W. (Bill) Quirin, the Housing Finance Agency would be given the power to provide an additional $500 million for conventional mortgages in the event of a Governor declared housing emergency.

Other bills to be introduced as part of the Governor's package would establish a homeowner counseling program, provide special housing courts to allow civil remedies for housing violations, and provide a mechanism to enforce housing codes on absentee landlords and deal with the problem of abandoned housing.

A number of housing bills are still pending from 1973. The following is a list of some of the most significant bills, along with their House File and Senate File numbers:

CITIZEN PARTICIPATION:

H.F. 409, S.F. 382: Requires approval of a redevelopment plan for a housing project by the Project Area Committee (PAC);

H.F. 584, S.F._____: Requires appointment of four PAC members on the Minneapolis HRA;

H.F. 1025, S.F._____: Requires two residents of public housing and one PAC person on the St. Paul HRA;

H.F. 1595, S.F. 1922: Provides for the establishment of community councils in cities of the first class, in cities of the second class having more than 50,000 residents, or in any county in the Metropolitan Area (applied only to Minneapolis as of mid-January).

DEVELOPMENT DISTRICTS:

H.F. 1810, S.F. 1322: Authorizes municipalities to create development districts; uses tax increment method of financing;

H.F. 2218, S.F. 1735: Amends the Minneapolis development district bill, granting power of eminent domain and authority to establish an unlimited number of districts.

METROPOLITAN HRA:

H.F. 1951, S.F. 2222: Grants the Metropolitan Council power to establish a Metropolitan Housing and Redevelopment Authority (bill has been separated from the Senate's Metropolitan Reorganization Act).

TAX INCENTIVES FOR HOME MAINTENANCE:

H.F. 838, S.F. 782: Income tax credit for home maintenance;

H.F. 851, S.F. 1107: Provides for delayed assessment and income tax credit in connection with maintenance.

Numerous other variations on the delayed assessment and tax credit model were introduced in 1973, and are in the tax committees of the House and Senate.

Trends, Experiences Of PUD Described In Council Report

A report describing the experience and trends of Planned Unit Development (PUD) in the Metropolitan Area is now available at the Metropolitan Council.

In the report, the PUD concept is defined and questions about local experience are answered: When did PUD's get started in the Area? Where are they being built? What features do they offer? Are they achieving the goals of lowering housing costs, providing greater diversity of housing types and costs, preserving the natural environment, offering both private and common open space, and, in general, providing living environments superior to those offered by conventional subdivision and piecemeal apartment development?

Some of the conclusions of the report are:

—The trend toward PUD's in the Metropolitan Area began late in the 1960's and gained momentum in the early 1970's. Now there are over 100 PUD's in 40 communities, mostly second and third tier suburbs.

—While the five largest PUD's are planned to eventually have employment, shopping, schools, and housing, most of the Area PUD's contain only housing units and may not be regarded as autonomous communities;

—The PUD goal of offering housing for both sale and rent has not been met by most developments in the Area;

—The development of PUD's has contributed substantially to increasing the variety of housing types and housing costs in the Area generally. However, the PUD goal of offering a variety of housing types in single developments generally has not been met.

The report is available through the Council's Public Information Office, 227-9421, extension 218.

League of Women Voters of Minnesota, 555 Wabasha, St. Paul, Minnesota 55102 February 1974

Memo to: Local Leagues
From: Lorraine Wood, State Human Resources Committee
Re: Background Information: State Housing Finance Agency
February 13, 1974

The following material on this important part of state government has been researched as an update for local League members and their communities. You may wish to attach this report to your bulletin or distribute it at unit meetings*; plan ways to share with other groups in your community.

STATE HOUSING FINANCE AGENCY

Board members: Clyde E. Pemble, Chairman
Gerald W. Christenson, Vice-Chairman (State Planning Agency)
Rolland Hatfield (State Auditor)
Charles Krusell
Charles Slocum
Executive Director, James F. Dlugosch

The board meets monthly on the second Friday at 9:00 a.m.

The State Housing Finance Agency Act, Chapter 702, was passed in the 1971 legislative session to "facilitate the construction and rehabilitation of housing projects for families of low and moderate income by providing for mortgage loans, development loans and technical assistance to qualified housing sponsors to be used for such construction and rehabilitation". Single family dwellings as well as multiple family dwellings are included under this law.

In 1973 the Legislature amended the act to permit the Agency to make mortgages not necessarily federally financed and provided for real estate taxes on those mortgages to be assessed at 20% of valuation.

In the summer of 1973 the court case to test the constitutionality of the Agency was finally resolved with a favorable decision by the State Supreme Court, and the Agency was able to begin operating.

In August 1973 the Agency authorized and sold $30 million in Housing Finance bonds, GNMA (Government National Mortgage Association) Mortgage backed securities issue, Series A at 6¼% to provide new mortgages at 6 3/4% at participating banks for single family low and moderate income housing. Seven mortgage companies are involved in the purchase agreements.

In November the Agency sold $24 million in Construction Loan Notes, Series 1, through advertized bid, to provide interim financing up to 90% of the total mortgage for twenty two Section 236 Projects reinstated by HUD. The Agency awarded the notes to Bank of America, N, & SA at an interest rate to the Agency of 4.42%, no premium. The notes are for a period of one year and were signed and delivered on November 8.

In October Mr. Dlugosch reported to the members that the response on the single family loan program had been overwhelming. The first $30 million issued (GNMA mortgage backed securities, Series A) was committed for loans within two or three weeks after lenders received commitments from the Agency. Further, the response had been for mortgages in an amount six times the $30 million. With this level of response and the continuing need for single family housing, Mr. Dlugosch asked that the Agency authorize a request for proposals for additional securities. The format recommended and decided upon, based on experience from the Series A issue, was: 1. that income and mortgage limits applying to the Twin City Metro Area should be applied to all SMSA's in the State (Duluth, Moorhead,

*Additional copies available from the state office for 5¢ each.

Rochester and St. Cloud); 2. that maximum property values be set at $36,000 in the Metro Area and $34,000 non-Metro Area; 3. that all builder commitments be in writing, subject to approval of the Agency; and 4. that no builder should receive in excess of $500,000 in commitments from any and all issuers.

In November the $5 million limit on proposals by the mortgage companies was lifted because one company (Iowa Securities) had submitted a proposal in the amount of $25+ million, $20 million of which was located outside of the seven county area. The original $5 million limit had been made in the belief that increasing the number of issuers by holding down the size of the security would obtain a better statewide distribution. In view of the excellent statewide distribution of the Iowa Securities proposal, it was decided to table the proposal until the next regular meeting and to advise potential issuers of the lifting of the $5 million limit and invite them to revise their proposals if they so desired. At the December meeting, when no other proposals had been received, the board accepted a package of GNMA proposals totalling $52,750,000 from ten mortgage companies. However, at the January meeting a GNMA proposal for $5 million was presented from Midwest Federal for mortgage loans in the cities of St. Paul and Minneapolis, and the board decided to wait for possible further proposals from savings and loan associations in the Twin Cities Area before finalizing the package. The bond sale will probably be in early February.

There had also been a possibility of a hitch at the federal level over the GNMA mortgage backed security program. In September 1972 the Office of Management and Budget issued a policy statement that indicated that it would be contrary to the Administration's policy to provide federal guarantees, directly or indirectly, for activities that were financed wholly or in part from the sale of tax exempt bonds. The statement was subsequently withdrawn. Recently the Treasury raised this question again, and it seems likely that the whole subject of tax exempt bonds (backed by federal guarantees) will be gone into. At this time, however, there is no ruling to hinder issuance of the proposed GNMA mortgage backed loans.

Another action in November concerned the Agency's Distribution Policy. A coalition of citizens concerned with housing (including South Minneapolis Coalition, Greater Metropolitan Federation, Organization of a Better St. Paul) had asked in October that special consideration be given to inner-city needs of the Twin Cities. The group returned at the November meeting to press for passage of a resolution which 1. reiterated the Agency's objective of utilizing 50% of its financing resources in areas outside of the Metro Area; 2. affirmed the Agency's desire to encourage revitalization of St. Paul, Minneapolis and Duluth, to encourage home ownership and stimulate rehabilitation of existing properties. It resolved to reserve (in the absence of other resources) $15 million for rehabilitation on a statewide basis and to reserve 2/3 of the remaining resources for use in the homeownership loan program statewide and to allocate 2/3 of the available Metro Area homeownership moneys for use within the city limits of Minneapolis and St. Paul. It further resolved to use approximately 40% of the metro resources for financing the purchase of existing properties and to use moneys available for new construction in the Metro Area also for substantial rehabilitation of existing properties.

The Resolution (#73-19) amending the distribution policy was passed. It was stated by Agency staff that the Metro Council has determined that the adoption of the policy would not conflict with the Council's Housing Allocation System.

A number of members of the citizen groups present urged the passage of the Resolution. The only dissenting note came from the League member present who urged the Agency to avoid locking itself into a rigid distribution formula and pointed out that the concern with a 2/3 homeowner policy statewide could conflict with outstate urgent housing needs for migrant and transient families, a problem not under consideration by the urban group. The board chairman did point out that the "intent of the resolution lasts as long as the market place and these needs may well change in the future", causing the adoption of new resolutions.

The Basic Homes Program Consortium assembled by the Agency after receiving a $55,000 grant from HUD and OEO on August 1, 1973, has not had a progress report since mid-September.

The main objective of the program is to investigate the feasibility of developing low cost basic homes that are "affordable and acceptable to low income rural families". The target area is Region Two, consisting of the following counties: Beltrami, Clearwater, Hubbard, Lake of the Woods, and Mahnomen.

Aside from the main objective of discovering the kind of single family housing rural Minnesotans want, a main benefit to the Agency could be coming up with a means of devising an effective delivery system of low cost rural housing in Minnesota.

A progress report on the Consortium should be available in the next few months.

At the November 23rd Special Meeting of the Agency, the board approved the 1974 legislative recommendations presented by the executive director and asked him to draft legislation based on the recommendations for board approval.

The recommendations were based on requests from the governor's office and the Agency's own need for changes in enabling legislation. The recommendations in brief are:

1. Increase in bonding authority from $150 to $500 million;
2. Provision of a separate bonding authority of $100 million to be used for a rehabilitation loan program with $1 million appropriated for use in securing bonds sold for the rehabilitation loan program;
3. The establishment of the framework within which grant moneys may be provided to work in conjunction with the loan program; (appropriation of $15 million will be requested in the 1975 session.)
4. An increase in the size of the Agency Board (intent would be to add two members to the board with appointments being made from outstate or consumer interest representatives);
5. The addition of language to enable the Agency to receive direct allocation of Section 23 leased housing funds from HUD.

The January 1974 meeting was primarily concerned with mortgage loan commitments made by the board for three 221 d 3 developments (St. Cloud, Hopkins and St. Paul) which are designed to provide market rate housing in urban renewal areas in those cities. The board's commitment to providing economic mix is in line with the League's national housing policy. It should be noted that the commitments (and any similar commitments) made to these projects are contingent on favorable studies from HUD.

Housing Finance Agency Legislation 1974
Pat Lucas - Housing lobbyist

The legislative recommendations mentioned above have been transformed into bill form. The League is in a position to be able to support all of these measures. We have reached this decision using the national Human Resources position on housing and also the state tax position. Numbers one and two both provide bonding authority; number one provides for construction of new units and number two provides for rehabilitation. We are of the opinion that with the almost total lack of funding at the federal level it is essential that the state step into this void and provide the bonding authority to expand the present program for new units and to assist individuals to maintain the existing stock of housing in a safe and sanitary condition. (see below also)

Number three sets up the mechanism for a rehabilitation grant program. Funds to implement this program will not be requested until the 1975 session of the Legislature. The housing lobbyists have been concerned that means for low income persons be provided to enable them to rehabilitate their property. During the 1973 session several proposals were made to accomplish this. They included frozen assessments, delayed assessment, tax abatement, tax exemption and direct grants. In our opinion the direct grant plus loan method is by far the best method for the following reasons:

1 - The original proposals do not provide the family with the funds to undertake the rehabilitation.

2 - Frequently low and moderate income families cannot afford or obtain loans for rehabilitation that are currently available in the private market.

3 - Rehabilitation loans and grants from federal funds are currently at a standstill and furthermore were never available to low and moderate income families outside of urban renewal or federally funded code enforcement areas.

4 - The grant program is necessary to be used in conjunction with the loan program to make it economically feasible for low income families to undertake rehabilitation. By enabling the agency to prepare the rules and regulations now, the agency would be in a position to initiate the grants program as soon as appropriation moneys are available. The way this program is envisioned is: If the home requires rehabilitation, to bring it to health and safety code standards, in the amount of $8,000 and the payments on a loan of this amount plus the original mortgage would constitute a monthly payment of more than 25% of the family's income, a grant could be made in an amount sufficient ($5,000 limit) to lower the loan to the point that the total monthly payments would obligate only 25% of income.

5 - This approach agrees with our state position on Financing Government.

Number four is desirable for this agency should truly represent the entire state.

Number five would allow the agency to accept federal Section 23 funds and make this leasing opportunity available to communities that have need of only a few units and so it is not economically feasible for them to undertake this on their own or it would allow communities without a leasing mechanism to provide this opportunity in their communities through the Housing Finance Agency.

LEAGUE OF WOMEN VOTERS OF MINNESOTA

555 WABASHA, ST. PAUL, MINNESOTA 55102

To: Members of the House Governmental Operations Committee
Re: H.F.s 3156, 3157 and 3183
From: Pat Lucas, State Human Resources Committee of the League of Women Voters of Minnesota
February 18, 1974

The League of Women Voters has been actively concerned about the provision of adequate, safe and sanitary housing for all the citizens of Minnesota. We have worked to provide a diversity of housing choice in our individual communities and on measures at the state level which would provide financial assistance to those of low and moderate income to acquire housing or to improve their present housing.

It has long been our belief that we must not only build new housing units but must also use a variety of means to maintain our existing housing stock. Recent actions at the federal level, impoundment, withholding and lack of funds for new units, makes it even more imperative that we take new and innovative steps in Minnesota to preserve and revitalize those units we now have.

The Legislature has been very sympathetic to measures designed to meet the housing needs of its low and moderate income families. Three bills that you are considering are, in our view, excellent measures to enable local units of government themselves or through their Housing and Redevelopment Authorities to accomplish this task. We commend you on your previous support and urge your favorable consideration of H.F. 3156, H.F. 3157 and H.F. 3183.

TELEPHONE 224-5445

League of Women Voters of Minnesota, 555 Wabasha, St. Paul, Minnesota 55102

Testimony before the Senate Committee on Taxes and Tax Laws
by Patricia Lucas, Lobbyist, League of Women Voters of Minnesota
Monday, February 18, 1974 - 2:00 PM - Room 15

The League of Women Voters of Minnesota has sought the opportunity to testify today in regard to S.F. 1322. We have been aware of needs both in housing supply and in financing services in Minnesota. We realize that solutions to these problems are not simple. We wish to bring some of our concerns to your attention as you consider S.F. 1322.

In order to make the tax increment concept work, it appears that you must take property that has a very low assessed value and through redevelopment, significantly increase the value to pay off the bonds. In raising the value and the intensity of use to which the land is put you could significantly raise the cost of services to the area at the same time that the assessed value is frozen thus limiting the revenues that are possible from this property. The freezing of the assessed value also affects other taxing jurisdictions such as the county, school district and even the state. The increased costs of services are shifted to the total population of the various taxing jurisdictions.

The chief area of League's concern is the effect of this bill on housing for low and moderate income families. We realize that this bill is not designed as a housing measure. However, the League is of the opinion that it has serious housing implications. I have stated earlier that you must significantly increase the value of the property. This could be translated into taking units that now house lower income families and run down businesses and transforming them into higher density, higher cost units and businesses with greater economic potential.

We do not mean to indicate that we feel that this method should not be used at all. We recognize that there is a need for revitalizing many sections of our cities large and small. Because of the situation that now exists at the federal level we can see this approach and other similar approaches being used more extensively by local governments and we are concerned that the citizen living in these areas have a meaningful voice in shaping the future of their neighborhood.

We believe that provisions for citizen input spelled out in Section 10 are inadequate. As Section 10 presently reads, an advisory board's very existence is discretionary. Its powers are simply to advise the governing body on construction and implementation of the district and its maintenance and operation upon completion. It is our opinion that it should be incumbent upon the governing body to assure that the residents and property owners are actively involved in all stages of the redevelopment process.

Furthermore, in the case of substantially residential development districts,

1) the advisory board's membership should be restricted to residents and property owners in the district.
2) the board's powers should include involvement in <u>planning</u> for the development program, and
3) provision should be made for the resolution of differences between the advisory board and the planning body.

Strong citizen input at the planning and priority-setting stages, with final decisions residing in the city's elected officials is workable. Such a partnership arrangement can respond to the needs of a neighborhood while keeping in view the long-range goals of the entire city.

In larger cities, citizen input should be organized. In smaller cities the actual mechanism could well be less formal. In all cases, however, an advisory board that is truly representative of an affected area should have enough power to make its voice heard even in early stages of planning.

Citizen participation, then, is a partnership, hopefully with the respective powers and responsibilities of each partner specifically spelled out. Such a partnership takes more time than would a single decision-making body handing down an already finished plan, but we believe the time is well spent. A plan will result which reflects the needs of the area, and citizens who have participated in making it will sell it rather than fight it.

The Minneapolis League of Women Voters has recently completed a study of the two development districts that presently exist in Minneapolis. I would like your permission to ask Mary Rollwagen from the Minneapolis League to make a brief summary of their findings and conclusions.

Testimony before the Senate Committee on Taxes and Tax Laws
by Mary Rollwagen, Lobbyist, League of Women Voters of Minneapolis

I am Mary Rollwagen; I represent the League of Women Voters of Minneapolis. The Minneapolis League has recently completed a study of the two Development Districts underway in Minneapolis, and of the use of the tax increment method of financing these districts. Our members have concluded that they approve the use of tax increment financing as one tool for redevelopment, but recommend great caution in that use. I'd like to cover three of the findings of our study for you and then the positions the League has adopted pursuant to that study.

I - Implications for housing: While tax increment financing was first proposed in Minneapolis as a tool to revitalize commercial areas, its actual use is in residential or combined commercial-residential areas. The need for greatly increased market value to generate added revenue to pay off the bonds tends to have the following impact on housing:

a) high-use, high density and high valued structures must prevail to generate the needed increment.

b) inclusion of low or moderate income housing is impractical, if not impossible without separate funding from sources other than the bonds.

c) it helps to begin with low density, low-value areas included so boundaries tend to be drawn around residential areas, since commercial property is taxed at a higher rate.

d) rehabilitation of existing structures is impractical, since not enough increment can be generated;thus sound structures as well as unsound may have to be razed.

The net effect in Minneapolis will be to provide more housing units for middle to upper income people in the city; it will be hard to provide an economic mis within a district, however, and the supply of housing for low and moderate income and elderly people is likely to be diminished. Relocation benefits for displaced people are adequate, but finding new places to live may be impossible within the district and difficult outside it.

II - Proliferation of use of tax increment: The city is not the only agency using tax increment financing. Chapter 462 authorizes any local HRA to use this tool; at the time of our study (November 1973) the Minneapolis HRA was using tax increment financing to partially fund five of its renewal projects. Our Port Authority (MIDC) has also requested the power to use this method. It appears there is a possibility that an excessive amount of market value could be frozen by the several agencies using this tool.

III - The city's use of the tool for redevelopment is hampered by lack of eminent domain powers: Minneapolis has experienced some difficulty in acquiring the land within the districts through negotiated purchase without eminent domain. Acquisition costs are increased, time is increased and tax benefits to acquired businesses are foregone.

The Minneapolis League has adopted several positions with regard to Development Districts from this study. First, we support the use of tax increment financing as one tool for redevelopment, but urge that it be used with caution.

Our concern for caution leads us secondly, to support careful limitations and conditions on its use: the limits on size or market value in the present bill are necessary, especially since the use of tax increment financing by other agencies is not limited. We agree that 30 years should be the maximum perios for bonds.

We propose a further condition. League members voted overwhelmingly to support a requirement for the inclusion of low income housing in residential or commercial-residential development districts. We would like to see an amendment to that affect in this bill.

Lastly the League supports granting the power of eminent domain in development districts; at the same time we feel that with the granting of that power should go a strengthening of the powers of a resident board and provision for its input into the planning of the district.

League of Women Voters of Minnesota, 555 Wabasha, St. Paul, Minnesota 55102
February 1974

Testimony before Appropriations Committee,
Division on State Departments, State House of Representatives
by Lorraine Wood, Housing Lobbyist, League of Women Voters of Minnesota
in support of H.F. 2950.
February 19, 1974 - State Capitol

The League of Women Voters of Minnesota is in agreement with the state's contention that home rehabilitation is a strong priority on the list of Minnesota's housing needs for rural and suburban areas as well as the inner cities. With the loss of the successful federal loan and grant program for home rehabilitation much of the impetus has been lost, and such a program at the state level is of vital importance.

Although an appropriation request for grants in the rehabilitation program will not be made until the 1975 session of the Legislature, the League approves the inclusion of Section 7 which establishes the framework for using the grants with the loan program in rehabilitation. With the approval of the mechanism at this time the State Housing Finance Agency will be able to have the procedures for grants and grant-loan combinations ready for implementing when such an appropriation is approved by the Legislature.

The League believes that this grant portion of the bill for housing rehabilitation is of vital importance since many low income persons throughout the state would be unable to take advantage of the program on a loan basis only. Until the grant moneys are available the rehabilitation loan program will benefit only the moderate income person who can handle the additional monthly costs.

The League supports the bonding authority for up to $100,000,000 for rehabilitation loans and the appropriation of $1,000,000 for use in securing bonds sold for the rehabilitation loan program. The League further approves of the State Housing Finance Agency's approach to home rehabilitation because the use of the existing expertise in the cities and counties (such as HRA's and private lenders) will keep additional administrative costs to a minimum.

The League also supports the raising of the State Housing Finance Agency bonding authority from $150,000,000 to $500,000,000. We believe that the mechanism for providing an additional 17,000 to 18,000 low and moderate income housing units in Minnesota during the next three to five years should be supported now by providing the bonding authority in this session.

We urge your approval of these amendments to the State Housing Finance Agency Act of 1971.

LEAGUE OF WOMEN VOTERS OF MINNESOTA

555 WABASHA, ST. PAUL, MINNESOTA 55102

Memo to: Governmental Structures Subcommittee of the
Senate Governmental Operations Committee
From: Mary Ann McCoy, President, League of Women Voters of Minnesota
Re: SF 3222, amending the Minnesota Housing Finance Agency Act of 1971

The League of Women Voters of Minnesota supports SF 3222 which expands the existing powers of the State Housing Finance Agency to allow it to make loans and grants for rehabilitation of existing housing.

The League agrees with the State's contention that home rehabilitation is a strong priority on the list of Minnesota's housing needs for rural and suburban areas as well as the inner cities. With the loss of the successful federal loan and grant program for home rehabilitation much of the impetus has been lost, and such a program at the state level is of vital importance.

The proposed addition of two public members to the present Agency Board would also, in our opinion, provide the opportunity to assure outstate involvement in the Agency's activities.

Although an appropriation request for grants in the rehabilitation program will not be made until the 1975 session of the Legislature, the League approves the inclusion of Section 7 which establishes the framework for using the grants with the loan program in rehabilitation. With the approval of the mechanism at this time the State Housing Finance Agency will be able to have the procedures for grants and grant-loan combinations ready for implementing when such an appropriation is approved by the Legislature.

The League believes that this grant portion of the bill for housing rehabilitation is of vital importance since many low income persons throughout the state would be unable to take advantage of the program on a loan basis only. Until the grant moneys are available the rehabilitation loan program will benefit only the moderate income person who can handle the additional monthly costs.

The League supports the bonding authority for up to $100,000,000 for rehabilitation loans and the appropriation of $1,000,000 for use in securing bonds sold for the rehabilitation loan program. The League further approves of the State Housing Finance Agency's approach to home rehabilitation because the use of the existing expertise in the cities and counties (such as HRA's and private lenders) will keep additional administrative costs to a minimum.

The League also supports the raising of the State Housing Finance Agency bonding authority from $150,000,000 to $500,000,000. We believe that the mechanism for providing an additional 17,000 to 18,000 low and moderate income housing units in Minnesota during the next three to five years should be supported now by providing the bonding authority in this session.

We urge your approval of SF 3222.

February 21, 1974

TELEPHONE 224-5445

League of Women Voters of Minnesota, 555 Wabasha, St. Paul, Minnesota 55102
February 1974

Testimony before Appropriations Committee,
State House of Representatives
by Lorraine Wood, Housing Lobbyist, League of Women Voters of Minnesota
in support of H.F. 2950.
February 22, 1974 - State Office Building

The League of Women Voters of Minnesota is in agreement with the state's contention that home rehabilitation is a strong priority on the list of Minnesota's housing needs for rural and suburban areas as well as the inner cities. With the loss of the successful federal loan and grant program for home rehabilitation much of the impetus has been lost, and such a program at the state level is of vital importance.

Although an appropriation request for grants in the rehabilitation program will not be made until the 1975 session of the Legislature, the League approves the inclusion of Section 7 which establishes the framework for using the grants with the loan program in rehabilitation. With the approval of the mechanism at this time the State Housing Finance Agency will be able to have the procedures for grants and grant-loan combinations ready for implementing when such an appropriation is approved by the Legislature.

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We urge your approval of these amendments to the State Housing Finance Agency Act of 1971.

Policies

(Continued from page 2)

vice areas be adjusted to even out capacity surpluses and shortages in facilities. This could reduce the need to build expensive new facilities.

Also, fiscal incentives should be used to encourage orderly development and balanced housing.

The Rural Area

The policies have kept the emphasis on maintaining the agricultural economic base and rural character of this area by not extending metropolitan-scale facilities into the rural area. The revised policies, however, also call for enforceable standards for residential development that would head off the need to extend sewers into rural land.

The policies also add the provision that communities that do not enforce sound environmental and development standards would get low priority for metropolitan sewer service in the regional sewer CIP.

This is a change from the Council's Sanitary Sewer policies, which now give top priority for sewer service to existing development that is immediately threatened by health problems or that is causing serious pollution of a natural resource.

The revised policies also call for restricting residential subdivisions in rural areas in addition to commercial and industrial activity, as the earlier policies provide.

Counties should maintain land in agricultural or rural uses if it's not needed for urbanization, the policies say.

Freestanding Cities

As used here, "freestanding city" means the town center which traditionally has been the marketing and transportation center for the surrounding rural area — not entire townships that may have become incorporated.

The policies call for free-standing municipalities to develop comprehensive development plans. Like those for communities in urbanizing areas, these should show how growth would be staged over five-year periods. These municipalities should also adopt five-year capital improvement programs for supporting the planned development.

The policies also say that free-standing communities should maintain land not needed for urbanization as rural or agricultural. When the community anticipates expansion outside the boundaries of the community, then it should lay plans for orderly annexation.

Also added are guidelines for guiding growth in line with the city's ability to absorb it: Growth should not be so great that it requires more metropolitan sewer lines or enlarged thoroughfares. It should take place within the capacity of existing facilities — such as sewage treatment plants — to prevent environmental problems.

The guidelines also say that there should be restrictions on development in rural areas of surrounding townships adjacent to the freestanding cities. There should be a basic set of public services available in the town center to accommodate new growth.

There should also be programs to expand employment in line with population increases so that the town centers will keep their town-like character as places where people live, work, and play, rather than becoming bedroom communities.

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Newsletter
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VOLUME VII, NUMBER 4 SPECIAL ISSUE MARCH, 1974

Council Endorses Interim Growth Policies

The Council has endorsed interim regional growth policies that will lay the groundwork for studies on how to carry out a managed growth program for the Metropolitan Area. Because of the wide-ranging impact of this effort, this special Newsletter *issue is devoted exclusively to a discussion of the recently approved policies.*

The policies are open to changes, depending on the results of more studies, more evaluation, and more comments by the public. Once they get in a final form, the policies will become part of a Development Guide chapter on Development Framework.

A quick review of the steps leading to the Council's action is contained in the other article beginning on this page. It will also give you an idea of what the next steps will be in shaping a program for managing regional growth.

With its endorsement of interim regional growth policies last month, the Council passed a major landmark in its Development Framework effort. This set of policies is a revised version of those that were up for public discussion at open meetings around the Area in November and December last year.

The Council has added some new policies and changed others in light of newly available data and comments made at the hearing. Here's a summary of the policies, which are organized according to five different planning areas: the Metro Centers (the Minneapolis and St. Paul downtowns); the Central Cities and Fully Developed Suburban Areas; the Area of Active Urbanization; the Rural Area; and the Freestanding Cities.

The Metro Centers

The revised policies call for increasing medium- and high-density housing in the Minneapolis and St. Paul downtowns, along with commercial and other services to support residential uses. The objective here is to more fully utilize downtown land and services and to create a downtown area active around the clock.

This is intended to counter past trends of declining residential population and encourage continued strengthening of the economic base in the Metro Centers (see table on this page).

METRO CENTERS: POPULATION AND EMPLOYMENT TRENDS

	1960	1970	% Change '60-'70
Minneapolis Central Business District			
Population	6,349	3,709	−42
Total Employment	87,621	93,488	+7
Mfg.	17,999	17,588	−2
Retail Trade	17,584	15,972	−9
Svcs.-Finance-Ins.-Real Est.	31,029	41,082	+32
Government-Educ.	9,344	8,758	−6
Other	11,666	10,088	−15
St. Paul Central Business District			
Population	5,571	2,835	−49
Total Employment	56,301	59,024	+5
Mfg.	10,373	10,668	+3
Retail Trade	7,877	5,923	−24
Svcs.-Finance-Ins.-Real Est.	17,649	22,090	+25
Government-Educ.	12,225	14,327	+17
Other	8,177	6,016	−26

In addition to tackling pollution problems, as the earlier policies advised, the revised policies also call for enhancing the riverfront areas by means of parks and pedestrian walkways.

Central Cities and Fully Developed Suburbs

The revised policies more clearly spell out the roles of government and the private sector for ensuring the long-term stability of neighborhoods in this area. Basically, the policy emphasis is on

(Continued on page 2)

Adoption of Policies Caps Wide-Ranging Discussion

The growth policies the Council recently endorsed grew out of almost half a year of public discussion and deliberation by the Council. Late last October, the Council distributed copies of a discussion statement containing draft policies for public comment.

Later the Council held five public meetings in November and December on the policies to get comments from citizens, governmental officials, and others.

From these hearings, the Council took over 500 pages of public testimony. Because of the heavy public response, the Council postponed

(Continued on page 2)

Policies

(Continued from page 1)
public actions that will provide incentives for private investment in older areas.

These actions would include lending practices, taxation, public investments, government mortgage insurance, and governmental regulations. The policies also say that government should have responsibility for identifying barriers to investments in older areas and taking actions to remove them.

Also, localities should encourage the organization of neighborhood associations, and ensure ways that local residents can participate in development decisions that affect the neighborhood.

The new policies also keep the emphasis on rehabilitating neighborhoods in sound condition and using redevelopment only selectively to cure problems of blight.

The population "mix" in this planning area has tended toward proportionately more lower-income people and fewer families than in the suburbs. To counter this trend, the policies propose that housing in redevelopment areas should be the kind that can attract middle- and upper-income families.

Federal housing regulations require that, for each low-cost housing unit displaced or demolished, another low-cost unit has to be provided in the same municipality. This tends to maintain concentrations of lower-income people in the central cities. The policies say that this requirement should be changed so that new units can be provided anywhere in the Region.

METROPOLITAN AREA HOUSING UNIT NEEDS

	Existing Stock	New Units	(minus) Demolitions	(equals) Net Increase
1960	476,000			
1960-70		172,000	56,000	116,000
1970	592,000			
1970-80		221,000	58,000	163,000
1980	755,000			
1980-90		246,000	68,000	178,000
1990	933,000			

From now until 1990, we will have to build almost as many housing units as the Area's total stock in 1960. How this new growth can be served so as to keep public costs down is a question that the Council's Development Framework effort is trying to answer.

The revised policies also identify additional goals for public investments to make older neighborhoods more desirable. These include reducing crime, upgrading schools, and improving parks, in addition to creating and modernizing community commercial-service centers.

The revised policies emphasize dispersing lower-income housing opportunities and associated social services to reduce involuntary concentrations of older and lower-income people. Housing should be provided throughout the Area where employment and public services are available, the policies say.

Area of Active Urbanization

The revised policies keep the emphasis on encouraging development in "skipped-over" land with existing urban services and developing clustered communities adjacent to the existing, built-up area. This is in preference to allowing scattered pockets of development.

To achieve that, the Council recommends that counties and municipalities in this planning area adopt comprehensive plans to guide development. These plans should show the stages that development will take by five-year periods.

Also, communities should adopt a five-year Capital Improvement Program (CIP) that shows the timetable for providing municipal facilities to support development and how the community will pay for them. The CIP should be consistent with the capital programs of both metropolitan and state agencies.

Communities should also ensure that land not needed for urbanization remains in rural or agricultural uses.

The earlier housing policy for this area emphasized providing housing opportunities for people of all incomes. The revised policies identify the local level of government as that responsible for ensuring that housing is available for all income levels and that it's convenient to employment, public services, and commercial service centers.

Other public investments — such as roads, transit, sewers, and water systems — should encourage growth to take place in a staged fashion. In addition, the revised policies also suggest that boundary lines of school districts and other ser-

(Continued on page 4)

Discussion

(Continued from page 1)
action on the policies from December to February so it could study the testimony more fully.

The Council's Physical Development Committee has now shifted gears from considering growth policies to talking about approaches for carrying out these policies. The Committee is now reviewing a discussion statement on implementing regional growth policies.

The discussion statement on implementation will get the same wide review and deliberation that the discussion statement on growth policies received. The Committee is planning on holding public hearings, like those held on the policy document, in April and May to find out how citizens and governmental officials feel about the approaches outlined in the discussion statement.

Copies of the statement are available from the Council if you haven't received a copy in the mail.

Staff Estimates 2.9 Million People by 2000

Despite the marked drop in birth rates recently, the Metropolitan Area will likely continue to need substantial increases in housing, jobs, and urban facilities in future years, according to population projections made by the Council staff.

The staff estimates that the Area could grow to 2.9 million people by the year 2000, a drop from the 3.2 million forecasted by the Council staff in 1971. However, the lower figure reflects a comparable number of families as the earlier forecasts, but smaller family sizes. Also, a much higher proportion of the future population will be adults.

Although its exact impact isn't clear, this smaller expected future population may not necessarily mean a lower demand for housing, jobs, and municipal services than that expected from the larger population forecasted earlier (see graph on this page). The demand for schools should be less because of proportionately fewer children.

In any event, the Area will continue to grow, and the need remains to manage growth in a way that makes best use of existing public facilities.

The table below shows the Council staff's most recent population forecasts.

METROPOLITAN AREA POPULATION FORECASTS

Year	Forecast	Year	Forecast
1970	1,874,612*	1995	2,730,000
1980	2,195,000	2000	2,888,000
1985	2,378,000	2005	3,039,000
1990	2,560,000	2010	3,189,000

*1970 census figure

The major reason for the downward revision from the earlier forecasts was the dramatic drop in birth rates since 1970. In 1970, the terminal fertility rate — the average number of children a family had after it stopped having children — was almost 2.8. Since then, this rate has declined to 1.8 children per "completed" family.

The very low rate could be a short-range dip in birth trends. The staff projections are based on a slightly higher figure — 2.1 children.

According to the Council staff, there's no way of knowing for sure what the fertility rate will be in the future. The staff suggests, though, that the 2.1 rate, although higher than the present rate, may prove more reasonable in the end and may provide a safety factor in forecasting needs.

In addition to births, the staff projections include two other factors that affect future populations — mortality and migration. These projections assume a slight increase in life-span between now and the year 2000.

Also, the staff assumed that over the forecast period the difference would narrow in survival rates between whites and minorities, as well as between males and females.

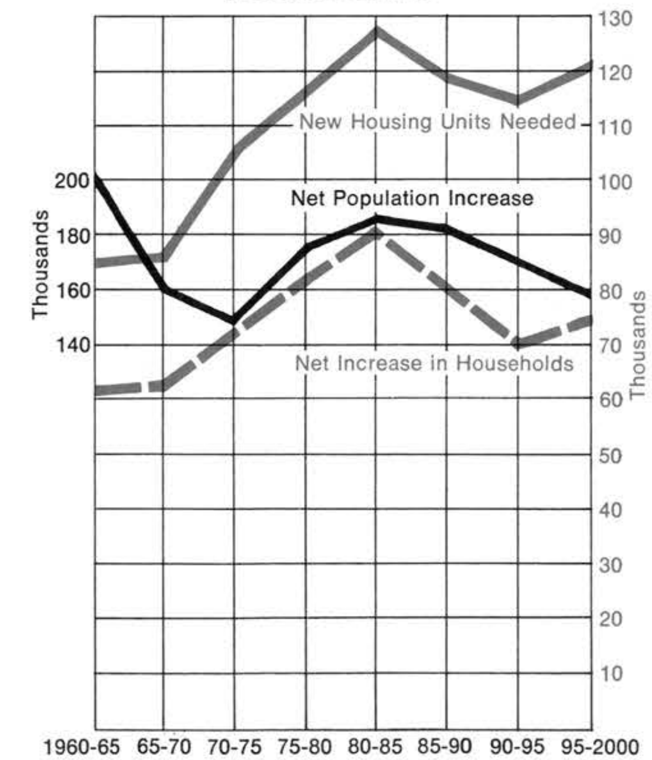
Another factor is the migration of people in and out of the Metropolitan Area. In past years, this Area has experienced a relatively constant rate of increase in net in-migration — about five per cent per decade.

Net in-migration is the population increase arising from the movement of people into the Area, after subtracting the number of people who move out of the Area.

Current Council staff forecasts provide for a slightly decreasing number of people migrating into the Region each decade. Here, one reason is the drop in the fertility rate, which would reduce the number of children of migrating families.

However, the staff estimates that the lower migration figure does not mean that there will be fewer adults migrating into the Area. Adult migration will probably be higher than in the past, and the future demand for jobs and housing due to migration will be at least as great.

HOUSEHOLD FORMATIONS AND HOUSING DEMAND



As this graph shows, the Area will need an increasing number of new housing units, as well as public services for them, between now and 1985, despite declining births in recent years.

This is because new households will continue to be formed, at least until 1985, by people who were born in former periods of high birth rates.

Thus, the recent drop in births may not have an effect on jobs and housing until after 1985, when people born in the 1960-1975 period begin to form families of their own.

LEAGUE OF WOMEN VOTERS OF MINNESOTA

555 WABASHA, ST. PAUL, MINNESOTA 55102

To: Members of the Minnesota House of Representatives

From: Mary Ann McCoy, President, League of Women Voters of Minnesota

Re: HF 2950, amending the State Housing Finance Agency Act of 1971

March 7, 1974

The LWV has been actively concerned about the provision of adequate, safe and sanitary housing for all the citizens of Minnesota. The League of Women Voters of Minnesota has approximately 5000 members belonging to 69 local Leagues throughout the state. Our members have worked to provide a diversity of housing choice in their individual communities as well as on measures at the state level which would provide financial assistance to those of low and moderate income to acquire housing or to improve their present housing.

It has long been our belief that a variety of means must be employed not only to provide new housing units but also to maintain our existing housing stock. With the present uncertainty in the direction of federal housing programs and the loss of the successful federal loan and grant program, such programs at the state level are of vital importance.

HF 2950 provides the needed assistance for new housing and housing rehabilitation throughout the State. The League strongly supports this bill and wishes to call your attention to our attitudes on the following major provisions:

1. The League supports the raising of the State Housing Finance Agency bonding authority from $150,000,000 to $500,000,000. We believe that the mechanism for providing an additional 17,000 to 18,000 low and moderate income housing units in Minnesota during the next three to five years should be supported now by providing the bonding authority in this session.

2. We also support the bonding authority for up to $100,000,000 for rehabilitation loans and the appropriation of $1,000,000 for use in securing bonds sold for the rehabilitation loan program. The League further approves of the State Housing Finance Agency's approach to home rehabilitation because the use of the existing expertise in the cities and counties (such as HRA's and private lenders) will keep additional administrative costs to a minimum.

TELEPHONE 224-5445

3. We believe that the grant portion of the bill for housing rehabilitation is of vital importance since many low income persons throughout the state would be unable to take advantage of the program on a loan basis only. Until the grant monies are available the rehabilitation loan program will benefit only the moderate income person who can handle the additional monthly costs. Although an appropriation request for grants in the rehabilitation program will not be made until the 1975 session of the Legislature, the League approves the inclusion of Section 7 which establishes the framework for using the grants with the loa program in rehabilitation. With the approval of the mechanism at this time the State Housing Finance Agency will be able to have the procedures for grants and grant-loan combinations ready for implementation when the expected appropriation is approved by the 1975 Legislature.

5. And finally, the addition of two public members to the Agency's Board would, in our opinion, insure broader citizen participation and provide additional input on housing needs throughout Minnesota.

We urge your favorable consideration of HF 2950.

1730 M STREET, N.W., WASHINGTON, D.C. 20036 TEL. (202) 659-2685

memorandum

League of Women Voters Education Fund

March 7, 1974

THIS IS GOING ON DPM

TO: State and Local League Presidents

FROM: Martha Greenawalt
National Chairman, Human Resources

RE: Housing Publications

If you were wondering whatever happened to those long promised housing publications, fret no more, they have arrived! Enclosed are two publications. The first, *Understanding Fair Housing*, published by the U.S. Commission on Civil Rights, examines the public and private forces that have contributed to current patterns of residential segregation. The second, *Whatever Happened to Open Housing: A Handbook for Fair Housing Monitors*, is chocked full of suggestions to help Leagues and community groups achieve open communities. We hope it will be a meaningful tool for those grappling for direction on what to do about the housing "problem" during these uncertain times for progress in fair housing. Search out groups in your community which share your housing concerns and promote this valuable new Education Fund tool.

LEAGUE OF WOMEN VOTERS OF MINNESOTA

555 WABASHA, ST. PAUL, MINNESOTA 55102

Memo to: Senate Finance Committee
From: Mary Ann McCoy, President,
League of Women Voters of Minnesota
Re: S.F. 3222
March 12, 1974

The League of Women Voters of Minnesota is in agreement with the state's contention that home rehabilitation is a strong priority on the list of Minnesota's housing needs for rural and suburban areas as well as the inner cities. With the loss of the successful federal loan and grant program for home rehabilitation much of the impetus has been lost, and such a program at the state level is of vital importance.

Although an appropriation request for grants in the rehabilitation program will not be made until the 1975 session of the Legislature, the League approves the inclusion of Section 7 which establishes the framework for using the grants with the loan program in rehabilitation. With the approval of the mechanism at this time the State Housing Finance Agency will be able to have the procedures for grants and grant-loan combinations ready for implementing when such an appropriation is approved by the Legislature.

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The League also supports the raising of the State Housing Finance Agency bonding authority from $150,000,000 to $500,000,000. We believe that the mechanism for providing an additional 17,000 to 18,000 low and moderate income housing units in Minnesota during the next three to five years should be supported now by providing the bonding authority in this session.

We urge your approval of these amendments to the State Housing Finance Agency Act of 1971.

TELEPHONE 224-5445

OPEN COMMUNITIES
Metropolitan Housing Exchange

No. 1 MARCH, 1974

PROJECT BEGINNING: THE WINGSPREAD EXPERIENCE

The LWVEF, in cooperation with the Taconic and Johnson Foundations, held a national kick-off conference last spring at the latter's conference center in Racine, Wisconsin, Wingspread. The former home of the Johnson family and one of Frank Lloyd Wright's last great prairie houses, Wingspread provided an idyllic setting for a coming together of League housing leaders, community development trainers and housing experts from across the country.

Participants from 20 state, local and inter-League organizations met "to develop citizen action strategies designed to overcome obstacles to the provision of low-income housing in the suburbs." The key word throughout was strategies.

Information exchange and new training techniques were integral parts of the conference. First came "The Suburban Wall", a film that delineated the full spectrum of problems locking the less affluent out of the suburbs. A reactor panel of experts further defined and refined the "problem". Professor Howard Radest of Ramapo College in New Jersey discussed community fears and anxieties that arouse community opposition to low-and-moderate-income housing; Tony Henry, head of the National Tenants Information Service, explained how tenants view suburban housing opportunities; Mary Brooks from the Suburban Action Institute spoke of the environmental issues which tend to add one more layer to an already complicated problem; and Edward Holmgren of the National Committee Against Discrimination in Housing underlined the importance of enforcement of fair housing laws in creating open communities.

Technical workshops that delved into local, state and metropolitan alternatives added meat to the bones of the agenda. Experts elaborated on options actually being tried in specific localities. A computerized simulation game called Housingplan helped participants understand the roles of various community groups and to quantify their relative power through a series of votes. This was followed by formal training in force-field analysis---a method for determining where to begin a process of change. Participants then attempted to plan their own citizen action strategies.

The strategies developed at the conference could only be hypothetical; but since then participants have gone back to their own settings and have adapted the ideas and techniques to the unique blend of people and problems that create the dynamic in their communities. The hope was that they would "make something happen". And, things did and are happening. The LWV of New Jersey followed up with a statewide "Housing Now! Help It Happen" conference. Metropolitan conferences are planned this year in Milwaukee and Detroit. Other Leagues are applying force-field analysis to their housing situations, conducting and updating housing surveys, and forming local coalitions. In the months ahead, we hope to be reporting that the Wingspread experience is having still broader ripple effects.

BY WAY OF INTRODUCTION

This is the first in a series of newsletters that are a part of the LWVEF's OPEN SUBURBS PROJECT. The project links several educational activities ---regional and metropolitan conferences, these newsletters and a citizen's guide to help community groups combat obstacles to low-and-moderate-income housing in the suburbs. The obstacles are many: exclusionary zoning practices, a depressed housing industry, astronomical land costs and general inflation, lack of federal housing subsidies, lack of local leadership, and emotional (often hostile) community attitudes.

Through the newsletters groups working to create and expand housing opportunities throughout metropolitan areas can learn from one another. What is happening? What are citizens doing to make it happen? What local, state and metropolitan initiatives are being applied to correct economic and racial imbalance between city and suburb? What's working and what isn't?

THE NATIONAL SCENE---A WAITING GAME, A NUMBERS GAME

The national housing picture is at best a confused one. Conditions have conspired to put the housing industry into an alarming slump: inflation, a tight money situation, the suspension of subsidy programs, environmental problems, "no-growth" policies, the energy crisis, and economic uncertainty.

The debate over a national housing policy drags on---categorical grants-in-aid? housing allowances? housing block grants? (See National VOTER, Oct.-Nov., 1973

(continued on page 3)

League of Women Voters Education Fund 1730 M Street, N.W. Washington, D.C. 20036 Pub. No. 471 50¢ per copy, 5/$1

SECTION 23 HELPS THE ELDERLY IN RIDGEWOOD, N.J.

Mrs. V. is a partially blind, 88-year-old widow. She lives in a neat efficiency apartment above a store. Her rent is about $90 a month, phone and utilities, $10-15 a month. However, her total income from her husband's pension and Social Security is only $97 a month. Her sole relative, a niece from another state, sends her money and used clothing each month. Mrs. V., who is on a special diet after surgery, participates in the Community Meals program which delivers 10 hospital-prepared meals a week for a nominal fee. She fears rising rents and would love to have an apartment without the two flights of steep stairs she now must climb.

Cases like these, amid the surface affluence of Ridgewood, New Jersey, prompted the local LWV to launch an intensive "Housing Now!" crusade to get senior citizen housing in this village of 27,000. The three-pronged attack called on the village council: to recognize the need for such housing in the village's to-be-revised master plan; to allow community organizations to set up nonprofit of limited-profit corporations to construct housing for moderate-income senior citizens; and to institute a leasing program for low-income elderly.

Nine months of unrelenting effort resulted in a significant first step when the council passed an ordinance allowing Ridgewood to participate in the federally-subsidized Section 23 leasing program which is administered by the Bergen County Housing Authority (BCHA). The council has hired a coordinator to administer the program and has appointed a local screening committee to determine eligibility and ensure local control. So far, five one-bedroom apartments, renting for $110-185 a month have been leased, all in older buildings. The current market rate for such apartments varies from $175 in older buildings to as much as $250 in the newer ones.

The "Housing Now!" campaign, directed by Roberta Svarre, former state League housing coordinator and local League housing chairwoman, followed an almost classic League pattern of pressure on village officials combined with community consciousness-raising.

In 1972, after a year of study, the League went to work to get senior citizen housing. Their first move was to find some allies among church and civic groups.

Throughout the campaign, two major sticking points were the dearth of available land near shopping and transportation facilities and the prohibitive cost of building and maintaining units for the elderly without subsidization. Early on, the League advocated joining the BCHA-administered program to help senior citizens meet expenses in their present housing.

At the League's suggestion, the planning board sent a questionnaire to all village residents to determine community sentiment; 10,775 responses came back with three-fourths of those who favored new construction listing senior citizen housing as top priority. The planning board said that further analysis would be necessary, but pledged to hold hearings before the end of the year.

Meanwhile, the LWV pursued every opportunity to build support for senior citizen housing programs. One member wrote in a letter to the editor: "Many of [our senior citizens] were born here, many have lived here for the greater part of their lives, have brought up their children here and have contributed their talents and money to the richness of this community. This is home to them." When the planning board began to revise the village's master plan, the League was on hand to press for multi-family zoning and construction of new housing. Mrs. Svarre pointed out that the 1930 master plan had recongnized the need for senior citizen housing. "The time has come when construction of such housing should begin," she said.

In a series of four meetings with the board's multi-family subcommittee, LWV representatives presented a 13-page documentation of the housing needs of senior citizens, provided background information and held coffees in various areas of the village. During this time, Leaguers met periodically with the mayor.

The planning board was still analyzing the questionnaire in January, 1973. To speed the process, the League prepared its own survey of need. Administered through various service agencies, the survey produced a file of Ridgewood's neediest cases.

In yet another effort to get things moving, the LWV housing committee held a meeting for concerned community groups and individuals to present information from the survey and to gain support. From that meeting sprang a coalition to lay plans for further community action. A petition calling for immediate action by the village council to develop senior citizen housing was distributed to all churches. Leaguers garnered 1161 signatures at two local supermarkets in a two-day drive. In presenting the petition to the village council, Mrs. Svarre urged them to implement the Section 23 leasing program under BCHA. "This program could give instant relief to [some of] those senior citizens now renting in Ridgewood," she said.

In February, the council finally voted to authorize BCHA to institute the leasing program for low-income elderly in the village.

With one goal achieved, the League is actively pursuing another of its goals, housing for senior citizens in the moderate-income range. If the council would pass a resolution of need, a church or other community organization could set up a limited-profit or nonprofit corporation to build the housing. Assistance would be provided through a program of the New Jersey Housing Finance Agency (NJHFA). (See story on page 3.)

Said Mrs. Svarre: "Our League is most gratified by the apparent success of the "Housing Now!" campaign...While the number of residents helped by the [Section 23 leasing] program so far has been quite small, we feel that it is a very real breakthrough for a high-income, upper middle class community like this to accept the concept of subsidization. In addition, the revised master plan does make provision for senior citizen apartments, and both the planning board and the council seem very receptive to the idea of their development by a nonprofit corporation under the aegis of the NJHFA."

For more information, contact Roberta Svarre; LWV of Ridgewood; 157 Melrose Place; Ridgewood, N.J. 07450.

INFORMATION PLEASE

The case studies appearing here and elsewhere in this issue focus on the efforts of LWV's across the country to ensure a decent home for all Americans. Future newsletters will highlight efforts by other community groups active in the housing field. But we need information---on new and continuing LWV activities and on the work of other community groups, too. Write to: OPEN SUBURBS PROJECT; LWVEF; 1730 M St., N.W.; Washington, D.C. 20036. Attention: Judy Morris, Project Director.

for a discussion.) The first session of the 93rd Congress passed no major housing or community development legislation. Chances for enactment of any omnibus legislation depend on a compromise of basic philosophical differences between the executive and legislative branches. Until that happens, the present federal housing policy of "continuing resolutions" to fund existing programs goes on by default.

It is a quirk of federal housing lingo that programs are referred to by the appropriate section number in the United States Housing Act. At various times, the limelight has been shared by Section 203, 235, 236, 312, 221(d)3, etc. Now, the magic number is Section 23, also known as the leased housing program. Added to the U.S. Housing Act in 1965, the enactment of Section 23 permitted local housing authorities (or any public body authorized to engage in low-rent housing of slum clearance) to lease units in private structures for occupancy by low income-families.

The recently released Administration budget for fiscal 1975 provides for 300,000 units of Section 23 leased housing. This figure echoes the new tack announced earlier in President Nixon's housing message of September 19, 1973. Based on an "extensive" six-month HUD study of federal housing policy, President Nixon stated that the "best information to date indicates that direct cash assistance will in the long run be the most equitable, least expensive approach to achieving our goal of a decent home for all Americans..."

Under a direct cash assistance plan (more commonly known as housing allowances) the federal government would provide qualified recipients with an appropriate housing payment to enable them to choose their own homes on the private market. The payment would be scaled to make up the difference between what a family could afford on its own and the cost of safe and sanitary housing in that geographic area. This approach "would give the poor the freedom and responsibility to make their own choices about housing and it would eventually get the federal government out of the housing business." However, there are many unanswered questions about what at first blush seems to be a simple concept (i.e., tenants rights protection, amount of affirmative civil rights provisions, cost effects on housing markets and extent to which economic and racial barriers would be broken). Full-scale implementation of a direct cash assistance approach depends on results of ongoing housing allowance experiments <u>and</u> congressional approval.

An immediate step in the new policy direction was to lift the moratorium on the Section 23 program. President Nixon asserted that the program could be administered in a way which carries out some of the principles of direct cash assistance.

Though the intent of the original Section 23 program was to lease <u>existing</u> units, it was expanded, first by HUD administrative maneuvering and later by congressional action, to include construction for leasing as well. Current emphasis by HUD is now on construction aspects. Throughout its history, the program has enjoyed popularity in both Congress and communities, mainly because it permits units to remain on local tax rolls. And since Section 23 utilizes scattered sites, it may provide significant anonymity to recipients. Local government approval is required for the program.

On January 22, 1974, HUD issued in the <u>Federal Register</u> proposed regulations for Section 23 that would substantially change the thrust of the program, bringing it as much as is administratively possible in line with a direct cash assistance approach. (Additional statutory changes sought by the Administration have also been introduced in Congress.)

The new regulations, if instituted, will shift major management functions from the local housing authority to the owner of the project, promoting a more direct landlord-tenant relationship. Yet there is widespread concern by members of the housing industry that if HUD's proposed regulations remain substantially as they are when issued in final form, the program will be financially and administratively unworkable.

ON THE STATE LEVEL...

State housing finance agencies are the Johnny-come-lately's on the housing scene, brought center stage by the federal government's "new federalism" plans and by the continuance of the moratorium on federal housing subsidy programs. Citizen scrutiny of these agencies--the role they are and <u>should</u> be playing and how well they carry out that role--is essential.

The final report of HUD's National Housing Policy Review (<u>Housing in the Seventies</u>)gives us an overall look at the record of existing state housing finance agencies as they join private enterprise, local governments and Uncle Sam in shaping U.S. housing markets.

In 1960, only New York had a housing agency; today 31 states have one and 10 more states have legislation pending to create such an agency. State housing finance agencies are authorized by state legislatures to supply financial assistance for the construction of low- and moderate-income housing.

In most cases, this means forming partnerships with private developers who do the actual building. State agencies may undertake a wide range of activities in connection with the development such as: site selection, acquisition and design review; determining the size and number of units in a project; establishing the nature and extent of supporting community facilities; setting standards for equal opportunity, employment and marketing of housing; surveying and evaluating statewide housing deficiencies and formulating programs to overcome them; acquiring land and acting as public housing authorities. Some even directly construct and rehabilitate housing units.

For the most part, housing developed by state housing agencies has been highrise, multi-family rental units and mainly new construction, not rehabilitated. The production rate for most of these agencies is about 5,000 units a year (New York and Massachusetts are notable exceptions with 10,000 units). Of the units produced between 1969 and March, 1973, more than two-thirds were produced under the Section 236 federal housing program for rental assistance.

Most of the units produced thus far have been for suburban middle-to-moderate incomes. A major criticism of state agencies has been they are not serving urban and rural areas or the needs of lower income and medium to large families.

Most agencies claim economic mixing as a goal. Though almost all have equal opportunity programs, data on racial mixing is inconclusive. Sketchy figures that exist put nonwhite occupancy at 21%. This approximates the 24% in Section 236 housing generally.

Foreclosure and rental of units are no problem in housing built with help from state finance agencies. Compared to federally subsidized housing, units get built faster under the more experienced state housing agencies. There

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No Business Like Show Business: ImMEDIAte Attention on Housing

ON CABLE

The LWV of Charlottesville-Albemarle County, Virginia, has produced an indepth TV series on housing in co-operation with a local cable TV station. The seven-part documentary has won kudos from diverse sectors of the community.

"The Housing Shortage in Charlottesville and Albemarle County" was aired throughout a seven week period last fall over the Jefferson Cable. The station, which boasts 10,000 subscribers, repeated each segment every night for five days.

Nor was that the end of community exposure. So impressive was the series that it was shown to all of the county's welfare workers as orientation on housing problems. A candidate for the state legislature showed it to his campaign staff. Perhaps most significant, the series thrust the housing issue into the center of the fall election campaigns for state general assembly and was an important factor in the city's inclusion of $1 million for low-and-moderate-income housing in the capital budget.

Material for the introductory program was culled from various state and local League housing studies. The next five segments were individual case studies presenting the problems encountered by families of various income levels as they attempted to find decent housing in the Charlottesville area. These episodes employed a counterpoint technique, alternating interviews with the family and interviews with various officials. In the course of the series, the mayor, city councilmen, the city housing director, county supervisors, a Farmers Home Administration official, bankers, even a social historian, were tapped to provide a balanced picture of the local housing scene. Twenty city and county officials and residents were interviewed.

The Cast

Mrs. Blanche Bowles, her husband and five children were the subjects of a case study on low-income families. They live in a rundown rented house in Albemarle County. Although she received approval for a Farmers Home Administration loan and sought advice from several government agencies, Mrs. Bowles did not have the expertise---or the money---to complete the complicated negotiations that building a home entail. She was unfamiliar with the intricacies of deeds, land surveys, and health department permits. As the episode pointed out, "Such people are in their predicament mostly because they have low income, not because they are lazy or unwilling to improve their living condition." And now, since new Farmers Home Administration rules require families to have annual incomes of $7500, the narrator concluded, "A low-income family which needs housing has only three remaining alternatives: slum housing, a mobile home or public housing for which there are long waiting lists."

The second case study concerned the plight of Wiley Harrill. Harrill, who supports six children on a moderate income, was forced to seek a new home when his rented house was sold to make way for a bank. He now occupies a duplex built by the Charlottesville Housing Foundation at a cost of $23,500. The foundation uses federal funds to construct housing for moderate-income families who then pay off the building loans. A CHF official interviewed on the program made it clear that Harrill is one of the lucky ones. Many deserving fami-

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GIMME SHELTER

During a week of intensive programming in March, 1973, Milwaukee's PBS affiliate, WMVS-TV, took a hard look at the housing crisis, its possible solutions and the effects of the then just-announced freeze on federal subsidy programs.

The pre-series promotion, coordinated by five Milwaukee Leaguers, helped to assure a substantial viewing audience. In less than a month, the women identified all of the area organizations with an interest in housing and mailed 25,000 copies of a promotional flyer.

League housing chairwoman Marci Mills was interviewed on one segment, broadcast nationwide, which dealt with Milwaukee's fair share housing plan. The series also featured several call-in shows with experts, local officials and congressmen. During a call-in session with housing authority Anthony Downs, the switchboards were swamped, despite the fact that the show was opposite a championship college basketball game.

Coverage of a public hearing on the effects of the housing freeze, an overview of various approaches being taken across the country, and a "TV convention" with representatives from many of Milwaukee's neighborhood groups made for a well-rounded, indepth series.

TRAVELING ROAD SHOW HITS COLORADO

The LWV of Colorado has devised an "instant program" designed to help busy housing chairwomen. The 13-minute slide show, "Let's Put Our Housing in Order", has a three-fold thrust: it informs the general public, brings already-held League positions to new members and updates veteran Leaguers on the latest developments in the field.

Using a recently-acquired Kodak Carousel projector and a program recorder, the Colorado LWV transformed an ordinary slide show into a multi-media presentation. The 128 slides are synchronized with the narration by impulses prerecorded on tape so that they advance automatically.

The show opens with some hard facts about Colorado's housing market. Across the state, the average new home costs $25,000. To but this home a family should, according to current underwriting practices, have an income of at least $15,000. Since 75% of the families in Colorado fall below the $15,000 mark, the state League decided to make housing a major priority.

The slide presentation also pinpoints some of the barriers to adequate housing for low- and moderate-income persons such as demolition of older (and therefore more affordable) housing stock and restrictive suburban zoning laws which are often passed out of fear for lowered property values.

Before each presentation, viewers receive the LWV's housing booklet, recently reprinted with funds from the Denver Regional Council of Governments (DRCOG), the state housing division board and HUD, plus a resume of current housing theories and plans from around the country. The pamphlet, also entitled "Let's Put Our Housing In Order", is laden with statistical rundowns on housing problems and possible solutions.

Discussion following the show is a must for bringing out the audience's real attitudes toward various housing problems and alternative remedies.

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On the State Level (Continued)

are fewer layers of red tape in review and approval of state projects. The future of state housing finance programs as they now exist is not necessarily assured: continued emphasis on new construction instead of use of existing stock and continued dependence on indirect and direct federal subsidies could conflict with a federal housing policy shift to direct cash assistance.

NONPROFIT HOUSING COMES TO LAWRENCE

Lawrence Township, New Jersey has its very own nonprofit housing corporation, thanks to the enthusiasm and direction of a community service worker coupled with the skilled research and public education of the local League of Women Voters.

The Lawrence Nonprofit Housing (LNPH) corporation's first project---100 federally subsidized apartments on a 25-acre site in Eggerts Crossing---is set to open this spring. The New Jersey Housing Finance Authority (NJHFA) has allocated mortgage subsidies from Section 23 to assure that a two-bedroom apartment will rent for $160-165 a month, substantially below the $216 market price.

In fact, the rental market is virtually nonexistent in the township. And, since 65% of the housing in Eggerts Crossing was found deficient by a 1966 neighborhood analysis, nonprofit housing was sorely needed to enable residents to remain in Lawrence.

What was the combination of factors that enabled this project to succeed where so many other across the nation have failed? LNPH sprang from a community-based housing committee within Lawrence's Community Action Council. The corporation retains its grassroots flavor with a board of directors representing seven community and church groups. Much of the credit for the idea and for direction of the project must go to Fred Vereen, Jr., first president of LNPH. Vereen's ability to recruit residents who could provide essential services---an architect, a lawyer, a state planner and a representative from NJHFA---was important to the corporation's success.

The Lawrence LWV's role was one of facilitator and community catalyst for the project. The League's comprehensive housing survey, which effectively addressed both the New Jersey housing crisis and the specific needs of Lawrence, paved the way for passage of a resolution of need by the township council. This in turn fulfilled a state requirement for seed money, often a major hurdle in providing nonprofit housing.

Perhaps even more important was the League's success in shaping public opinion. The LWV publicized its survey on the township's housing needs in a 45-minute slide show/discussion held before LNPH submitted its proposal. Thirteen community groups, such as the Jaycees, Lions and Kiwanis clubs, plus members of the planning and zoning board and the township council viewed the presentation. The LWV also alerted groups favorable to the housing proposal, achieving large and vocal attendance at public meetings. Particularly significant was the large turnout of the black community, though later efforts to mobilize support by circulating fact sheets and petitions probably contributed toward organizing the opposition.

Resistance to the corporation's effort to obtain a zoning variance for the Eggerts Crossing site took the form of involved delaying tactics by the zoning board, petitions, scare flyers and emotional---often blatantly racist---outbursts at public hearings. At one meeting, the LWV president and housing chairwoman were booed and hissed during their statement of endorsement. Their calm, reasoned stance was a good defense against such emotionalism.

Two residents even filed a court suit challenging the zoning variance granted by the council. The suit, which charged spot zoning, violation of the master plan and a "hastily conceived" ordinance, was later dropped.

Several factors in addition to the League's public education campaign helped to defeat the opposition:
--LNPH raised enough money from local citizens to purchase the 25-acre site when land options expired;
--LNPH's vigilance insured that the proposal was not entangled in a bureaucratic web between Washington, D.C. and the New Jersey state capital; and
--The corporation's fortunate timing enabled it to meet requirements for federal funding before the housing moratorium took effect.

With the completion date now just a few months away, Vereen says, "We truly feel we have accomplished [our goal]." LNPH is already setting up committees in the Eggerts Crossing development on tenant education, tenant screening and economic development for the neighborhood surrounding the project.

CITIZEN WATCHDOGS QUESTION HOUSING REPORT

The LWV of Baltimore County demonstrated its superior research knowhow recently recently by pointing out inaccuracies in a massive housing report prepared by the Interagency Planning Group, a newly formed organization of more than 30 county agencies.

The IPG's report, designed to satisfy a federal requirement that the county provide a plan for housing low-and-moderate-income persons in order to receive $2 million in federal funds for sewer, water and open space programs, claimed that adequate housing for all income levels was available within the county.

However, HUD rejected the county's findings, ordering officials to submit a revised version within 60 days. HUD may have been taking account of the county's well-known history of residential segregation and its refusal of most federally-assisted housing programs (despite a black population of only 3%).

The LWV decided to use the 60-day interval to evaluate the county's original report since its release coincided with an update of the League's housing study. Dickens Warfield, League housing chairwoman, said the goals were to educate the public and to enable more citizens to take an active role in the planning process.

The committee quickly set about comparing the county's data with its own indepth analysis, revealing that IPG overestimated the number of homes in the county priced between $11,000 and $22,000 by 1700 units or about 64%! Using the official Baltimore County Lusk Report, which tabulates all real estate transactions in a given year, Leaguers counted every home sold as opposed to a crude sampling of 10% of homes sold on which the county had based its analysis. The League also discovered that nearly two-thirds of available low-and-moderate-income housing is clustered in three or four election districts.

The LWV study raised questions about the county's method of determining the availability of rental housing, too. It showed that rental units, especially for the poor and elderly, are much harder to find than the county's report indicated. The IPG used only apartment turnover for a few developments in its data, even though many newly vacant apartments never reach the open market,

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Traveling Road Show (Continued)

Said state housing chairwoman Nonie Ragsdale, "We believe the slide show is a tool that can help us reach the public in a more sophisticated manner and also be helpful to our own members. We think the package deal has definite merit..."

Three showings were made to the state legislature in an effort to educate the law makers about Colorado's low-income housing problems. The slide show has been an important tool in the League's push for support of DRCOG's housing allocation plan. Following a showing, the plan (which would allocate a percentage of low-and-moderate-income housing to each jurisdiction with-the metropolitan area) is explained. Citizens are urged to support it and to work with their local officials for its implementation. Many civic groups, high school and college classes have viewed the show.

The LWV slide show and pamphlet were the top-listed resources when the Colorado Council of Churches sponsored a Housing Awareness Week last spring

The Colorado League has compiled its checklist for a snappy housing campaign, including tools which can be built around a slide show presentation or used alone:

--Line up other groups (AAUW, Rotary Club, etc.) to co-sponsor the slide show.
--Plan a big splash with colorful posters. A lot of hoopla.
--Alert local editors; suggest editorials; write your own releases in a provocative manner.
--Dream up gimmicks to advertise the show. Plan discussion afterwards with a superior, knowledgeable moderator.
--Conduct school poster contests; essay contests; photography contests. Announce results at a Grand Showing of slide show.
--Consider a panel of the town's best reporter or editor, a member of the council or planning commission, a member of the minority and/or economically deprived community, a member of the housing authority, and a builder and/or developer.
--Write a whole series of radio spots advertising the show to be broadcast hourly the preceding week.
--Try to get on talk shows. Get some dialogue going.
--Set a goal for the number of low-income housing units the jurisdiction can build or rehabilitate.
--Communicate with the community---show them you're alive. Don't talk to yourselves.
--Design a housing campaign button.
--Create a catchy slogan for bumper stickers.

For more information, contact Nonie Ragsdale, LWV of Colorado, 2200 West Alameda Avenue, #15, Denver, Colorado 80223.

On Cable (Continued)

lies know nothing about CHF, and the federal housing freeze has forced severe cutbacks in the foundation's program.

The middle-class Sampson family had little trouble building a new home in a county subdivision, as shown in the third case study. Having bought a lot, the Sampsons hired a builder to construct a house to their specifications. They financed the new home with money from the sale of their old residence plus a mortgage loan from a local savings and loan association. The Sampsons engaged a real estate agent at the outset to help with their plans and negotiations.

An upper-income couple who spent two years renovating an old house in the city were the subjects of the fourth case study. Although much dilapidated housing exists in Charlottesville, this episode concluded: "An old house needs lots of hard work...in order to be restored to liveable condition. It takes love, time and money..."

The fifth segment dealt with landlord-tenant relations, specifically examining the impact of a growing university community on the local housing market. The program pointed out that there is not enough university housing to meet student needs, forcing them to seek higher-priced off-campus housing and aggravating problems of overcrowding and traffic congestion in the city.

The final segment tied the series together and provided a showcase of solutions to the housing problem---the need for increased federal and state funds as well as local government responsibility to subsidize the repair and renovation of existing housing and the creation of new, low-cost units.

The Producers

How did the LWV get into show business? Said Leaguer Kay Peaslee, who devoted an entire summer to the project, "We were looking for ways to get our message on TV, but the commercial people weren't interested. We got really great cooperation from the cable people." Since Federal Communications Commission regulations require cable franchises to retain one channel for community use, local groups often have freer access to the airwaves via CATV than over commercial channels.

In producing the series, station program director Mea Daum provided all of the public relations and technical assistance; Leaguers did most of the thinking and planning. Early on, a five-member LWV planning committee turned thumbs-down on the "same old panel" format. They wanted something different and the case study approach fit the bill. Participants were located through League members, friends and neighbors.

The program director worked closely with Mrs. Peaslee throughout the summer, but the Leaguer wrote the series narration, prepared the interviews and served as moderator for the series. She estimates she devoted from 5-20 hours a week over a five-month period to the production but thinks it was definitely worthwhile: "Our impact on the community through the series has been and continues to be gratifying." Her advice to other LWV's interested in cable TV? "The key thing is good planning beforehand."

For more information on the housing documentary, contact Kay Peaslee, LWV of Charlottesville-Albemarle County, 1702 Burnley Avenue, Charlottesville, Va. 22903.

MONTGOMERY COUNTY'S 15 PERCENT

On January 21, 1974, regulations implementing Montgomery County, Maryland's new Moderately Priced Dwelling Unit (MPDU) law became effective.

Montgomery County is an affluent suburb that is part of the rapidly growing Washington, D.C. metropolitan area. The new law, similar to one passed in neighboring Fairfax County, Virginia (but struck down by the Virginia Supreme Court on constitutional grounds) represents a creative local initiative that may be applied to meeting the demand for low- and moderate-income housing.

The new legislation could provide about 1600 units of moderately priced new housing every year, as a way of assuring an ongoing supply of such housing, scattered

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throughout the county and integrated into new development. It will afford low-and-moderate-income families---with and without subsidies---a choice of housing types and locations.

The law requires all developers of 50 units or more to sell or lease at least 15% of the units at moderate prices (or 20% in the case of a town sector or planned neighborhood zone). Depending on unit type (apartment, townhouse or house) and unit size, initial sales price limits range from $19,600-$31,000 and rentals from $161-$320 including utilities. Prices are subject to periodic revisions by the county executive.

Why 15%?

The percentage was arrived at as an estimate of a figure which will create a significant, not token, increase in the supply of needed housing, yet hold the consequent density increases to manageable proportions. Builders will be able to provide housing at lower cost through modest density increases, through modifications in siting and unit type, by eliminating some amenities such as carport, garage or air conditioning, or through subsidies from federal or state housing programs.

What is Moderately Priced Housing?

It is housing that families of low-and-moderate-income can afford. Moderate incomes are those levels, designated by the county executive, which limit the ability of persons to rent or purchase housing in the county. The current maximum income level varies from $10,500 (family of 1) to $13,000 (family of 10). County residents eligible for moderately priced housing will include local government employees, service personnel, residents of retirement age and young people.

Low incomes are those levels within the range for admission to public housing as established by the Montgomery County Housing Authority. The current income range is $5,250-$9,375 (net income). For low-income persons unable to pay established rents or monthly payments, federal subsidy programs can be used to lower housing costs by an amount up to 60% based on family size and income. Rents will generally equal 25% of a family's income.

The other moderately priced units are to be built conventionally and sold or rented under price limitations. The legislation gives the county housing authority an option to purchase or lease up to one-third of these units. Information concerning the units also is to be available to the county department of community and economic development for referral to needy persons. After referral to these two county agencies, the remaining units, if any, may be offered on the open market. Each agency has a reasonable amount of referral time without any costly delay to the builders.

Why an MPDU?

The demand for moderately priced housing in Montgomery County has increased substantially since 1960. However, the supply of moderately priced rental housing has not kept pace with demand, and the supply of sales housing has virtually disappeared. While the number of households increased by 84% between 1960 and 1970 and the number of jobs increased by 146% during the same period, the number of moderately priced housing units increased by less than 50%.

In the declaration of findings, the legislation states that public policies which permit exclusively high-priced housing development are discriminatory and "produce the undesirable and unacceptable effect of exclusionary zoning, thus failing to implement the housing goal of the general plan for the county." The MPDU according to its proponents, does not have many of the drawbacks commonly cited by critics of housing for low-and moderate-income families. The law will have little impact on taxes to the extent that MPDU's built under the law are occupied by families already living in the county in substandard or overcrowded houses. These families are now using county facilities; their children are in county schools. In some cases, needed social services can be provided at lower cost when the families are located in a favorable environment.

The cost of MPDU's occupied by people who now live outside Montgomery County, but work there, is harder to evaluate. There will be some added costs because of more children in school, increased use of county facilities and the like. Balanced against those costs could be advantages such as a reduction in commuting for county workers and increased economic growth.

The density increases will not overload county facilities since they were planned in light of population projections which the 1970 census shows to have been overestimated. These projections are seldom accurate to such a fine degree that a modest increase in density would overload facilities. Moreover, the current decrease in birthrates suggests more flexibility in planning than in the past. A 20% density increase for cluster development was considered appropriate when this concept was introduced into the zoning ordinance several years ago. Most subdivisions of 50 or more units would be located in essentially undeveloped areas of the county where increased facilities can be planned as needed.

The legislation is designed to assure the compatibility of MPDU's with the surrounding development. All variances as to side and rear yards are based on compatibility and do not apply when an MPDU is adjacent to a conventional unit. A site plan review by the professional staff of the planning board and the need to market the remaining 85% of the development will generally assure well-planned, attractive units. The developer is required to build and sell his MPDU's at the same time he is building his higher-priced units. His prime concern, out of economic necessity should be to build MPDU's that will not detract from the higher-priced units, and to blend them discreetly into the overall development.

The Citizen Role

The passage of this legislation, proposed in one of the country's most progressive counties, nevertheless required a three-year push by the Montgomery County LWV and Suburban Maryland Fair Housing, a citizens' group.

In January, 1970, the LWV sent a letter to the president of the county council urging swift passage of the law. At that time, SMFH joined the League campaign. Faced with continuing council inaction, the two groups began drafting their own sample legislation with pro bono assistance from private attorneys.

In December, 1970, the two groups sent background material to a newly-elected council and submitted their draft proposal to its housing subcommittee. More than a year later, legislation was finally introduced which included both the requirement for low-and-moderate-income housing plus amendments to the zoning ordinance to permit density bonuses as one method of compliance.

The League and SMFH moved into the community to drum up support for the measure. They set up an information and speakers' bureau and organized a successful petition drive in anticipation of public hearings. Generally, the opposition questioned the economic feasibility of the proposal, but did not object to it on principle.

During the next year, the League and SMFH worked with council members and the county attorney's staff to iron out language and revise the legislation.

In March, 1973, the two groups presented the council with a cake commemorating the first anniversary of the measure's introduction. From then on, events moved swiftly. The council passed the law in October, 1973. Three days later, it was vetoed by the county executive, primarily on constitutional grounds. In November, the council unanimously overrode the veto.

Mrs. Ruth Chertkov, a Leaguer who was in on the campaign from the outset, summed up: "At times the struggle seemed interminable and would have ended in failure if it had not been for endless hours of work put in by an awful lot of very dedicated and, perhaps stubborn, people. It is highly innovative legislation and we consider it a triumph...With the sewer moratorium and other building problems, however, I'm afraid it is, at this point, little more than a victory for principle. But hopefully the situation will change and we will see housing constructed as required in this law."

Outlook for Implementation

A number of factors within and without the county will impede implementation of the new law. The delay illustrates why housing issues must be considered on a metropolitan-wide basis and points out the often competing social, environmental and land use challenges localities must grapple with as they seek to maintain and improve the quality of life for all.

The sewer connection moratorium mentioned above was imposed on the Maryland suburbs after the District of Columbia and Northern Virginia claimed that sewage from suburban Maryland was overloading the regional treatment plant and causing raw sewage to be dumped into the Potomac River. Recently, the Metropolitan Washington Council of Governments asked that federally-subsidized housing for low-and-moderate-income families be exempted from the sewer moratorium so that the Maryland suburbs, including Montgomery County, may build their portion of subsidized units under the area's fair share housing plan. (The area, despite the federal housing moratorium, has received assurances from HUD that it will approve the necessary number of units.) So far, only one exemption has been granted---for 24 units located in a low-income area of the county.

In addition, a new county zoning law requiring five-acre lots or larger for new homes in roughly 125 square miles of the upper county will effectively confine the location of MPDU's to certain areas of the county.

To aggravate the situation even more, Fairfax County, Virginia, part of the metropolitan area, has instituted an 18-month "interim development ordinance" that bans county consideration of new applications for rezoning, subdivisions, apartments, townhouses and industrial complexes. This ban on development was passed by the Fairfax County Board of Supervisors to give the county a "pause for planning" needed to curb the ill effects of unplanned growth and urban sprawl.

It is difficult to say at present how this metropolitan area will resolve its current growing pains. The debates that jurisdictions in the area will most assuredly engage in must still answer the housing question: If not here, then where?

For more information, contact Ruth Chertkov, LWV of Montgomery County, 1047-R Rockville Pike, Rockville, Md.

Citizen Watchdogs (Continued)

since they are automatically filled from waiting lists. According to a HUD postal survey cited by the League, the county apartment vacancy rate is, at 3.2%, one of the lowest in metropolitan areas across the country.

County planner Timothy Fagan admitted that the county's sampling techniques were inadequate. "They (the League) went over transaction by transaction and, as a result, their work is much more thorough. The county response has never been that we don't have housing problems," he said. The county substituted the LWV's more accurate data in its revised report.

HUD issued a final rejection, partially on the grounds that the county had not met the requirement for a formal housing plan. The funds denied them, the county is currently challenging the HUD ruling in court.

Meanwhile, the LWV of Baltimore County remains in the forefront of the push for adequate low-and-moderate-income housing. Members will be keeping tabs on recently announced IPG plans to monitor county housing needs and problems.

For further information, contact Dickens Warfield, LWV of Baltimore County, 1007 Cowpens Avenue, Towson, Maryland 21204.

SUGGESTED READINGS

National housing policy debate has generated many studies. Below are listed readings to give you an idea that "right" answers are neither simple nor clearcut.

Aaron, Henry J. Shelter and Subsidies: Who Benefits From Federal Housing Policies; 1972, 238 pp. Discusses the rationale for governmental intervention in housing markets. The author makes a case for the use of housing allowances. Available from The Brookings Institution; 1775 Massachusetts Ave., N.W.; Washington, D.C. 20036; $7.95 cloth, $2.95 paperback.

Birch, David. America's Housing Needs: 1970-1980; 1973. Extensive study on local and national housing needs. Results suggest that no national housing policy could work well in all areas of the country. Available from Joint Center for Urban Studies of MIT and Harvard; 53 Church St.; Cambridge, Mass. 02138; $10.00.

Committee for Economic Development. Financing the Nation's Housing Needs; 1973, 69 pp. Recommends careful exploration of housing allowances as a possible substitute for present programs providing housing assistance to low-and-moderate-income families. Available from CED; 477 Madison Ave.; New York, N.Y. 10022; $1.50.

Downs, Anthony. Summary Report of Federal Housing Subsidies: Their Nature and Effectiveness and What We Should Do About Them; 1972, 66 pp. The author suggests that a balanced overall housing subsidy program should include many different forms of subsidies. Available from the National Association of Home Builders; 1625 L St., N.W.; Washington, D.C. 20036; $2.50.

Report of the Task Force on Improving the Operation of Federally Insured or Financed Housing Programs; 1973, three volumes. A technical analysis of HUD's single, multi-family and public housing programs which comprise a blueprint for changing the structure of HUD-FHA housing programs. Available from National Center for Housing Management; 1133 15th St., N.W.; Washington, D.C. 20005; $20.00 plus postage.

U.S. Department of Housing and Urban Development. Housing in the Seventies; 1973. Report of HUD's National Housing Policy Review that served as the basis for housing policy recommendations made by President Nixon in September, 1973. Limited copies available free from HUD; Office of Public Affairs-Press Release Center; Rm. 4186; 451 7th St., S.W.; Washington, D.C. 20410.

This newsletter is made possible by a grant from the Taconic Foundation.

1730 M STREET, N.W., WASHINGTON, D.C. 20036 TEL. (202) 659-2685

memorandum

League of Women Voters Education Fund

THIS IS GOING ON DPM

March 15, 1974

TO: Local and State League Presidents

FROM: Martha S. Greenawalt, National Human Resources Chairman

RE: Housing Newsletter

We think you'll enjoy reading this first issue of OPEN COMMUNITIES METROPOLITAN HOUSING EXCHANGE. This exciting component of our Open Suburbs Project, funded by the Taconic Foundation, serves several purposes. It's chock-full of citizen education techniques and practical strategies for expanding low-and-moderate-income housing opportunities. It's a morale booster in this current period of federal cutbacks and tight money markets. And, it's a true information exchange that can put you in touch with Leagues and community groups across the country as they grapple with the knotty housing issues of the seventies.

Although many of the articles report on specific experiences and circumstances, we feel that the newsletter is a tool of lasting value---one that you may wish to distribute to local citizen groups and housing officials.

And remember: If you have information to "exchange" on your LWV's housing activities or those of other local groups, fill us in. We're already looking for material for our second issue of OPEN COMMUNITIES METROPOLITAN HOUSING EXCHANGE, to be printed later in 1974.

1730 M STREET, N.W., WASHINGTON, D.C. 20036 TEL. (202) 659-2685

memorandum

League of Women Voters Education Fund

April 1, 1974

THIS IS GOING ON DPM

TO: All local and state League presidents

FROM: Martha S. Greenawalt
National Chairman, Human Resources

RE: March 7 memorandum concerning the LWVEF's monitoring handbook, Whatever Happened to Open Housing? and an accompanying U.S. Commission on Civil Rights publication, Understanding Fair Housing.

By now you probably have received a copy of the attractive, plum LWVEF publication, Whatever Happened to Open Housing?, a Handbook for Fair Housing Monitors. This publication, along with a covering memorandum, was sent on March 7 to all state and local League presidents and subscribers to DPM. An additional publication, published by the U.S. Commission on Civil Rights, Understanding Fair Housing, also was sent out in the March 7 Presidents' mailing but was not included on the DPM mailing since it turned out the supply we had ordered was short-changed and we haven't been able to obtain additional copies. We wanted to let you know what happened since the covering memo clearly said "THIS IS GOING ON DPM."

Meanwhile we hope you've already had or soon will have a chance to read the LWVEF monitoring handbook as well as the first issue of the Open Communities Metropolitan Housing Exchange which was sent to you in the March 15 mailing. Do be sure that your Human Resources Committee or other relevant committees put their collective minds to thinking up creative ways that your League and other groups in your community can make use of these attractive and highly relevant publications.

June 19, 1974

John Boland, Chairman
Metropolitan Council
300 Metro Square
St. Paul, Minnesota 55101

Dear Mr. Boland:

Concern for improving the quality and quantity of housing available to Metropolitan Area residents of varying incomes continues to claim priority action among members of the League of Women Voters.

We are pleased to learn that a Metropolitan Housing and Redevelopment Authority Advisory Committee is being appointed by the Metropolitan Council. Citizen information and participation is a key part of our criteria for housing development.

As you consider recommendations for these appointments, we call to your attention three of our local League members whose knowledge and interest in housing has been demonstrated over many years service to their communities and to our organization:

Pat Lucas, 3264 N. Victoria, St. Paul 55112 (Shoreview), served on the original citizens advisory committee on housing (advising the Metropolitan Council); chairman of the League of Women Voters of Minnesota Housing Action Committee, Mrs. Lucas has been a League lobbyist in this and other areas of human resources and equality of opportunity.

Gwen Luhta, 3606 Croft View Terrace, Minnetonka 55343, served on the original citizens advisory committee on housing (advising the Metropolitan Council); past president of the League of Women Voters of Minnetonka-Eden Prairie, she has been active in housing research and lobbying for the League of Women Voters of Minnesota.

Mary Rollwagen, 715 W. Minnehaha Parkway, Minneapolis 55419, serves currently on the Workable Programs Board in Minneapolis; she has participated in research, lobbying and public information services in the field of housing for the League of Women Voters of Minnesota.

We commend the Metropolitan Council upon its continuing efforts in behalf of development which recognizes human needs. We hope that our suggestions for appointments to this advisory committee will aid you in your deliberations.

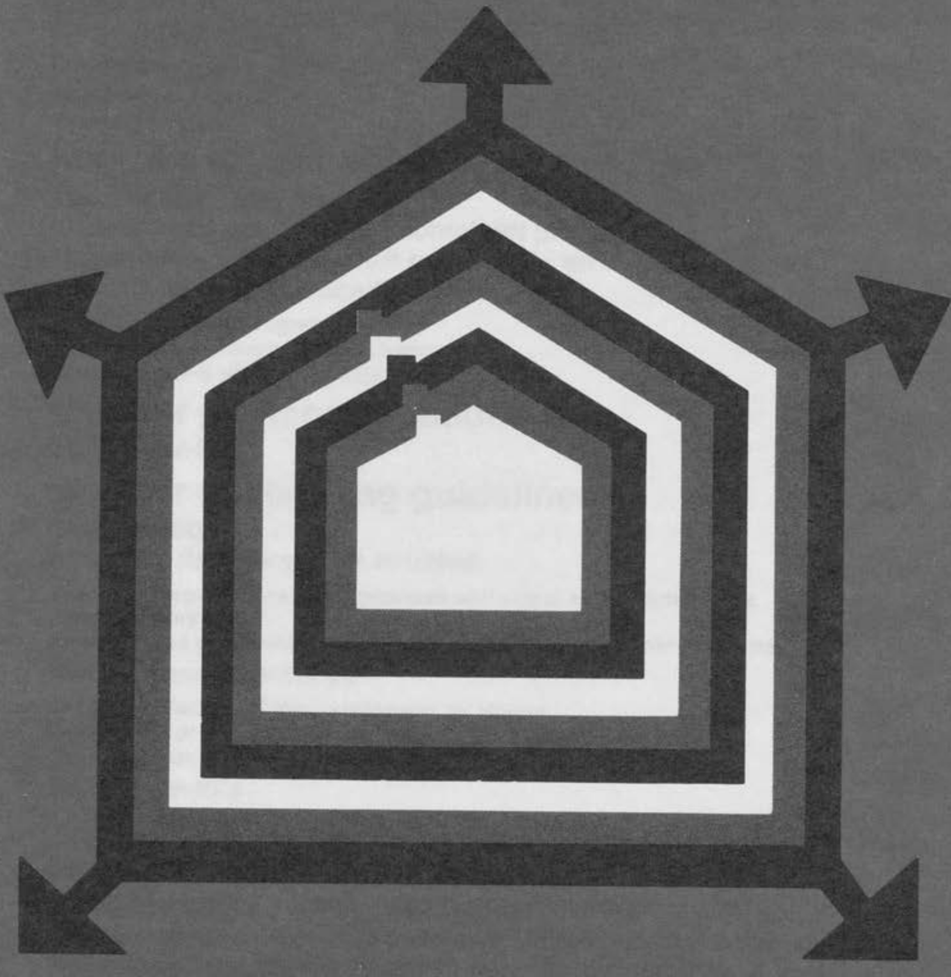
Sincerely,

Mary Ann McCoy
State President

cc: Mary Ann McCoy, Liz Ebbott, Helene Borg, Gloria Phillips, office

What Ever Happened to OPEN HOUSING?

A handbook for fair housing monitors



League of Women Voters Education Fund

Relocation Handbook Available at Council

The Metropolitan Council's housing program has published a Handbook of Housing Relocation Resources in the Metropolitan Area as part of its Regional Relocation Clearinghouse service.

The Clearinghouse was established in January, 1973, to assist those agencies in the Area which help low-and-moderate income persons who are relocating due to displacement by public or private actions. Current activities of the Clearinghouse include publication of a newsletter as well as research, coordination, and technical assistance.

The Relocation Handbook was published for a range of people involved in housing related services, including relocation counselors, managers, community and social service workers.

The Handbook includes information on four major aspects of housing relocation:

- Federal and state relocation laws;
- A listing of governmental and community agencies that assist persons displaced by public action in locating replacement housing;
- Detailed information on federally subsidized housing in the area for low-and-moderate income persons. Included is a summary of the eligibility requirements of various subsidized housing programs, maps of the location of all developments in the Area, and descriptions of the developments;
- A section on protection against housing discrimination, including a summary of major federal and state laws which prohibit discrimination in housing.

Copies of the handbook are available from the Council's Public Information Office, 227-9421. Any questions or comments on the handbook or any Clearinghouse activity should be directed to Anne Griffith at the Council.

New Municipal Profile Updates Housing Figures

A new Municipal Housing Profile is now available at the Metropolitan Council.

The first profile, published in December, 1971, contained a collection of important housing and related population data for each municipality in the Metropolitan Area. The data was based primarily on information from the 1970 Census.

Since that time, the Council has updated information such as population and housing unit estimates, number and percentage of subsidized housing units in different municipalities, percentages of housing units by type of dwellings, including townhouses built since 1970.

The report does not attempt to analyze the data. Its purpose is to provide municipal officials, citizens, developers and other interested persons with a convenient and comprehensive overview of housing conditions for each municipality and county in the Metropolitan Area.

Copies may be obtained by calling the Public Information office at 227-9421.

Metropolitan Housing

METROPOLITAN COUNCIL

An agency created to coordinate the planning and development of the Twin Cities Metropolitan Area comprising Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties.

JOHN E. BOLAND, CHAIRMAN
ROBERT T. JORVIG, EXECUTIVE DIRECTOR
MARY-LYNN HARRISON, EDITOR

2889.8

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Metropolitan Housing

News from the Metropolitan Council's Housing Program
300 Metro Square Building, St. Paul, Minnesota 55101
612/227-9421

Volume III, Number 3, August, 1974

Federal law prohibits discrimination based on race, color, religion and national origin in the sale and rental of housing.

Affirmative Marketing

Monitoring the sales and rental practices employed in federally subsidized and federally insured housing developments can be an effective means for community groups to promote equal housing opportunities in the Metropolitan Area.

Federal law prohibits discrimination based on race, color, religion, and national origin in the sale and rental of housing. The U.S. Department of Housing and Urban Development (HUD) requires all developers of federally subsidized and insured projects of 5 or more units to carry out affirmative marketing programs.

Developers must market their units in a manner which insures individuals of similar income levels throughout the Metropolitan Area equal access to housing regardless of race, color, religion, and national origin.

Each developer must have an affirmative marketing plan approved by the Equal Opportunity Division of HUD. The plan must indicate the mix of residents desired when the development is fully occupied. The mix is based on the percentage of minority and majority persons in the income levels appropriate for each federal housing program.

The kinds of actions a developer agrees to undertake include:

- Advertising vacancies in newspapers, magazines, or radio stations regularly used by the minority as well as majority communities in the Area. Contact should also be made with various minority and majority community groups to inform them of vacancies;
- Use of the equal opportunity logo, slogan or statement in all printed materials and advertisements used in connection with sales and rentals of developments;
- Prominently displaying signs with the equal opportunity logo, slogan, or statement on a development site and in all offices in which sales or rental activity takes place;
- Maintaining a non-discriminatory hiring policy in recruiting both minority and majority groups for staff engaged in the sale and rental of properties;
- Instructing all employees and sales and rental agents in writing and orally of the equal policy and practice of equal opportunity in housing.

HUD conducts periodic reviews to insure developers are making good faith efforts to carry out the

(Continued on page 2)

St. Louis Park HRA Offers Leased, Rehab Programs

During the past year, the St. Louis Park Housing and Redevelopment Authority has provided low cost housing for over 125 low income households.

The HRA operates both a leased housing program and a rehabilitation program. In addition the HRA is undertaking a redevelopment project which will provide 800-1000 new homes when completed.

Under the federal government's Section 23 leased housing program, the HRA leases housing units in privately owned and operated apartment buildings, duplexes, and single family homes. The HRA rents the units to low income families and individuals who pay no more than 25 per cent of their incomes for the units. The HRA pays the remainder of the rent.

> The HRA plans to eventually provide about 230 low income housing units.

Applicants for the program must have incomes within the federally prescribed limits for low income housing. Within these limits, priority is given to applicants who have family ties in St. Louis Park as well as to applicants who are being relocated by public action. At this time, a number of households served by the program come from outside St. Louis Park.

About 40 per cent of the households are people who have been able to remain in the same unit they occupied before utilizing the program. The people were previously paying high percentages of their incomes for their housing, and would probably have had to move without HRA assistance.

> Both the leased and rehabilitated units will be scattered throughout St. Louis Park.

Eventually, the HRA plans to provide about 230 low income households with leased housing.

The redevelopment project, under the federal Neighborhood Development Program, involves the clearance of an 80-acre tract of industrial land for residential, recreational, and commercial uses. Housing units will include townhouses, low-, mid-, and high-rise apartment buildings, and some duplex units. A total of 800-1000 dwelling units is planned. 12-15 acres of the site will be used for parkland, and another 10-15 acres will be for commercial uses. St. Louis Park officials have termed the proposed development a "new town-in town." Construction of the residential units is expected to begin in 1974, and the development may be completed as early as 1977.

In addition to operating the leased housing and redevelopment programs, St. Louis Park has been allocated $600,000 by the federal government to rehabilitate 20 single family homes for rental to low income families. The HRA, so far, has acquired only homes that were vacant or for sale, thus avoiding the problem of relocating familites. To date, one home has been completed and occupied, and two others are being rehabilitated.

Because the rehabilitated homes will be used for low income families, no attempt has been made to concentrate the program in any particular part of the city.

In fact, HRA officials said, an advantage of their total program has been that both the leased and rehabilitated units will be scattered throughout the community. St. Louis Park officials report that community acceptance of both the leased housing and rehabilitation programs has been excellent.

Affirmative Marketing

(Continued from page 1)

provisions of the affirmative marketing plan. However, citizen groups could have a key role in providing continuous monitoring of their local developments.

Hansel Hall, Director of Equal Opportunity at HUD, said, "Because of our small staff, our monitoring efforts are necessarily limited. We must rely on interested citizens to increase the effectiveness of our monitoring efforts. Also, by involvement in this process, citizens can have a significant effect in promoting open housing in their communities."

Community groups may monitor developments in several ways. They may visit a development and see a copy of the affirmative marketing plan, which is a public document. This indicates the particular actions a developer has agreed to undertake. Groups may also check the site of a development and office and insure the equal opportunity logo, slogan or statement is clearly visible. They may also check minority newspapers, magazines, and radio stations to insure advertisements are present and that these ads include the equal opportunity logo, slogan or statement. Finally, groups may check with minority groups to insure that they have been contacted by a developer.

The Equal Opportunity Division of the Area HUD office will assist any community groups interested in undertaking monitoring activities, according to Hall. HUD conducts quarterly housing sessions in equal opportunity and affirmative marketing, and these are open to any interested citizen. HUD can also provide monthly reports for specific developments which show the mix of persons occupying a particular development.

If a developer is not carrying out the provisions of his affirmative marketing plan, various sanctions may be applied, including denial of further participation in HUD housing programs, referral to the Department of Justice for legal action, or other appropriate relief.

Hall said, "We are making considerable progress in opening the housing market for all persons in the Metropolitan Area, but we still need maximum participation from the private and public sectors as well as citizens to bring about real progress in this Area."

Council Reviews 48 Housing Applications

During the six month period from December, 1973, to May, 1974, the Metropolitan Council reviewed 48 applications for federal housing assistance.

The reviews are done in accordance with the A-95 Revised guidelines of the U.S. Office of Management and Budget. Under the guidelines, the Council is asked to comment on the consistency of proposed housing projects with area-wide development plans.

In doing its reviews, the Council asks for comments on the proposals from local units of government, environmental and human rights agencies, and others.

Upon completion, Council comments are forwarded to the Area Office of the U.S. Department of Housing and Urban Development (HUD), which makes a final judgment on the applications.

Of the 48 applications reviewed by the Council 46 received favorable recommendations and only two were judged to be in conflict with Metropolitan goals and policies. Of the two in conflict, one proposed project lacked sufficient open space and parking, and the other lacked adequate services and facilities.

The 48 applications reviewed by the Council include:

Subdivision Feasibility Analysis

Anoka — Meadow Creek West, 114 single family units;

Apple Valley — Belmont Ridge, 92 quadrahomes; Greenleaf, 7th Addition, 94 single family units;

Burnsville — Riverwoods, 5th Addition, 26 townhouse units; Riverwoods, 6th Addition, 16 townhouse units;

Brooklyn Park — Holsten's Parkview Terrace, 2nd Addition, 13 single family units; Parklawn Plat 4, 46 single family units;

Blaine — Jefferson Manor, 214 single family units;

Centerville — Center Oaks, 87 single family units (in conflict);

Coon Rapids — Riverview Townhouses, 4th and 5th Additions, 95 townhouse units; Whispering Oaks North, 39 single family units;

Champlin — Morningside Estates, 3rd Addition, 46 single family units;

Crystal — Lyle Carlson's Hill, 22 single family units;

Cottage Grove — Pinetree Pond, 5th Addition, 82 single family units;

Eagan — Woodgate, 2nd Addition, 105 single family units and 32 townhouse units;

Eden Prairie — Summerwoods II, 40 single family units;

Forest Lake — Sargeant's North Shore Terrace, 25 single family units;

Inver Grove Heights — Inver Grove Heights Factory Addition, 20 single family units;

Maple Grove — Eagle Creek, 5th Addition, 36 townhouse units;

Maplewood — Tilsen's Maplewood Heights, 8th Addition, 73 single family units;

Minneapolis — Franklin Hall Neighborhood, 12 single family units; Holmes Project, 63 townhouse units;

Oakdale — Raintree Four, 24 quadraminiums; Oakdale Hills, 4th Addition, 56 townhouse units;

Rosemont — Rahn's, 7th Addition, 77 single family units;

St. Paul — Northeast Quadrant, 250-300 single family units, townhouse units, condominiums and rental apartments;

Young America — Trilane, 2nd Addition, 65 single family units.

221 (d) 3

Eagan — Ballantrae Phase II, 180 apartment units;

Eden Prairie — Old Farm, 120 apartment units;

Hopkins — Hopkins Housing Limited Partnership, 156 townhouse and apartment units;

St. Louis Park — (No name), 110 apartment units for the elderly.

221 (d) 4

Burnsville — Millpond Apartments, Phase II, 152 garden apartments; Norm Chazin Apartments, 159 apartment units;

Eagan — Hillandale Townhouses, Phase II, 50 townhouse units; Rivergate Townhouses, Phase II, 100 townhouse units;

Inver Grove Heights — B. C. and J. Apartments, 46 apartment units;

Minneapolis — Clifton Apartments, 96 apartment units; Riverbluff, Stage II, 118 apartment units;

St. Paul — Rice Marion Site, 107 garden apartments;

Willernie — Colonial Terrace, 12 garden apartment units (in conflict).

Section 236

Eden Prairie — Windslope, 168 apartment units;

Minneapolis — Forty Acres Apartments, 68 apartment units; Labor Retreat, 72 apartment units; Riverbluff, Stage II, 1661 apartment units;

St. Paul — Larpenter Payne, 100 apartment units; Urban North Rehab #1, 24 apartment units; Shepard Park West, 168 apartment units.

Section 231

St. Anthony — Heritage Manor of St. Anthony, 75 apartment units for elderly.

Preparation of this Newsletter was financed in part through a comprehensive planning grant from the Department of Housing and Urban Development.

OPEN COMMUNITIES
Metropolitan Housing Exchange

SEPTEMBER, 1974 No. 2

A Perspective on Housing Allowances

The first issue of OPEN COMMUNITIES METROPOLITAN HOUSING EXCHANGE made note of the ongoing debate over new directions in federal housing policy, indicating that the Administration favored a shift to the use of direct cash assistance, or housing allowances, to provide shelter for the poor. With President Ford's recent signing of the Housing and Community Development Act of 1974 on August 22, a further step toward some type of housing allowance program was taken. A closer look at housing allowances is therefore important.

There is no firm agreement that housing allowances are the best way to meet the housing needs of the poor, and the range of conflicting opinions, assumptions and data on the subject is enormous. Widespread disagreement exists among policy makers, academicians, economists, sociologists, housing suppliers and public interest groups of all political persuasions. Information on housing allowances is growing, however, and from it we have attempted to cull a diversity of views on the subject in hopes that citizens and community groups will begin to assess their local housing situations in light of changes being made in housing policy.

WHAT IS A HOUSING ALLOWANCE?

In HUD's "First Annual Report of the Experimental Housing Allowance Program," a housing allowance is defined as "...a series of regular periodic payments (generally monthly) made directly to a family (or eligible individual) unable to afford a decent home in a suitable living environment. The allowance amount is determined by family need (family size and income) in relation to the cost of a standard, existing house or apartment located in a modest neighborhood. The allowance must be used to pay rent or homeownership payments."

HISTORY AND BACKGROUND OF HOUSING ALLOWANCES

The concept of a housing allowance is not new. It has received legislative consideration at various times since 1937. Tagged over the years with a variety of labels such as "rent relief," "rent certificates," or "rent supplements," and presently "direct cash assistance," housing allowances have been proposed for a number of reasons in addition to helping the poor to obtain decent housing---to shore up a sagging economy, to clear slums and to ease the housing shortage. The target group for these various proposals has also differed---the poorest and ill-housed, the central city working poor living in substandard housing, minorities displaced by urban renewal and those with incomes too high to live in public housing, but too low to obtain decent housing in the private market.

ELEMENTS OF A HOUSING ALLOWANCE PROGRAM

Housing allowances are one type of income support intended to help the poor meet basic living requirements such as food, shelter, medical care and general subsistence. Five major elements make up a housing allowance program. The following are part of HUD's current experimental program:

The *housing allowance formula* is the way an eligible family's allowance payment is calculated. Two ways are presently under consideration---the "housing gap" formula and the "percentage of rent" formula. The "housing gap" formula provides a subsidy paid by the government equal to the difference between the fair market rent in a specific housing market for a modest existing standard unit in a modest neighborhood and a specified percentage of a family's disposable income (such as 25%). With the "percentage of rent" formula, the subsidy payment is calculated as a fraction of the actual rent paid by a participating family. Under it, the government shares the cost of the housing with the family. The part of the rent paid by the government is established at a level to ensure that a family will contribute a sufficient portion of its own income for rent.

Conditions imposed upon the use of housing allowance payments. Housing allowances are a type of income assistance that must be applied toward meeting housing costs. As such they are known as "earmarked" or "tied" payments. There are currently two types of earmarking being considered---minimum standards and minimum rent. With the minimum standards provision, the family receives housing assistance payments only if it applies the money toward a unit that meets certain housing

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Inside This Issue...

Going to Court in the Public Interest

Litigation is fast becoming a standard weapon in the arsenals of community groups working for reform. The rising use of this technique reflects a growing awareness among citizens that the passage of a law is often only the first step in remedying a problem or filling a need. Litigation is one way to determine rights and duties under a law and to ensure compliance with it.

One of the major components of the "open suburbs" movement in recent years has been exclusionary land use litigation. With the passage of the federal fair housing law and large-scale federal housing subsidy programs in the late 1960's, the issue of exclusionary land use practices (such as large lot zoning, minimum floor space requirements, exclusion of multi-family zones, denial of building permits, etc.) surfaced as suburban localities attempted to keep out federally-assisted subsidized housing projects. At the same time, few states and localities were legislating "inclusionary" land use policies that would provide for balanced communities, and often new concepts such as regional "fair share" housing plans were met with suspicion and hostility. Exclusionary land use litigation thus became increasingly important as an effective means for ensuring housing opportunities.

The history of exclusionary land use litigation dates back not more than about five years. There were some early successes: *Dailey v. City of Lawton, Oklahoma; Kennedy Park Homes Association, Inc. v. City of Lackawanna, New York; and Southern Alameda Spanish-Speaking Organization (SASSO) v. City of Union City, California.*

And then, in 1971, came *James v. Valtierra*. In that case, the U.S. Supreme Court upheld a California constitutional provision requiring local voter approval of public housing projects. At the time, many felt the decision might effectively cut off this emerging litigative field in midstream. The full implication of that decision is still unknown, and recent court happenings indicate that the status of exclusionary land use litigation is, at best, in a state of flux.

Though a look at wins and losses of cases brought in federal courts is a mixed bag, open suburbs advocates are not crooning, "It was a very good year." A majority of these cases have been lost in the lower level courts and a number are now on appeal. One possible reason for the turn of events is that courts don't like to take quantum leaps into a chasm of fledgling case law---especially when the leaps can lead into political thickets. Though there is no consensus among open suburbs litigators on how best to proceed, there are some who advocate a go-slow approach by initiating cases along the lines of the more traditional exclusionary land use cases (e.g., a federally-subsidized housing project is denied zoning by a community with a past history of racial exclusion.) By adding a slightly new twist to each case, broader court interpretations involving economic discrimination and regional housing needs might eventually be reached.

To illustrate what has been happening in exclusionary land use litigation, we have included a summary of some recent cases to give the reader the flavor of current issues. For a more detailed and complete analysis of recent and pending cases, we suggest the just-released publication, "Fair Housing and Exclusionary Land Use: Historical Overview and Summary of Litigation, available from the National Committee Against Discrimination in Housing, 1425 H Street, N.W., Washington, D.C. 20005. Price: $3 plus postage (50¢ bookrate, $1 first class delivery.)

SUMMARY OF RECENT EXCLUSIONARY LAND USE CASES

First the good news...

United Farmworkers of Florida Project v. City of Delray Beach. Considered an important victory won in the U.S. Court of Appeals. The case involved a suit brought by the United Farm Workers when the town of Delray Beach refused to approve their application for water and sewer services to serve a subsidized housing project. On April 12, 1974 the appeals court reversed the district court's ruling, rejecting the "environmental dangers" defense used as justification for the refusal by city officials. Richard Bellman, general counsel for Suburban Action Institute and one of the lawyers on the case, commented, "This decision reaffirms what we have always believed: The desire to preserve the environment and to limit growth may not serve as a pretext for obstruction of efforts to secure decent and equal housing opportunities for all Americans."

And now, the bad news...

Village of Belle Terre v. Boraas. On April 1, 1974 the U.S. Supreme Court in a 7-2 decision upheld Belle Terre, New York's zoning ordinance that prohibits groups of more than two unrelated persons from occupying a residence in a "one-family" zone. The ordinance, which encompasses the entire town, had earlier been declared invalid by the Second Circuit U.S. Court of Appeals. When the owner of a six-bedroom house attempted to rent it to students attending a large state university in a nearby town, officials of Belle Terre, a quiet village of 700 people with 220 residences, brought suit to uphold the zoning ordinance in an effort to remain "a lagoon of tranquility amid the hurly-burly of modern life." The plaintiff-appellees in the case attacked the ordinance on the grounds that exclusion of uncongenial households did not represent a legitimate governmental interest as it is inconsistent with the right to travel, violates the right of privacy and the Fourteenth Amendment's concept of equal Protection, and undertakes to make the village a homogeneous enclave unjustified by any rational state or regional planning objectives. Though the implications of the ruling are not entirely clear, it could have adverse bearing on future exclusionary land use cases.

United States of America v. Black Jack, Missouri. This decision was a depressing one for proponents of equal housing opportunities, since the name Black Jack had become almost synonymous with exclusionary zoning. On March 20, 1974 a federal district court ruled that the government had failed to prove that a local zoning ordinance prohibiting multi-family housing was racially discriminatory. In order to block a federally-subsidized 236 housing project, the town of Black Jack had incorporated and immediately rezoned all vacant land for single-family housing, effectively blocking the housing project.

Metropolitan Housing Development Corporation v. Village of Arlington Heights. A federal district court on February 22, 1974 upheld the decision of the Village of Arlington Heights (a suburb of Chicago) not to rezone vacant land to permit construction of a federally-subsidized 236 housing project. Ruling on the legal issue of whether low-income minorities have a constitutional right to live in an area where they work or desire to seek work, the court stated, "We know of no such rule or law." This decision has been appealed.

Acevedo, et. al. v. Nassau County, et. al. Plaintiffs

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A Tale of Two Conferences: Milwaukee and Detroit

COMMUNITY LEADERS SEEK MODERATE-INCOME HOUSING

What do bankers, builders, businessmen, realtors, clergymen, planners, mayors, councilmen, League members and citizen leaders have in common? In the Milwaukee metro area, at least, they share a commitment to expand moderate-income housing opportunities in three suburban communities.

Citizens and officials from the metro area communities of Waukesha, Wauwatosa and West Bend recently convened for a two-day housing strategy session at Wingspread, the Johnson Foundation's conference center on the shores of Lake Michigan. Conference cosponsors were the League of Women Voters Education Fund, with support from the Carnegie Corporation and Taconic Foundation, and the Center for Community Leadership Development (CCLD) of the University of Wisconsin-Extension.

The idea for the Milwaukee conference blossomed from the previous year's Wingspread experience which brought together League housing activists from around the nation to learn strategy development techniques that could be applied to their communities' housing problems. The seeds planted a year ago germinated close to home when Marci Mills, former Wisconsin LWV human resources chairwoman, CCLD Director Dr. Belden Paulson and Leagues in the three communities decided to zero in on housing.

Suburban resistance to low-and-moderate-income housing and anticipation of a soon-to-be-released regional housing allocation study made the Milwaukee area ripe for a concerted community organization effort culminating in the conference. The original plan was to identify metro area communities with strong League support and commitment. Prior to the conference, Leagues would try to develop coalitions that would identify problems, drum up support for moderate-income housing and explore community resources and development options that could be translated into local or metropolitan housing strategies. But due to continued delays in completion of the regional housing study, the conference itself became the vehicle for exposing community leadership to housing problems, coalition-building and other techniques.

It wasn't always easy to convince suburban leaders that a closer look at their specific housing needs was crucial to the entire area's future. In fact, one of the four communities involved dropped out at the last minute. But with the help of local Leaguers, Ms. Mills marshalled a broad cross-section of leadership from three metropolitan municipalities for the conference.

Some who came were unaware of housing problems in general; others were unconvinced of the need for moderate-income housing in their communities; still others were only too familiar with moderate-income housing needs, but unsure how best to cope with them. One thing all the conferees shared, however, was an eagerness to learn from the top-notch national, state and local housing experts who were on hand to help them identify the obstacles and develop realistic strategies for overcoming them. By the close of the conference, participants had devised a basic game plan for expanding moderate-income housing opportunities in their communities. In fact, many expressed concern that low-income housing needs were much more pressing.

In his opening remarks, Lieutenant Governor Martin J. Schreiber presented an overview of Wisconsin's housing needs which set the tone for the proceedings. Noting that state government efforts to attract industry to Wisconsin are beginning to pay off, he warned, "Unless

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DETROIT GROUPS EXPLORE HOUSING-LAND USE LINKAGE

The Scene: A two-day conference at the Detroit Hilton convened by the League of Women Voters of the Detroit Metropolitan Area and the LWV Education Fund.

The Cast: Community leaders, government officials, business and labor leaders and housing professionals.

The Focus: The impact of land use policies on the availability and accessibility of housing in the Detroit area.

A profile of the Detroit area reads like a catalog of urban ills. There is a central city caught in the vicious circle of urban deterioration. The exodus of industry and the primarily white middle class had led to expanding crime and unemployment rates and increased demand for municipal services which must be met from an ever-shrinking tax base. To make matters worse, widespread scandals involving HUD programs have resulted in wholesale inner city housing abandonment. Low-and-moderate-income city residents are blocked from the growing number of suburban jobs by the lack of a developed mass transit system for the area.

The problems of the central city are exacerbated by suburban opposition to subsidized housing. "No-growth" policies have become more commonly supported by suburbanites reacting to the growing push for commercial development the rush of traffic. Prohibitive land and construction costs take their toll on suburban housing opportunities as well.

Meanwhile, the rural nonfarm arc is being transformed into new and expensive suburban homesites supported by extensive highway, water and sewer systems which expedite the steady desertion of residents from the city to the suburbs.

Add to that the lack of coordinated federal, state and local housing and land use policies and the situation looks grim indeed.

But the impressive list of conference cosponsors and the 150-plus conferees who came seeking solutions to the Detroit area's plight were evidence of an increasing commitment to combine sound land use planning with equal housing opportunity.

Conference coordinators Rubyjean Gould, Paula Tobocman and Kathleen Straus assembled a planning committee that was in itself an ad hoc coalition of representatives

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DETROIT CONFERENCE COSPONSORS

Center for Urban Studies, Wayne State University
Detroit Chapter, NAACP
Department of Management and Budget, Southeastern Michigan Office
Hubbard-Richard Community Council
Interfaith Action Council
Jewish Community Council
League Insurance Company
Mayor's Office, City of Detroit
Metropolitan Detroit AFL-CIO Council
Michigan Committee on Law and Housing
Michigan League of Human Services
New Detroit, Inc.
Oakland University Urban Affairs Center
United Auto Workers
Virginia Park Citizens District Council

standards. The minimum rent requirement stipulates that a family must pay a certain high percentage of the established fair market rent. The assumption here is that there is a high correlation between rent and housing quality. In other words, if a family is required to pay rent that is generally sufficient to obtain standard housing, it will in fact do just that.

Non-monetary assistance. In addition to lack of sufficient income, there may be additional factors such as housing market discrimination or inexperience in seeking and obtaining decent housing that could preclude an eligible housing allowance family from obtaining standard housing. An allowance program could provide counseling assistance to help the participating family avoid potential pitfalls.

Administration of the housing allowance. Factors that figure into the administrative implementation of an allowance program include determining participant eligibility, establishing fair market rents, inspecting housing units to make sure they are in standard condition, calculating rent paid by recipients and providing non-monetary assistance. The coverage and scale of housing allowance programs could vary considerably, ranging from universal entitlement that would provide a housing subsidy for all those eligible to partial coverage that would allot limited subsidy money to eligible applicants on the basis of certain criteria.

THE EXPERIMENTAL HOUSING ALLOWANCE PROGRAM

The design and implementation by HUD of the Experimental Housing Allowance Program (EHAP) has been called "the largest social experiment ever undertaken in the U.S." Authorized by Congress under Section 504 of the Housing and Urban Development Act of 1970, the almost unnoticed beginnings of EHAP in no way reflect the intensive interest and scrutiny now being given to the program. The results of this experimental program could have an enormous impact on the future course of federal housing programs.

Twelve locations across the country have been chosen as sites for the experiment, to be completed in 1979. It is estimated that more than 18,000 families will have participated in EHAP at a cost of about $164 million. The total amount spent could be closer to $247 million though, as recipients now enrolled in the program are eligible for post-program assistance.

In conducting these experiments HUD hopes to obtain answers as to how families use their allowances, how the housing market responds to allowances and how allowances can best be administered.

THE THREE EXPERIMENTS

There are three different types of allowance experiments currently being implemented---the supply, demand and administrative agency experiments. Each of these differs in terms of design, impact, focus, size and purpose. Aspects that are common to each include a promotional outreach program to attract eligible participants, the screening of applicants, counseling of enrollees, inspection of the housing units and monitoring of the sites by an outside contractor.

The purpose of the supply experiment is to measure the effect on the local housing market of providing housing allowances to eligible families. Answers to four types of questions are being sought: 1) How will housing owners and developers respond to an increase in housing consumption? Will prices increase? Will housing improvements result?; 2) Will the indirect suppliers of housing---mortgage lenders, real estate brokers, etc. ---help or obstruct efforts of recipients to obtain better housing?; 3) Will allowance recipients seek better housing in better neighborhoods?; and 4) How will non-recipients, especially those whose incomes are only one level above those of recipients, respond?

The supply experiment involves two medium-sized metropolitan areas---Green Bay, Wisconsin and South Bend, Indiana. Approximately 4,750 families will receive an average allowance of $1,000 for five years---the amount of time considered necessary because of the fluid nature of the housing industry. In each site, an attempt is being made to enroll as many eligible families as possible in an attempt to simulate a true housing allowance program.

Initially, Saginaw, Michigan had been chosen as a supply experiment site. However, three of the surrounding suburban jurisdictions voted against joining the experiment, citing lack of sufficient elderly housing, the failure of federal housing programs and dislike of "give-away" schemes as reasons for not participating. Because some of the money for the experiment comes from the Section 23 leased housing program that requires local governing body approval, localities may make such a refusal.

HUD has contracted with the Rand Corporation to design and implement the program. Rand will monitor each site for five years to determine market impact through sample surveys, administrative records and informal observations.

The overall purpose of the demand experiment is to determine how households use their allowances. It is a three-year experiment (to end sometime around 1977) being conducted by ABT Associates that will involve about 1,160 families in each of two sites.

The two localities chosen, Pittsburgh, Pennsylvania and Phoenix, Arizona, were selected because they are two contrasting urban areas. Pittsburgh is a slow-growth, older eastern city with a large black population. Phoenix is a faster-growing, new western city with a large Mexican-American population. To insure that an increase in housing demand would not have a significant effect on the market, cities with populations of more than 500,000 were chosen.

Throughout the course of the experiment, data will be collected in the following areas: rate of participation by eligible families, changes in expenditures on housing, quality of housing secured, location of housing selected, families' satisfaction with their choices and costs incurred by the government.

In selecting participants for this experiment, screeners, after first examining census data, were sent to areas where eligible participants were most likely to be found in order to enroll them. Housing allowance recipients are interviewed once or twice a year to obtain data on demographic characteristics, housing expenditures, preferences, satisfaction, neighborhood and locational characteristics, maintenance and non-housing consumption. The dwelling unit is also evaluated periodically. In addition to the 1,000 participants at each site, 600 families are enrolled to serve as a control group.

The control group fills out the same questionnaires as do participants. Though they do not receive an allowance subsidy, they do receive a $10 fee for completing the forms.

The administrative agency experiment, the shortest of the three time-wise, involves the greatest number of sites. A total of eight locations have been selected:

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Springfield, Mass.; Tulsa, Okla.; Jacksonville, Fla; San Bernardino Co., Cal.; Salem, Ore.; Peoria, Ill; Durham, N.C.; and Morton, Burleigh, Stark and Stutsman Counties in North Dakota. The purpose of this experiment is to establish the best way to administer a housing allowance program by determining the effectiveness of agency performance. ABT Associates is conducting the experiment and will gather data on administrative costs, the scope of services required for participants and ways of delivering those services, the equity of the various approaches and the amount of control required to make sure allowances are used as intended.

Each participating family (about 100 at each site) will receive a yearly allowance of about $1,000. Varying kinds of agencies were chosen for the experiment including housing authorities, welfare departments, metro area county governments and state agencies.

Because EHAP is a social experiment, there are certain inherent problems that must be recognized---the significant cost of obtaining information, lack of laboratory control in gaining information, the need to maintain the confidentiality of data, the difficulty in replicating all the feature of a national program in an experiment of limited duration and scope, and the amount of time needed to obtain valid information. It is presumed by most experts that such an experiment can be a major source of data to be used in deciding whether a policy shift is desirable.

There is one HUD insider who thinks the housing allowance experiment is not needed. In an interview with Irving Welfeld that appeared in the March 6, 1974 issue of Housing and Development Reporter, he states, "The housing allowance experiment is not the wave of the future in housing policy. It is rather a shallow tidal pool in which policy makers can safely tread water."

Welfeld, a policy analyst, asserts that Congress supported the experimental housing allowance program in 1970 mainly because it was not really enamored with the idea of housing allowances. Housing policy discussions in 1973 centered on the radical and inflationary nature of the housing allowance proposal and conducting an experiment to test the elementary laws of economics, he believes, is simply not necessary.

As to the implementation of EHAP, a report critical of some aspects of the experiment has been published by the U.S. General Accounting Office. Entitled "Observations on Housing Allowances and the Experimental Housing Allowance Program" (March 28, 1974), the report asserts that the 11 urban sites HUD selected for the experiment would not provide data on urban housing markets having low vacancy rates and low quality housing. Because a large portion of the urban population lives in this type market area, GAO recommended that EHAP be expanded and that action on a national allowance program be delayed until 1977 when the demand phase of the experiment is completed.

THE CITIZEN ROLE AND EHAP

To ascertain EHAP's impact, if any, in the communities chosen for participation, we asked local LWV's how they and other citizen groups perceive the project and what role these organizations might be playing in the program's implementation. Overall, the response to our inquiry revealed that the experiments have low visibility and minimal citizen input. Respondents cited the fact that the program is an experiment and that information about it must be kept confidential to protect the participants' privacy and to ensure the accuracy of the data. Most Leagues surveyed thought that until hard data is available (sometime this fall), it is too early to make conjectures about EHAP's progress.

In regard to direct roles played by community groups, National Urban League chapters were involved in a counseling program for allowance recipients. Other reports indicated that local groups were asked to serve on advisory boards which serve as a conduit for HUD to provide the community with information about the project's progress and to receive information about community concerns and problems. At the outset, citizen groups urged their communities to accept the experiment.

Some interesting tidbits were reported by the Tulsa LWV on how EHAP is faring at that location. Tulsa is the site of an administrative agency experiment. Cooperation by landlords, who received help from the local community relations commission, has been good. Many landlords upgraded their facilities in order to qualify for the program, and some even advertised in the newspaper that allowance recipients would be welcome. In addition, several church organizations helped acquaint senior citizens with the housing allowance program.

According to the president of the Tulsa Tenants Association, program participants have been enthusiastic. Some landlords were reluctant to sign a lease longer than a year, although the program is to run for three years.

The association president did feel that housing discrimination is a problem and that not enough minority participants were selected. In some cases, minority participants encountered discriminatory treatment.

Despite these few drawbacks, the general feeling is that the program is a success in Tulsa. The goal of enrolling 900 participants was met with fewer problems than anticipated, and the program, through the leasing of existing housing, did increase housing opportunities in the community.

THE PRO AND CON OF HOUSING ALLOWANCES

At first blush, the concept of a housing allowance---giving money to poor families so they may shop around for their own housing in the private market---sounds deceptively simple. This simplicity vanishes with one look at the questions HUD hopes to answer through EHAP and the literature on the basic concept.

There are classic pro and con arguments surrounding housing allowances. Proponents cite the following as reasons for adoption of a national housing allowance program: 1) past federal housing programs have failed; 2) allowances will expand consumer choke with respect to housing type, location and landlord; 3) landlords will receive revenues sufficient to maintain their housing in good condition; 4) an allowance program will be simple to administer; 5) an allowance program will cost less while serving more people; 6) allowances will help stabilize and upgrade inner city neighborhoods; and 7) housing allowances will disperse recipients outside of slum areas.

Opponents of housing allowances argue the following reasons for not shifting to an allowance program: 1) poor experience with similar programs such as welfare shelter grants and the military basic allowance for quarters. Recipient households often remain in substandard housing; 2) slums will not be eliminated without new production of low-and-moderate-income housing; 3) housing allowances will result in higher rents, not better housing services; 4) allowances cost more than other existing subsidy programs; 5) allowances are costly and complicated to administer. A new and cumbersome bureaucracy would be created; 6) housing allowances would have negative effects on work incentives; and 7) existence of a dual housing market.

In addition, skeptics question the degree of economic

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Detroit Conference (continued)

from citizen groups, neighborhood associations, religious groups, business and labor, government agencies and academia. The Taconic Foundation, New Detroit, Inc. and the Ford Motor Company Fund contributed funds for the conference.

The urgency of the area's problems combined with the array of possible solutions to build a momentum which the coordinators hope will provide the basis for concerted action. Some conference highlights follow.

In the opening plenary session, noted land use lawyer Richard Babcock shed light on the relationship between land use controls and property rights. He pointed out that property ownership has traditionally enjoyed a privileged status, in that land has escaped the government regulation applied to other commodities. But Babcock believes the scales are tipping in favor of more equitable land use controls, largely through what he termed an "untidy judicial activism" that is nevertheless effective on issues that government refuses to address. He disagreed with the current penchant for bringing zoning suit in federal court, stating that the best way to attack is through the state courts. He predicted that as land use controls increase, there will be less inclination to leave enforcement powers with local governments so that the state may eventually assume responsibility over land use.

Michael Glusac, executive director of the Southeast Michigan Council of Governments (SEMCOG), gave a brief history lesson on the region's growth. The city alone was the industrial and job opportunity magnet that originally drew people to the area, but today there are 4.7 million people and 230 general purpose governments in the Detroit metropolis. Glusac pointed out that although the area is gradually becoming better housed---with a net gain of 30,000 units a year---the low and moderate income groups continue to be priced out of the new housing market by rising costs. He stressed the interdependency of communities and the need for a regional approach to housing and land use.

Speaking in one of the five workshops that met in three sessions each during the conference, Babcock listed several ways to deal with subsidized housing in the suburbs. The most popular, he said wryly, is total exclusion. But beyond that are techniques such as implementing fair share housing plans like the Dayton Plan and fixing percentages of low-and-moderate-income units in new developments a la Montgomery County, Maryland (See OCMHE, March, 1974). In addition, a town or city council could create a legal presumption that low-and-moderate-income housing is desirable by adopting an official policy statement. The onus would then be on developers to prove why they have <u>not</u> included low-and-moderate-income units in a planned development. But the mechanism Babcock favors is a state forum to review any development with regional impact.

Luncheon keynoter Ray Boeze, director of human resource planning for the Minneapolis-St. Paul region's Metropolitan Council, outlined the innovative approach to taxation currently in the works in his area. The Fiscal Disparities Act, recently passed by the Minnesota legislature, would share the tax base for new commercial and industrial development among all the jurisdictions in the region. Under the plan, 60% of the increased tax base would go to the local government where the development occurs and the remaining 40% would go into a metro pool to be distributed throughout the region according to financial need.

Such tax base sharing is sensible, Boeze said, since more and more commercial development---such as mammoth shopping malls---gets income from residents from many jurisdictions in a region. Although the plan is currently under court injunction, Boeze views it as a way for local governments to share in the growth of the region and to encourage orderly urban development.

At dinner, William Morris, NAACP director of housing program, reviewed the laundry list of factors impeding housing access for minorities and the poor. To overcome the obstacles he advocated regional plans which link housing to social, transportation and recreational services. He also stressed the need for more citizen participation in the formulation of such plans. Housing allocation plans, Morris said, are also "essential if there's a commitment to maximize choice of housing location." He reminded participants of the potential for allocating general revenue sharing funds to expand housing opportunities, e.g. to finance a land banking operation or to fund fair housing administrations.

In another workshop, Isaac Green, deputy director of the four-year-old Michigan State Housing Development Authority (MSHDA), outlined his agency's "Detroit strategy." Green stressed that MSHDA attempts to deal with the whole range of community problems because "you can't be in the housing business without being in the community development business." He characterized the MSHDA approach as "rough and ready"---the agency works only with those other agencies and groups absolutely necessary to carry out a housing effort. Although some construction has begun in Detroit, MSHDA's activities are constrained by its financial dependence on the sale of bonds which must be repaid. This limits the number of high-risk projects that MSHDA undertakes.

The second day luncheon speaker was Dr. Robert Freilich, professor of law and director of urban legal studies at the University of Missouri. Freilich has recently gained prominence as the successful defender of a controversial timed-growth plan in Ramapo, New York. The Ramapo plan links residential construction to the provision of water, sewer, schools and other municipal services. Some housing experts fear that such long-range growth plans may severely limit low-and-moderate-income housing opportunities in the suburbs. But Freilich advocated the Ramapo approach as the solution for the "donut effect which results in a rotting central core and an inefficient and alienated suburban ring.

"The process of unfettered urban sprawl, leap-frog development and environmental degradation," he said, "has led many cities and counties to devise growth control plans to prevent unwise land use and exploding population growth in areas without adequate public facilities.

"We need to begin a policy of planned distribution of the community's scarce resources," Freilich concluded, "which will include in its very fabric a fair distribution of amenities to all economic, social and racial groups."

When workshop leaders made their final reports to the full conference, several interesting recommendations for follow-up action emerged.

Participants were intrigued by the linkage between jobs and housing as explained in one workshop by Alex Greendale, director of New York's Center for Job-Linked Housing. Workshop participants urged the League to reconvene conference cosponsors to explore ways to develop a regional job-linked housing center for the Detroit metro area.

It was learned in another workshop that state representative Phillip Mastin has conducted a year-long study on a tax-sharing scheme similar to the Twin Cities' plan. The Mastin proposal, however, would split tax revenues from all new construction (including residential) on a 50-50 basis between a local unit and a metro pool. Workshop participants urged conferees to follow and promote the Mastin plan.

A third workshop focused in on transportation planning. Cleveland Brown, deputy for planning at the Southeast Michigan Transportation Authority (SEMTA), suggested that the transit stations proposed under SEMTA's plan for an areawide mass transit system could become centers for massive developments. With input from residents and merchants, the transit stations could become focal points for social and recreational services as well as for housing.

A workshop on urban land use patterns concluded that only short-range alternatives are presently available to city dwellers. Participants suggested that citizens and citizen groups focus on maintaining neighborhood stability and remedying poor code enforcement. In addition, MSHDA may be able to provide some funds for construction and technical assistance to nonprofit corporations that are able to meet qualifications for state assistance.

LWVEF Human Resources Chairman Virginia Nugent closed by urging participants to sustain the momentum that the conference on expanding housing opportunities had begun. She left them with the words of a young civil rights worker: "If this country stops to catch its breath now, it's not going to have any breath. The whole point is to keep going, to use the impetus to get rid of racism forever so that by 1980 we will all be straight...To let the '70's become a decade of retrenchment, that's what I fear would be a national tragedy."

Milwaukee Conference (continued)

changes are made, the new workers may not have housing. They may not live near business sites and as a result, industry may not locate here for lack of labor.

"Clearly," he continued, "the problem of finding adequate housing at a price they can afford is no longer just an endemic disease of the poor. It now afflicts a large segment of our middle class, the same kinds of people that a decade ago formed the backbone of suburban expansion. We have got to do something to change this and we have got to do it now," he concluded.

The first afternoon session was devoted to a discussion of the current outlook for moderate-income housing and possible future trends, as well as an exploration of various ways to finance moderate-income housing. One theme that emerged was the difficulty of providing the housing without federal subsidies.

Lawrence Katz, chairman of the Wisconsin Housing Finance Authority (WHFA) and former Wisconsin director for the Federal Housing Administration, painted a rather pessimistic picture of the federal housing scene. Stressing his belief that "housing for the poor is going to take subsidies," Katz reminded participants that traditional housing subsidy programs such as homeownership and rental assistance (Sections 235 and 236) have been under Administration-imposed moratorium since January 1973, leaving only the Section 23 leased housing program in operation.

His advice: Take advantage of the assistance available through state housing finance agencies. WHFA can raise money through the sale of tax-exempt bonds, passing the savings on to builders who can then construct multi-family units and pass savings on to low-and-moderate-income tenants to the tune of $20-25 a month below market rates.

Despite the dim outlook for federal subsidy programs, several of the experts present felt that subsidies in one form or another would eventually resume. They urged participants to hold coalitions together and to have plans and proposals ready to submit when and if major subsidy programs resume. Meantime, conference speakers focused on state and local housing activities.

Margaret Thorpe, housing services coordinator for the Wisconsin Department of Local Affairs and Development, described state involvement in housing. The department provides technical assistance and makes grants to local governments and nonprofit groups to devise housing programs. The agency has also received a block grant from HUD to build 200 units of leased housing in 10 small communities throughout the state, making it the first state agency in the nation to participate in the Section 23 program. Ms. Thorpe mentioned the state's Homestead Tax Relief Fund, a stopgap measure which provides property tax rebates to low-income citizens.

Later in the session, George Simos, executive director of the WHFA, reported on his agency's activities. Created in 1971, the agency can issue up to $150 million in tax-exempt revenue bonds to help finance construction of low-and-moderate-income multi-family units, some of which have already been completed. The WHFA has recently received an additional $140 million in bonding power to finance a program of single-family homes for Wisconsin's veterans. However, Simos predicted a continuing struggle against inflation, made more difficult without federal aid.

The regional outlook was reviewed by Bruce Rubin, chief housing planner of the Southeast Wisconsin Regional Planning Commission (SEWRPC), the agency that is conducting the regional housing study which is likely to include a housing allocation plan. Studies thus far indicate that more than 96,000 of the region's households (18%) need housing. SEWRPC defines a household as needy if it pays more than 30% of adjusted gross income for decent housing, if the household is subject to discrimination, or if it currently occupies substandard or overcrowded housing.

Kenneth J. Payne, Milwaukee County housing coordinator, described that county's response to the housing crisis. The county encompasses the city of Wauwatosa, one of the three communities represented at the conference. In 1969, a newly re-elected county executive declared housing his number one priority and backed it up with a $1 million allocation. So far, the county has helped 1,300 welfare families buy their own homes with no foreclosures to date.

Among the options Payne has used are selling county surplus land at low prices, specifically for Section 235 and 236 development, and buying land at the market price and reselling it to developers at a discount for Section 235 construction. In an effort to curb inflation, a no-profit clause is attached: The county can claim any profit the first owner makes from the resale of the home, in effect receiving back its original subsidy as the occupant becomes upwardly mobile. The county also utilizes vacant units acquired for expressway development to house families in need of temporary emergency shelter.

Next, conferees were treated to a potpourri of financing options for moderate-income housing presented by representatives from industry and local and state financial institutions. The suggestions ranged from the practical to the visionary:

credit packages When financing housing, lenders should

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look at a total consumer credit package, perhaps setting up a lifelong line of credit for an individual to accommodate all the major expenses of his or her lifetime such as housing, appliances, automobiles and college education costs.

cooperatives A nonprofit corporation finances an entire housing development with one mortgage. Residents become shareholders through an initial membership charge and monthly payments while retaining control over their own units.

commitment from local industry In Racine, Wisconsin, S.C. Johnson and Son, Inc. created the Century Corporation to fund a massive rehabilitation project. With citizen input every step of the way, the corporation developed a master plan for the 104-block area surrounding the plant which took account of recreation, transportation and social services needs. When the plan was adopted by the city council, the corporation assumed the costs and responsibility for the rehab. The company has continued an intensive maintenance counselling program for the new residents.

At this point, the conferees had a lot of information to digest along with their dinners, but after some free time to wander the Wingspread grounds and a leisurely meal, they were more than ready for the evening's "nominal group process." The exercise was designed to pinpoint problems peculiar to each community as a prelude to strategy development. The problems that emerged from the game's structured balloting process and priority-setting were similar for all three communities: high land and construction costs, community resistance to subsidized housing, and lack of awareness of moderate-income housing needs, to name a few.

Day two opened with a history of regional housing allocation plans---which distribute low-and-moderate-income units among all jurisdictions in a given region---delivered by Ernest Erber of the National Committee Against Discrimination in Housing. Following his talk, conferees heard success stories from other areas of the country.

Dale Bertsch of the Miami Valley Regional Planning Commission (Dayton, Ohio area) told of events leading up to the adoption of the nation's first regional housing allocation plan, known as the Dayton Plan. Bertsch, who is widely credited with developing the plan and ensuring its adoption, delivered a mini-course in the practical politics of housing allocation plans.

"We made a sincere and honest decision to create controversy," he said, adding that he relied more on plotting than on planning. The six key elements of the plan were worked out through a series of conferences with sympathetic elected officials and "journalist types." To help officials market the plan, Bertsch and his staff primed them with answers to foreseeable objections and provided them with what he termed a "slick slide show."

The plan was widely discussed during three months of public hearings in several of the area's suburbs. Bertsch made sure that there were always supporters in the audience.

He admits that he used a very contrived strategy, but it was one that worked well. The planning commission unanimously adopted the Dayton Plan.

According to Bertsch, there are three necessary ingredients for a successful housing allocation plan: it must be designed for the particular region; it must be politically sensitive; and it must be adopted with a formal commitment for implementation.

Trudy McFall of the Minneapolis-St. Paul area Metropolitan Council discussed the progress of housing planning in that seven-county SMSA. The 15-member Metro Council, which was created to oversee the activities of regional special districts, is one of the most successful regional councils in the nation. The housing allocation plan, which concentrates specifically on low-and-moderate-income housing, allocated 75% to areas with the least racial and economic diversity and 25% toward maintaining an ongoing inner city redevelopment effort. The allocations were limited to priority areas which were defined as either urban or urbanizing. The result: since its passage by the council in 1971, the housing allocation plan has increased subsidized housing in the area's suburbs by 130%, with little dissatisfaction from the communities involved.

Tom Fulton, administrative assistant to the mayor of Minneapolis and former Metro Council staffer, elaborated on the importance of overcoming community fears of subsidized housing. He stressed that many suburbanites are either unaware of the need for moderate-income housing or unconvinced that the responsibility for providing it rests in part with them. It is important to identify a community leader who is able to make a case for low-and-moderate-income housing in terms that the community can understand, Fulton said.

Finally, local League President Roberta Svarre and elderly housing activist Lulu Eisenhauer described their successful campaign to bring subsidized housing for the elderly to their affluent community of Ridgewood, New Jersey (See OCMHE, March, 1974.)

In the two-hour strategy workshops that followed, the participants, divided by community, attempted to apply what they had learned during the plenary sessions to their own moderate-income housing needs. Most participants seemed to accept the suggestion of Dale Bertsch and other speakers to begin planning now for the day when federal housing programs resume. The results showed an enthusiastic determination to make something happen back home.

The Waukesha group plans to secure the commitment of local industry by stressing the benefits of having workers live close to the job. The group will remain an ad hoc committee unitl a formal group can be organized. One workshop participant, the director of industrial relations for a major Waukesha foundry, has accepted the task of making initial contact with local business and industry leaders and securing their support. The West Bend contingent will focus on compiling data to document the need for construction of moderate-income units. The group hopes to develop community awareness and support for filling identified need. In Wauwatosa, plans call for a program to develop privately-owned housing for the elderly. Coordinated by the Wauwatosa LWV, the action effort will seek heavy involvement by both city hall and other community groups.

For more information, contact Marcia Mills, LWV of Wisconsin, 2876 N. Grant Blvd., Milwaukee, Wis. 53210.

Statewide Group To Focus On Exclusionary Practices

A broad-based alliance of citizens and community groups in Connecticut has become one of the first statewide coalitions in the nation to focus on exclusionary land use practices which bar low-and-moderate-income and minority persons from developing urban areas.

The Connecticut Coalition for Open Suburbs, organized in 1973, has developed a tentative program that will attack exclusionary growth practices on several fronts. Activities will focus public attention on problems of suburban exclusionary zoning and will mobilize support

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for equal access to suburban employment, land and housing opportunities. Plans call too for a major litigative effort to achieve federal and state rulings to redefine proper land use policies in light of expanding civil rights interpretations by the courts. The group gives top priority to developing a research and planning capability to back up the public education, community organization and litigative efforts.

Coalition members include the LWV of Connecticut as well as the state affiliates of the Anti-Defamation League, NAACP and American Jewish Committee. Also listed on the roster are the Connecticut Civil Liberties Union, the Social Services Department of the Greater Hartford Council of Churches, the Bridgeport diocese's Ministry of Social Concerns, the Hartford archdiocese's Office of Urban Affairs, the New Haven and Hartford Urban Leagues, Suburban Action Institute, Connecticut Citizens' Action Group, Christian Community Action, and Education-Instruccion. The coalition, as well as individual members, has already begun to move forward.

The full coalition has filed suit with member group Education-Instruccion in an attempt to compel the Connecticut Real Estate Commission to carry out its mandate to ensure that brokers and salespeople do not violate the state public accommodations act.

The Connecticut Civil Liberties Union, Education-Instruccion and Suburban Action Institute have formally protested a federal grant from the state Bureau of Outdoor Recreation to the town of Weston. The complaint charges that HUD and the Tri-State Regional Planning Commission (the areawide planning organization with A-95 review powers) have not met their obligation under federal civil rights law to consider the locational impact of the proposed recreation area on prevailing patterns of racial and economic segregation in southwestern Connecticut. Attorneys for the groups are exploring the possibilities for litigation arising out of the Weston complaint.

Various member groups are collecting data with a view toward challenging Tri-State's entire equal opportunity effort. Such a challenge might result in action to compel HUD to terminate federal grants to the commission and to decertify it as the recognized areawide planning body unless it complies with federal civil rights statutes and regulations.

The Connecticut Coalition for Open Suburbs would seem to have a lot going for it, but the feasibility of its ambitious program hinges on the crucial question of funding. Present options include soliciting foundation grants, seeking contributions from member organizations and relying on volunteers.

For more information, contact Ms. Ann Hibino, LWV of Connecticut, 19 Scenic Drive, Portland, Connecticut.

Monitoring Project Uncovers Steering

Education-Instruccion (E-I), a member of the Connecticut Coalition for Open Suburbs, recently conducted an extensive monitoring project that has paved the way for a U.S. Justice Department suit charging seven major Hartford area real estate companies with promoting resegregation of racially integrated neighborhoods. Trial is slated for September 24, 1974 in U.S. District Court.

E-I's Project Ya Basta (Enough Now) gathered evidence which indicated that eight of the nine largest real estate firms in the Hartford area steer customers into neighborhoods of their own racial or ethnic group.

The practice of steering violates Title VIII of the Civil Rights Act of 1968. The Hartford-based civil rights group filed complaints against all eight companies with the Justice Department's civil rights division in February 1974.

More than 65 teams of black, white and Puerto Rican volunteers spent 600 hours posing as prospective homebuyers or tenants in more than 100 tests. The real estate firms involved were selected when a six-month long study of Multiple Listing Sales established them as the largest operations, selling 60-70% of all Hartford area homes. A national real estate franchise which opened during the course of the study was later included, but was not charged in the current suit.

E-I contends that there are three separate housing markets in the Hartford metro area---one for blacks, one for whites and one for Spanish-speaking or Spanish-surnamed persons. Related to E-I's claim, a 1972 HUD memorandum described the Hartford region as an almost classic example of the "white noose" syndrome with 86.7% of the region's black population located in the city of Hartford and less than 2% located in the suburban communities.

Prior to the release of E-I's report, the Justice Department had filed suit against a suburban realty firm, alleging that it failed to show black persons homes in white neighborhoods and vice versa; made racial preference statements; and assigned salespeople to service customers of their own race.

While racial steering usually involves single blocks or neighborhoods, in the Hartford area the practice appears to extend to racial typing of entire suburban towns, according to E-I.

The E-I report also criticized the Connecticut Real Estate Commission, the Connecticut Association of Real Estate Boards, the Greater Hartford Board of Realtors and the Multiple Listing Service, Inc. for contributing to the lack of equal housing opportunities in the area.

Said E-I Director Boyd Hinds, "Discrimination is blatant and it happens in front of all the officials responsible for enforcing anti-discrimination regulations."

The release of the report unleashed a flood of charges and countercharges, many of which appeared in the local newspapers.

■ The executive director of the state real estate commission, James F. Carey, publicly questioned E-I's credibility as well as its authority "to hold themselves out as a police agency to conduct an investigation into possible criminal violations." The monitoring, Carey said, should have been done under the direction of the state Commission on Human Rights and Opportunities (HRO). However, the HRO commission director described E-I's testing as "very, very valuable" noting that "you can get speedier action in federal courts than in state courts." The Connecticut Civil Liberties Union also voiced its support of the effort.

■ The head of the state association of real estate boards said, "We're interested and concerned if realtors are doing anything contrary to the code of ethics. But until we have something tangible, we can't take concrete steps." He added that jurisdiction in such matters lies first and foremost with the Greater Hartford Board of Realtors.

■ That board, the second largest in New England with 173 realtors and 665 sales personnel, did not respond publicly to E-I's charges except to point out that it was cooperating with HUD and local citizen groups to establish an affirmative action plan. Two days later, the GHBR notified its members that it had elected "not

continued on next page

to engage in a verbal exchange surrounding nebulous allegations," but went on to advise members to "treat every customer as if he/she is a tester."

■ Real Estate Commission Director Carey said he would urge passage of legislation requiring automatice license suspension of any realtor convicted of civil rights violations. However, state legislators nixed the plan, pointing out that such a law was already on the books at the time of E-I's monitoring project.

Hinds noted three important spinoffs from the campaign. The information gained through monitoring enabled the group to approach federal, state and local regulatory agencies with a persuasive and well-documented case for further investigation. Secondly, the publicity engendered by Project Ya Basta has greatly increased public awareness of area real estate practices and Title VIII of the Civil Rights Act. Most important, the E-I effort has moved the real estate establishment off dead center, Hinds said. For example, the state real estate commission has recently revamped the curriculum for its mandatory course for real estate agents to stress affirmative action and other civil rights requirements. The commission also mailed notices to 30,000 area realtors warning them of the consequences of discriminatory actions.

Education-Instruccion intends to continue making waves so that the ripple effect created by Project Ya Basta moves in ever-widening circles.

For more information, contact Boyd Hinds, Director; E-I, Inc.; 1170 Albany Ave; Hartford, Connecticut 06112.

Litigation (continued)

in this case had contended that 1) Nassau County New York's abandonment of plans for construction of low-income family housing at its Mitchell Field development violated the equal protection clause of the Constitution and 2) the U.S. General Services Administration's plans to build a federal office building on the site without considering the adequacy of low-income housing in the area were contrary to federal law. On July 2, 1974 a U.S. Court of Appeals, upholding a district court decision, ruled that Nassau County had violated neither the Fourteenth Amendment nor the federal fair housing law. The court held that Nassau County had no "constitutional duty to provide low-income housing" and that constructing housing for senior citizens at Mitchell Field did not deny equal protection of the law to black families.

Mahaley, et. al. v. Cuyahoga Metropolitan Housing Authority. The U.S. Court of Appeals on July 9, 1974 overturned a district court decision requiring the desegregation of Cleveland suburbs. This decision is considered a significant loss by open suburbs advocates. The district court had ruled that the failure of five Cleveland suburbs to enter into cooperation agreements with the Cuyahoga Metropolitan Housing Authority (as provided under federal public housing law) to build public housing in their jurisdictions had the effect of perpetuating racial segregation. The court of appeals, relying on the *Valtierra* decision, ruled that the Housing Act of 1937 permits municipalities to decide whether they need federally-assisted housing and want to enter into cooperation agreements. The court held that, though failure to provide low-income housing may have a greater effect on blacks than whites, it is not a violation of the Constitution.

Cornelius v. Parma and *United States v. Parma.* The issues in these consolidated cases concern the legality of ordinances that require a referendum approval for federally-assisted housing projects and height limitations of 35 feet on all multi-family housing. The suits charged the city of Parma, a suburb of Cleveland, Ohio with discriminatory exclusion of low-income minorities. In February, 1974 the private plaintiffs' complaint was dismissed on the grounds that the ordinance in question had not yet been applied, and could not be challenged unless a specific project was involved. Though the court held the U.S. Attorney-General's challenge to the city's ordinances invalid, it upheld his challenge of the city's denial of a permit for an elderly housing project prior to passage of the ordinances. The private plaintiffs in the suit have appealed.

ON THE STATE DOCKET

A more promising area for making inroads with exclusionary land use cases is in the state courts. Cases brought in federal court are initiated generally on the basis of a locality's refusal to accept a subsidized housing project and involve racial discrimination.

Currently, cases brought on the state level are challenging the broad use of zoning powers to exclude lower income housing generally, and are not proving charges of racial discrimination.

The issue of economic discrimination figures in some of these cases (as in *Southern Burlington County NAACP v. Township of Mount Laurel*), while in others the issue of growth management spawned such cases as *Golden v. Town Planning Board of Ramapo* and *Construction Industry Association of Sonoma County, et. al. v. City of Petaluma* dealing with the use of timed-development ordinances.

State courts too are recognizing the need to consider, as in the case of *Oakwood at Madison, Inc. v. Madison*, regional housing needs as part of the general welfare and within the purview of local zoning ordinances.

Also of note is a case which was recently filed against 23 suburban municipalities in the New Brunswick-Sayreville-Perth Amboy metropolitan area of New Jersey. The suit is unique in that it challenges the policies and practices of all the defendant municipalities (instead of just a single suburb) that collectively bar the plaintiffs from securing housing and employment opportunities in a major market area. The remedy sought is an areawide plan to facilitate economically and racially integrated housing.

A FUNNY THING HAPPENED ON THE WAY TO COURT...

The idea of suing an official or government agency is often enough to make even the most activist citizen groups think twice. But Schenectady, New York's Coalition for Community Concerns (CCC) is proving that it can be done.

The coalition, consisting of church groups, neighborhood associations, and the local League of Women Voters, has filed suit against HUD, the city and several of its agencies on behalf of affected black and low-income residents.

The lawsuit, now awaiting a decision on a preliminary motion for class action status, challenges the sufficiency of the city's Workable Program for Community Improvement (WP) for 1973-75. (Local communities must submit a workable program or step-by-step plan for community development and renewal in order to receive funds for certain federal housing and community development programs.) HUD recertified Schenectady's over the protests of the CCC and other community groups.

Specifically, the suit charges that the city has not

continued on next page

complied with extensive HUD regulations requiring it to a) plan and implement a program to expand the supply of low-and-moderate-income housing; b) replace demolished low-and-moderate-income housing on a one-to-one basis; c) establish an adequate relocation program for displaced residents; d) involve citizens in the planning of all HUD-assisted programs; and e) administer housing programs in a nondiscriminatory manner.

The plaintiffs want a court order that would force HUD to withdraw recertification pending revision of the WP to include a plan to increase the low-income housing supply and ensure participation by the black and low-income communities.

The brief concludes, "The policies which the city has pursued and will continue to pursue have exacerbated rather than eased the shortage of low-and-moderate-income housing in Schenectady."

The coalition claims too that the city has buckled under to those who oppose constructing public housing outside of racially impacted and service-poor areas.

Moreover, city officials, the CCC claims, have consistently failed to act affirmatively on low-income housing proposals. The experience of the Schenectady Chamber of Commerce is only one of numerous examples---though it was the catalyst for forming the coalition.

In May, 1968 the chamber proposed to sponsor construction of 60 low-income housing units for large families on a site on Dartmouth Street. Site assembly was approved by the city, but the chamber's construction program was delayed by rising costs and a change in its leadership. Despite these setbacks, two years later, the chamber and its developer took an option on an additional site (Kings Road), hoping to cut costs by developing the two sites concurrently. But because of the city council's delaying tactics and legal maneuvers over the necessary zone change, the chamber and the developer eventually abandoned the project.

In 1972, the city council again expressed unwillingness to rezone the Kings Road site---this time in response to a recommendation to build moderate-income housing there---citing physical factors such as absence of sidewalks and a high water table. But in September, 1973 the council set aside its earlier misgivings about these defects and zoned the site to allow construction of 180 luxury apartments.

After extensive political wrangling over the Dartmouth Street site, a new private developer bought it from the chamber and has now completed 50 low-income units.

It was the failure of the chamber's effort, which was largely brought about by the city's continuing foot-dragging on low-and-moderate-income housing issues, that spawned the CCC and led to its eventual involvement in litigation.

The experience finally forced civic groups to realize that group action offered a better chance of getting results. The chamber having abdicated its leadership role, the LWV and a newly established community development corporation set about developing support.

From the first days of its formation, the CCC used a gradually escalating series of tactics to get the city moving on housing.

In October, 1970, shortly after the coalition was organized, the LWV submitted to HUD officials a lengthy narrative detailing instances of housing discrimination. The report brought a HUD investigator to the city, but no action---not even a written response.

LWV housing chairperson Ruth Bergeron prepared an administrative complaint in 1971 to be sent to HUD. The CCC circulated the brief among its own members so that they could fully digest it. Maintaining its conciliatory stance toward the city, the coalition also arranged several "reasoning" sessions with city officials. The CCC, in addition, persuaded the mayor to establish a task force on residential development, but its recommendations were ignored. (Ms. Bergeron even took a stab at direct involvement in city decision-making by running for city council. She narrowly lost to an anti-housing opponent.) When the CCC actually filed the administrative complaint, it seemed like a momentous step, but again, the response from HUD and the city was minimal.

"Going to court was the only left to do," said Ms. Bergeron. Throughout the current lawsuit, the LWV has provided organizational and fundraising skills for the coalition, which by this point includes the Schenectady Inner City Ministry, the local YWCA, Church Women United and several other civic and church groups. Summoning up enough courage to raise the $10,000 needed to fund reproduction and court costs was no small feat, but currently the group is only $2,000 shy of its goal. Fortunately, the CCC was able to secure the services of an experienced attorney who, believing in the cause, agreed to minimal compensation.

The task of securing litigants fell to a persuasive clergyman in the CCC. One sticky problems, which made many member groups hesitant to join the suit, was the question of financial liability for legal costs. Ultimately, the coalition assumed responsibility for costs as an independent organization, with the understanding that the attorney will terminate his involvement in the case when coalition funds are exhausted.

Said Ms. Bergeron: "Our biggest problem is finding enough person power to mount an effective public education campaign in a hostile community with no governmental support locally and no commitment to a broad-based housing program by the national administration.

"Court action is slow and momentum is difficult to generate, so we do our publicity work with an eye to keeping the issues alive but avoiding overblown promises of quick or complete solutions. We hope to force a re-direction of resources and funds to meet basic housing needs, and if we accomplish that we shall have accomplished a great deal in this neighborhood-oriented city," she concluded.

Whatever the outcome of the lawsuit, it is obvious that dedicated community groups like the Coalition for Community Concerns are a much-needed spark to rekindle government commitment to housing.

PENNSYLVANIA LWV AS FRIEND OF THE COURT

The League of Women Voters of Pennsylvania entered an exclusionary zoning suit as amicus curiae (friend of the court.) What they've lost through unfavorable decisions they've more than made up for in experience.

The case could affect all of the state's suburban communities with little low or moderate income housing and few, if any, minority residents. At issue is the state's administrative discretion in granting funds to local communities.

The Pennsylvania Department of Community Affairs (DCA) denied Upper St. Clair township a $55,000 grant for a park under the state's Project 500 because the township was exclusively upper-income.

Project 500 is a component of the Land and Water Reclamation Act of 1968 which authorized the state legislature to issue up to $500 million in bonds to provide

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for the acquisition and development of park and recreational space throughout the state. Fifteen percent of the funds were allocated to DCA.

The department's guidelines state that because the funds are limited, high priority should be given to municipalities and neighborhoods with such need indicators as high population density and a high proportion of low-income families. State attorneys-general had issued several rulings in the past which upheld such state discretion.

When the suburban Pittsburgh township challenged the decision, the DCA secretary convened an administrative hearing panel, and asked the LWV to file an amicus brief. The state League, hesitant to enter a local suit, decided to hold off since the case was sure to be appealed.

In June 1973 the administrative hearing panel upheld DCA's use of discretionary power to deny funds to the township. Although the ruling did not focus on exclusionary zoning, arguments presented by the plaintiffs led the panel to conclude that Upper St. Clair is an "exclusive, if not exclusionary, community. It does not in the least bit reflect the age, income, racial or housing characteristics of the region in which it exists, nor even of its adjacent communities."

Testimony given during the hearing had revealed that the township's predominantly single-family, high-priced housing stock precludes close to 80% of the region's families from living there. An average home sells for $60,000-70,000, with population density only slightly more than two people per acre. In addition, although the township population increased from 8,287 to 15,411 between 1960 and 1970, the number of blacks increased from 18-28, all contained in five households.

As expected, Upper St. Clair appealed the decision to the state commonwealth court, which was created in 1968 to hear administrative disputes.

Since the League was ready to move, Ms. Neuman began the arduous process of locating a pro bono lawyer. First, she contacted DCA's attorney. He referred her to the assistant attorney general who was drafting the DCA brief. The assistant attorney general referred her to a University of Pennsylvania professor, an expert on exclusionary zoning who was excited about the case but much too busy to take it on. She finally struck paydirt when the professor referred her to Dave Moskowitz, a lawyer for Regional Housing Legal Services.

"I hardly opened my mouth before he said 'Yes, I'll do it,'" Ms. Neuman said. Since Moskowitz was interested in the Upper St. Clair case, he agreed to provide his services free of charge.

The League hit an unforseen snag when Moskowitz discovered in late December that the case, originally scheduled for late February had been moved up to January 7. Since there just wasn't enough time to prepare and submit the amicus brief, Moskowitz petitioned the lawyers for both sides for permission to submit the brief late. Permission granted, the LWV submitted its amicus at the end of February, only to have it refused by the chief judge of the commonwealth court.

"That was pretty discouraging after all that work," Ms. Neuman said, "but each side knew they were going to take this to the state supreme court regardless of how the commonwealth court ruled."

The amicus brief focuses on the Constitutional and civil rights protections which, it argues, required DCA's denial of funds to Upper St. Clair. It discusses the DCA action in the context of nationwide standards that apply to all governmental actions. The brief documents the exclusive and exclusionary character of Upper St. Clair township and contends that 1) Title VI of the Civil Rights Act of 1964 requires the DCA to withhold funds from exclusionary municipalities and 2) Upper St. Clair has violated the equal protection clause of the Constitution by interfering with the fundamental right to travel.

Nevertheless, on April 5, 1974 the commonwealth court ruled against DCA, saying that the department failed to prove that zoning laws were responsible for Upper St. Clair's mostly white population and high-priced housing. The chairman of the township board of supervisors hailed the decision as a victory for community control over zoning.

Deeming the township's elation premature, the League and DCA intend to exhaust the judicial appeals process before admitting defeat in the Upper St. Clair controversy. Already, the DCA's lawyer has filed for permission to appeal the case to the Pennsylvania Supreme Court. At his request, the LWV has filed a supporting petition. In the attorney's view, the League's opinion, submitted as amicus, may well carry more weight with the court than those of parties to the suit. And, since the commonwealth court ruling did not address the constitutional questions raised by the LWV's original brief, their motion for appeal should have a special relevancy.

For more information, contact Ms. Nancy Neuman, LWV of Pennsylvania; Strawbridge & Clothier; 8th and Market Streets; Philadelphia, Pennsylvania 19105.

<u>Housing Allowances</u> (continued)

integration that an allowance approach could facilitate. There are several statements from official HUD documents that produce questions on the extent to which economic integration can be achieved throughout metro areas.

HUD's first annual report on housing allowances states, "...it should be realized that because of cost, housing allowances can be made applicable only to offset the rents or sales prices of <u>existing housing</u>...As such, the program is unlikely to fulfill the objective of a new housing program...by providing housing opportunities in newer suburban areas where little moderate-income housing is being constructed and little or no modest housing exists."

<u>Housing in the Seventies</u>, HUD's extensive report on federal housing policies and programs that provided the basis for the presidential housing message last year, asserts that equal opportunity goals conflict in some cases with housing production goals, i.e. the requirement that prohibits location of federally-assisted housing in areas of racial concentration conflicts with the major purpose of housing subsidy programs which is to make adequate housing available to low-and-moderate-income persons. These areas, the report states, may very well have the greatest need and the best chance of community acceptance of federally-assisted housing.

Many civil rights advocates, however, believe there should be strong linkages between equal opportunity goals and housing. The two, they believe, cannot and should not be considered separate and conflicting issues. The supply and location of low-and-moderate-income housing must be tied to equal housing opportunity efforts. To do otherwise would leave in limbo past gains in fair housing and future progress towards an open society.

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Metropolitan Council of the Twin Cities Area

HOUSING BULLETIN

News from the Council's Housing Program
300 Metro Square Bldg., St. Paul, Minn. 55101 612/227-9421

IN THIS ISSUE:

August 16, 1974

Tax Increment Financing

* * *

Tax increment financing is a means of financing local redevelopment or renewal projects by utilizing the increase in taxes produced by new development to pay off site preparation costs. Under Minnesota law, there are three types of tax increment financing: Housing and Redevelopment Authority projects, Development Districts, and Industrial Development projects. Each type of project requires a different mechanism for implementation and calculation of the increment. The basic principles of financing each of these types of projects are detailed here.

Housing and Redevelopment Authority Projects

HRA's can use tax increments to finance the cost of a redevelopment project. Such a project must meet state criteria which includes findings of blight or other characteristics such as underutilized land or unusual physical features which have prevented normal development or improvement by private enterprise. The financing process for an HRA project involves the following:

--The HRA receives approval of a project by the municipality in which it is located and the most recent assessed valuation of all taxable real property in the project area is certified by the County Auditor. This is called the original taxable value of the real property in the project area.

--The increases in the assessed value of the real property above the "original taxable value" are not included in the computation of the mill rate for tax purposes. However, the mill rates are applied to the incremental assessed value and the taxes raised on this value are to be remitted to the HRA for the project area. These taxes are called the "tax increment" for the year.

--Tax increments are remitted to the HRA until the public redevelopment cost of the project has been fully paid.

--The HRA <u>may</u> pledge and appropriate any part or all of the tax increments received for any redevelopment project to pay the bond principal and interest on bonds issued for the project.

Development Districts

In 1974, state legislation authorized municipalities in Minnesota to create Development Districts by designating certain areas in their corporate boundaries as areas needing new private development to provide employment opportunities, increase the tax base and improve the general economy for their cities. Municipalities are authorized to adopt a development program including public construction of improvements such as skyways, parking facilities, open space, and people-mover systems financed by municipal bonds or grants. The presumption is that such public improvements will stimulate private investment in areas having vacant or underutilized land.

Development Districts are granted the same powers or authority to execute a project as an urban renewal project under an HRA. Development Districts differ from urban renewal projects in the following ways, however:

--They are restricted in size or market value. A municipality may choose one of three options:

1. A district cannot exceed six acres in size.
2. A district cannot exceed one per cent of the total acreage of a municipality and, when added to the total current acreage within Development Districts for which unrecovered costs of bonds remain, shall not exceed three per cent of the total acreage.
3. The total market value of taxable real property of any one district cannot exceed five per cent of the total market value of taxable real property in a municipality. Also, the total market value of taxable real property within Development Districts for which unrecovered cost of bonds remain shall not exceed 10 per cent of the total market value of taxable real property in a municipality.

Preparation of this bulletin was financed in part through a comprehensive planning grant from the Department of Housing and Urban Development.

--The area of a Development District shall not be enlarged after five years following the district designation date. HRA urban renewal projects may enlarge the boundaries of their project area.

--Development Districts have a 30-year limit on the bonded debt. This limits the tax incremental process for these projects to 30 years. HRA renewal projects have no such limit.

--Urban Renewal Projects operated by HRA's must provide proof of blight and deterioration for project approval. Development Districts do not.

--The date a district is established is the date tax increments start.

Municipal Industrial Development Projects

The Municipal Industrial Development Act authorized municipalities or redevelopment agencies, with approval of the Economic Development Commissioner, to redevelop properties in a project area. The agencies can issue revenue bonds to pay for redevelopment costs, and can lease the redeveloped properties to pay off the revenue bonds. Tax increment financing can be used to pay off revenue bonds, also. The 1973 Legislature authorized any redevelopment agency to carry out renewal of not only industrial properties, but commercial properties as well. Redevelopment agencies include any port authority or city authorized to exercise the powers of a port authority, any HRA, or any area or municipal redevelopment agency.

Tax incremental financing pertaining to these projects differs from HRA projects in the following ways:

--There is a maximum time limit of 30 years on a project's bonded debt.

--The tax increment amounts are not paid to a municipality on a carte blanche basis. They are tied to the amounts necessary to pay off the principal and interest on the project revenue bonds. Any tax increment remaining and not needed in a given year for debt service shall be distributed proportionately among all the taxing districts levying taxes on a project area.

--The State Economic Development Commissioner must approve the projects.

Within the Metropolitan Area, Minneapolis has six tax increment projects underway, St. Paul has two, and Robbinsdale has one. Many other communities in the Area are considering creating projects or Development Districts using tax increment financing.

In Minneapolis, the projects underway include: **Loring Park Development District**--residential hotel, commercial and service--28 acres; **Nicollet-Lake Development District**--commercial, residential and parking--33 acres; **Industry Square**--industrial renewal--250 acres; **North Washington Industrial Park**--industrial renewal--275 acres; **North Loop**--residential, industrial renewal--150 acres; and **West Broadway**--commercial, residential renewal--114 acres.

In St. Paul, the projects include: **Midway Development District**--commercial, industrial--15 acres; and **Downtown Development District**--parking, commercial--three sites of two acres each.

The Robbinsdale project involves spot renewal of substandard residences (44 as of July, 1974)--acquisition, demolition, and resale of lots for new single family units.

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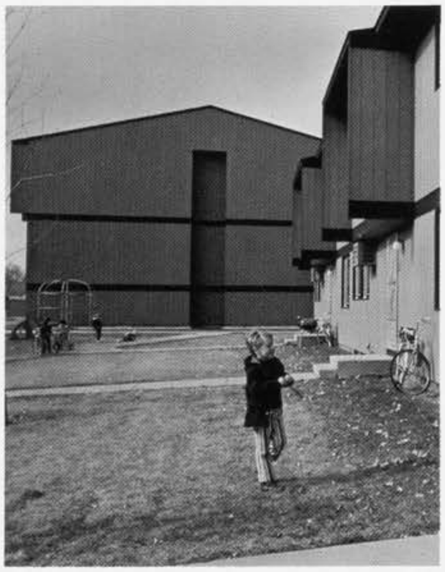
MINNESOTA HOUSING FINANCE AGENCY ANNUAL REPORT 1974



minnesota housing finance agency
480 cedar street, saint paul, minnesota 55101

MINNESOTA HOUSING FINANCE AGENCY ANNUAL REPORT 1974

PRELUDE TO QUALITY HOUSING

Below, the members and administrative staff of the Agency meet with representatives of the underwriters to consummate the first sale of the Agency bonds to raise $30 million for homeownership loans. Lower left, papers are signed for the final purchase of the Government National Mortgage Association (GNMA) securities which guaranteed the original $30 million funding. Left to right are Owen Carlson of Banco Mortgage Company, Steven W. Oxberry, deputy director of the MHFA, Pat Harff of Northwestern National Bank of Minneapolis, and Sherrie Pugh, MHFA administrative assistant. Lower right, Clyde E. Pemble, MHFA chairman (left); and Gerald W. Christenson, vice chairman and state planning director; receive the check for the sale of the bonds for the GNMA program from Tom Caine and Robert Hale representing the underwriters, Paine, Webber, Jackson & Curtis.

WENDELL R. ANDERSON
GOVERNOR

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
ST. PAUL 55155

TO FELLOW CITIZENS OF MINNESOTA:

The submission of this, the first annual report of the Minnesota Housing Finance Agency, represents one of the proudest moments of my Administration.

Four years ago, in a message to the 1971 Session of the Minnesota Legislature, I identified the establishment of the Housing Finance Agency as the keystone of a legislative package designed to increase the capacity of the State of Minnesota to meet its commitment to assure decent, safe sanitary housing for its citizens.

Since that time, the passage of more than ten housing-related laws and the provision of significant real estate tax relief have placed us among the Nation's leaders in providing that housing assistance.

This report describes the impressive accomplishments of the Minnesota Housing Finance Agency. The future holds even greater promise. The Agency's Homeownership loan program will make the purchase of a home a reality for many families.

Next year, the Agency's Home Improvement loan and grant programs will make it possible for more families to stay in their homes. Apartment development and the use of new federal subsidy programs will be actively pursued. The Agency's experimental Basic Homes program will provide an alternative to the mobile home for rural families.

We intend to do more. We must continue to encourage the federal government to match Minnesota's commitment. The provision of decent housing must not become a victim of federal budget cuts. The Federal Reserve Board must be made to recognize the serious inflationary impact of high interest rates on housing costs, and we must continue to move aggressively at the state level to provide the needed variety of services in the housing area.

We look to the past with a feeling of genuine accomplishment. We look to the future determined to meet our commitment to help make decent housing a reality for all of our citizens.

Sincerely,

Wendell R. Anderson

Wendell R. Anderson

December 1, 1974

James F. Dlugosch
Executive Director

Clyde E. Pemble
Chairman

1974 PROGRESS REPORT

Four years ago Governor Wendell R. Anderson called on the State Legislature to take some bold initiatives to assure adequate quality housing for persons of all income groups throughout the State. Legislation establishing the Minnesota Housing Finance Agency was passed in 1971 during the peak of federal assistance in this area.

No expert in the housing field, however, could have anticipated the abrupt halt of federal involvement, or the dramatic changes in the housing market which resulted, or the government's inability to control escalating prices in a time of decreased production.

Through the creative use of governmental powers, however, states like Minnesota have developed the capacity to soften the impact of the vagaries of federal policies. While not capable of duplicating the deep level of federal subsidies necessary to bring housing within the reach of very low income families, states can have a substantive impact on the supply of housing and capital for housing through the sale of tax exempt bonds.

Likewise, the combination of state and federal powers can result in significant improvement in the ways in which housing assistance is provided.

During this past year, we believe that we have established the framework within which we can provide access to quality living environments to all Minnesotans.

The process has not been without its difficulties and frustrations. Ambivalence on the part of various federal departments to this application of "New Federalism" and to the assumption of greater responsibilities on the part of state government has frustrated our progress. The scarcity of capital and the high demand for its use have affected our ability to sell bonds and have driven up our borrowing costs as well as those of conventional lenders.

Our ability to meet the needs of lower income families has been restricted by the reluctance of the U.S. Department of Housing and Urban Development (HUD) to spend appropriated dollars to provide subsidies.

Nevertheless, we feel a strong sense of accomplishment from our activities during the year. We have successfully marketed our bonds at relatively favorable interest rates. We have made it possible for over 1,250 Minnesota families to purchase homes. We have demonstrated the feasibility of implementing and marketing apartment developments oriented to a wide range of income groups.

We have provided construction financing without which nearly 2,000 units of subsidized housing could not have been built. And we have demonstrated the capacity to finance without federal mortgage insurance.

All these things have been accomplished within the context of improving the existing housing delivery system in Minnesota through maximum use of the skills which already exist and have developed over a long period of time.

It is our belief, however, that the partnership of the state and federal governments is not, by itself, enough to improve the way in which housing is provided for our citizens. That partnership must be extended to local and regional units of government and to our partners in the private sector. Effective relationships have been forged with the Regional Development Commissions. We have established relationships with over 100 private lending institutions in our Homeownership Program, which relies both on the existing capacity of these institutions to process mortgage loan applications and on their potential to be of service to a wider range of income groups. We feel this represents creative use of governmental programs and we are committed to continue.

While feeling a sense of pride and accomplishment in our record, we know that much remains to be done. Access to our assistance must be expanded to assure that individuals from all areas of the state who need assistance have the opportunity to benefit from our activities. The needs of various population groups—including the handicapped and the developmentally disabled, the Indian Reservations, the elderly, the very low income and the rural population—must be more fully addressed. Ways must be found to direct available assistance from the state and federal government to those areas most in need and identified by regional planning bodies as targets for production. Effective partnerships with local units of government must be solidified. And we must assure the efficient use of federal subsidies which become available.

In terms of specific program objectives, the Agency anticipates a high level of activity during the coming year. The Home Improvement loan and grant programs will commence, with commitments to finance 3,000 to 5,000 units during the year. An additional 5,000 to 6,000 apartment development units should begin construction with our financing. The Homeownership loan program should be expanded to provide financing for conventional and privately insured mortgages as well as those insured or guaranteed by the federal government. In recognition of changing life styles and the continuing need to conserve energy and natural resources, the Agency must establish a mechanism to finance condominiums as well as free-standing single family homes. At the same time, the Agency must continue to move aggressively to identify gaps in the existing system for delivering housing and find the means to fill these gaps.

All these things are possible to the extent that the Agency remains financially strong and able to attract the necessary private capital investment through its bond sales. This fact must remain an essential ingredient in evaluating our capacity to move in these areas of need. We are optimistic that innovations will remain possible within this context.

Respectfully submitted,

Clyde E. Pemble

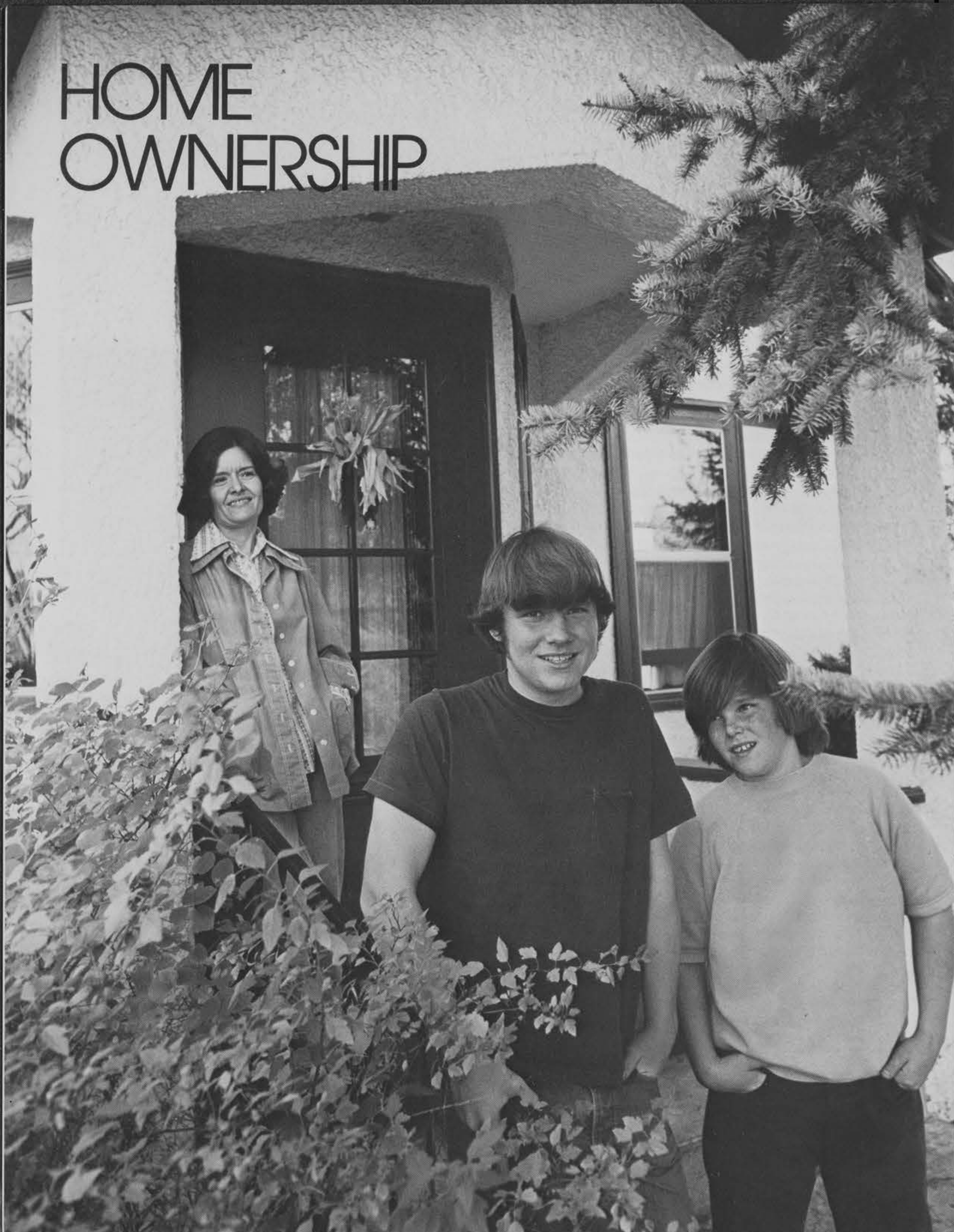
CLYDE E. PEMBLE
Chairman

James F. Dlugosch

JAMES F. DLUGOSCH
Executive Director

December 1, 1974

HOME OWNERSHIP



Homeownership

Mrs. Morrie Dwyer and her two sons, Tom and Tim, in front of their West Minnehaha Parkway home in Minneapolis which was purchased with the help of the Minnesota Housing Finance Agency. Below are three other representative houses in the Minneapolis/St. Paul area and outstate Minnesota which benefited from MHFA mortgages.

Minnesota ranks third in the Nation in the ratio of homeownership among its families. In 1970, about 74 per cent of all housing units in the state were owner-occupied. Since that time, over 60 per cent of all newly constructed units have been rental units. The reasons for this shift are complex and varied.

Limited natural resources and the need for conservation of energy, for example, increase the need to provide more efficient housing. The primary cause, however, is the increased cost of housing resulting from increases in land, construction, utility and interest costs. Clearly, large numbers of Minnesota families are being denied the realization of their desire for homeownership because of these factors.

In August of 1973, the Housing Finance Agency moved to increase the opportunity for families of moderate income to purchase homes. Basically, the Agency utilizes its status as a governmental agency to secure capital from private investors through the sale of tax exempt bonds. These bonds represent debts of the Agency, and not of the State of Minnesota, so the credit of the State is not impaired. The bonds are paid off from the proceeds of mortgage loans made by the Agency. The mortgages represent the security pledged to the purchasers of the bonds. Proceeds of the loans are also sufficient to establish reserves and to pay Agency operating expenses. Consequently, the operation of the Agency does not require State appropriations.

Agency borrowing costs are directly affected by the quality of the mortgages pledged for security. Therefore, in order to pass along the maximum savings to the eventual home buyer, the Agency must take care in structuring that security. The Agency's 1973 homeownership loan issue was unique in the nation in that respect. The basic security was represented by Government National Mortgage Association (GNMA) securities purchased from private institutions and backed by mortgages made to qualifying families under Agency established terms and conditions at an interest rate of 6¾ per cent.

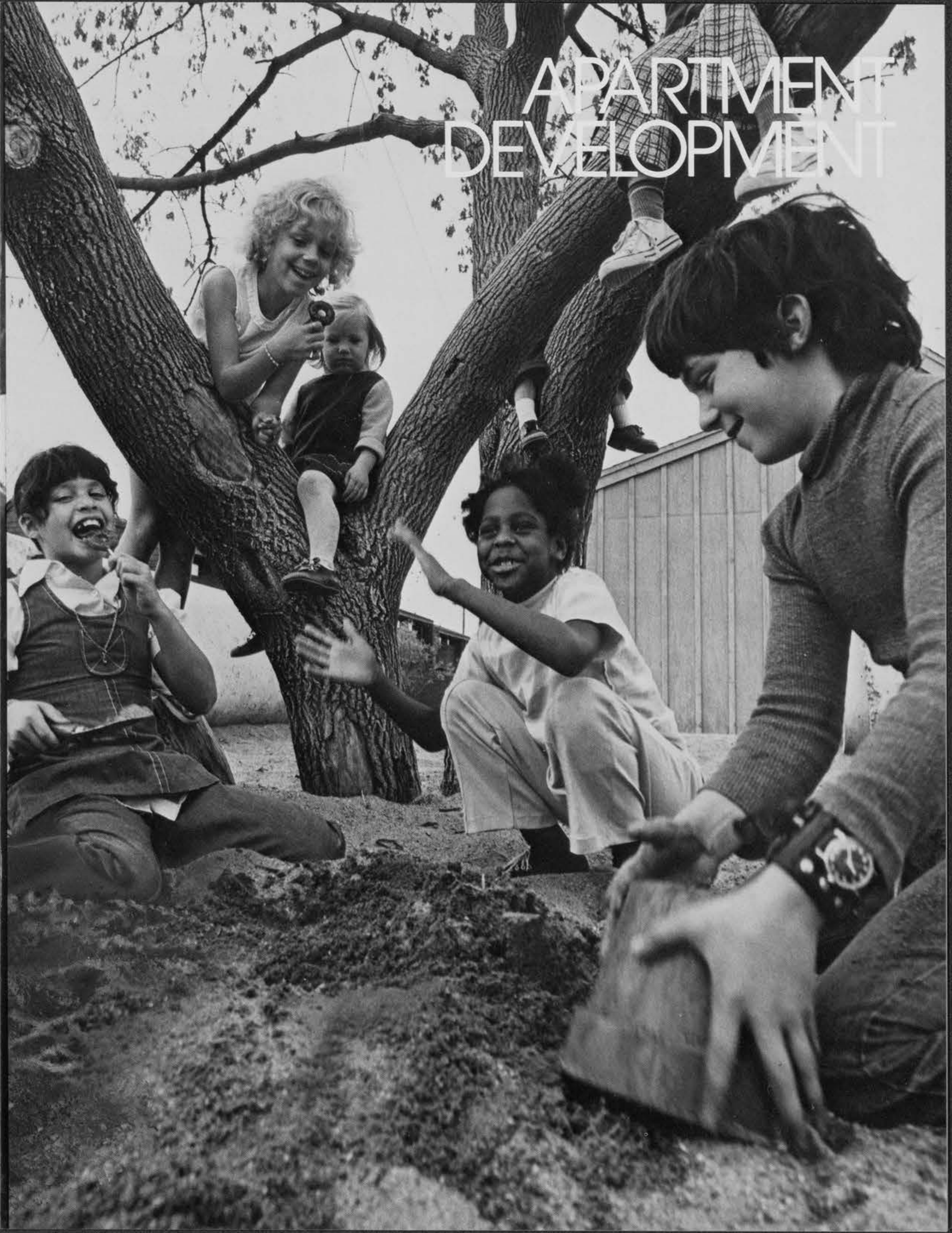
This program provided $30 million in new mortgages to more than 1,250 families throughout the state. Over 450 of the loans were made to families buying homes outside the seven-county Twin City area. The loans were made through seven lending institutions. This program provided the basis by which the Agency was able to expand the number of participating institutions and to increase the accessibility of its programs.

In 1974, the Agency issued bonds to provide an additional $50 million in FHA or VA insured home mortgages. By this time, the Agency was able to attract over 100 lenders to make application for commitments in excess of $114 million. While bond market conditions didn't allow acceptance of all applications, 83 lenders—more than half of them from outstate areas—were given commitments.

Following the issuance of commitments and the execution of purchase agreements, these institutions will process individual loan applications and provide badly needed new money to a severely depressed housing market. Upon closing the mortgage, the loan is assigned to the Agency, and the private lender provides the servicing. Families with adjusted gross incomes of up to $16,000 can qualify for the purchase of homes with values of up to $36,000.

The continued slump in the housing market with its attendant inflationary impact will result in a continued need for the Agency to carry out this program. Expansion to conventional and privately insured loans will increase the Agency's capacity to provide this assistance and will attract additional institutions to the program.

The Agency also will be exploring ways to provide financing for condominiums and other alternative types of homeownership. At the same time, the development of an effective home improvement loan program will make it possible for more people to stay in their current homes, improve the quality of life in older neighborhoods, and avoid the necessity for more substantial public investments in the form of future urban renewal activities.



APARTMENT DEVELOPMENT

Apartment Development

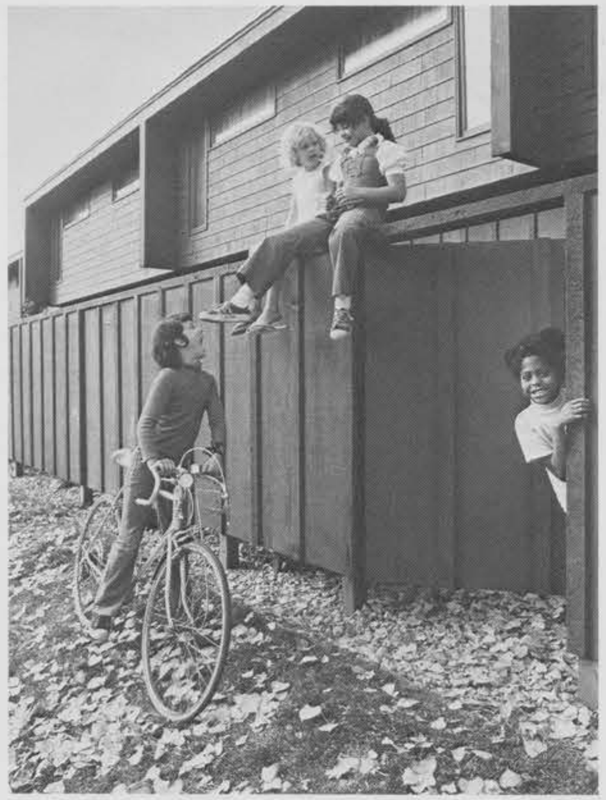
Scenes from the MHFA's Apartment Development program. Children at play in a south Minneapolis complex; one view of the Clearwood Apartments at St. Cloud and its playground facilities; and MHFA Chairman Pemble presides at ground-breaking for a 70-unit apartment development for the handicapped. To be owned by the United Handicapped Federation, the facility, located in a Minneapolis urban renewal area, received a 236 HUD/FHA subsidy, the first such use of 236 funds in Minnesota.

Vacancy rates in housing available for rent in Minnesota have never been particularly high. This past year, however, has seen a decline in the number of new units coming on the rental market. This has resulted in a substantial decline in vacancies to a turnover rate of nearly 3 per cent, increased competition for available units, and severe inflationary pressure on rental rates.

The primary cause of the slowdown in rental construction has been the restrictive credit policy of the Federal Reserve. This has resulted in record high construction financing costs, making many developers shelve plans for new developments because of an inability to recapture these high financing costs within existing rent structures. As is so often the case, families of low and moderate incomes are most severely affected by the lack of available units. Rural areas are also seriously damaged. The lack of housing in these areas has led to out-migration and has created a reluctance of many industries to locate in areas without an adequate supply of housing for employees.

During this past year, the Housing Finance Agency has established the capability to achieve a high level of quality development of rental housing. The Agency adopted a 14-point set of project selection criteria, designed to assure that developments selected for financing will meet a broad range of public purposes. These include the assurance of equal employment and housing opportunity, avoidance of overconcentration of lower income families, coordination with local and regional planning objectives, avoidance of adverse environmental impact, provision of assistance on a statewide basis, and consistency with statutory and legislative mandates.

Each development is subjected to an intense review of its economic feasibility, including cost evaluation, market comparability, market, and rental economics. Only after the Agency is fully satisfied will commitments for permanent financing be issued. The Agency has provided construction financing for a large number of developments, with and without an Agency commitment for permanent financing.



Construction Loans

The short supply and high cost of construction financing threatened the feasibility of 22 new federally subsidized apartment developments. The Agency, through the sale of short term notes and the purchase of 90 per cent interest in the construction loans from private lenders, provided the financing at rates which were sufficiently low to allow these developments to proceed. All the developments are receiving permanent financing from the Government National Mortgage Association. Construction loans totalling over $28 million will finance nearly 1,900 units through this program. The Agency recently sold notes to provide construction financing for an additional $10 million in construction costs under this program. Once the developments are completed and occupied, the Agency will be reimbursed for its loans and will recapture an equivalent amount of bonding authority.

Commitments for Permanent Financing

Project	Units	Loan Commitment
Townview South, Duluth (new low-rise housing and rehabilitation)	26	$ 557,700
Cover Hill, Golden Valley, (planned unit development, elderly, handicapped, family townhouses)	234	5,888,156
Viking Terrace, Worthington (apartment housing for families)	60	1,101,955
Milwaukee Avenue, Minneapolis (new family units)	12	277,625
2100 Bloomington, Minneapolis (handicapped housing)	90	1,833,678
Minnesota Odd Fellows Northfield (senior citizens home)	80	1,205,390
Northwood Apartments, Glencoe (family housing)	39	715,269
Delton Manor, Bemidji (family housing)	60	982,786
Virginia Rotary, Virginia (family housing)	31	486,900
Riverside Apartments, St. Cloud (housing for elderly)	85	1,268,780
Summit Square, Duluth (family housing)	77	1,375,506

Permanent Financing

The Agency is providing both construction and permanent financing for 11 additional apartment developments, nine of which are receiving at least partial federal subsidies. These developments will provide 794 new housing units at a total cost of $15,673,745.

The developments are located throughout the state. In each case the new units will provide significant relief to a depressed housing market. A wide variety of needs are being met, including units specially designed for the handicapped, for the elderly and for families.

Wherever market conditions permit, the Agency combines market rate units with units receiving subsidies. At the same time, subsidies are provided at varying levels, thereby creating opportunities for the integration of a full range of income groups. In this way, it is expected that overconcentration of lower income families can be avoided. To further enhance this economic integration, Agency regulations permit up to 25 per cent of the units in any development financed by the Agency to be occupied by families whose incomes exceed Agency established limits.

Projects currently being financed with Agency commitments for the permanent mortgage range in size from a 12-unit development in Minneapolis to 234-unit development located in a planned residential development area in Golden Valley. The small development in Minneapolis is being sponsored by a project area committee in an urban renewal area and is an attempt to demonstrate the feasibility of building architecturally compatible structures in a neighborhood consisting primarily of historical older homes.

Other developments being financed are being sponsored by the United Handicapped Federation in Minneapolis, church or fraternal related organizations in Northfield, St. Cloud and Virginia, and by a community based non-profit organization in Duluth. Non-profit groups are used as catalysts to initiate the development and to provide management services during occupancy. In all cases, except for the Duluth project, the developments will be owned by limited dividend entities which will attract strong general partners, who will then syndicate the developments to a variety of limited partners.

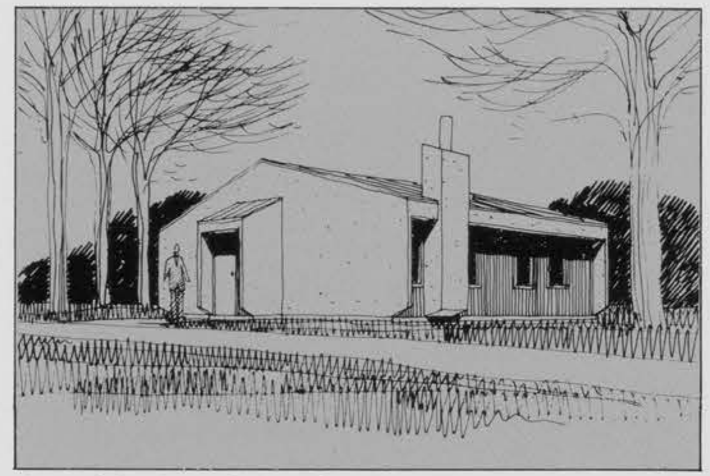
BASIC HOMES

Shovels Away!

Ground-breaking for Basic Homes models at Bagley drew a number of shovel-wielding officials. Left to right, Richard Pearson, executive director, Headwaters Regional Development Commission; Gary Nicol, MHFA staff; Albert Gorden, Clearwater county commissioner; Al Monico, chairman of the Headwaters Commission; Earl Swenson, mayor of Bagley; Douglas St. Onge, state representative from Bemidji; Roger Moe, state senator from Ada; and Jack Sorenson, MHFA staff.

An experimental program launched in five northwestern counties by the Minnesota Housing Finance Agency holds potential for delivering low cost, acceptable new homes for thousands of families in often neglected rural areas.

Minnesota is one of seven governmental units selected nationally from a field of more than 100 agencies to participate in the program, funded under a grant from the U.S. Department of Housing and Urban Development. Minnesota's program is the only one located in north central states.



An architect's rendering of a Basic Homes model contrasts with rural homes illustrative of those the program is designed to replace. Design by Inter Design, Inc.

Based on preferences and needs determined from low income user studies, the Basic Homes program offers new home ownership to rural families now forced to live in substandard quarters. Purchase of a Basic Home carries no income restrictions.

A Basic Home is designed as a dwelling unit that is structurally sound and provides minimum requisites such as plumbing, hot and cold running water and electricity. Design characteristics are those which research determined will be acceptable to the greatest percentage of low income families.

Buyers have a choice of several units, all designed for maximum flexibility. Models range from 340 square feet in floor space for an efficiency unit to 1,040 square feet for a five bedroom home. Flexibility advantages, besides the material facility options of the house itself, include buyer determination of site and financing. The present policy is to avoid building homes as part of subdivisions.

Prices for these homes will be substantially lower than other new homes built today and will be competitive with cost of mobile homes.

Groundbreaking ceremonies for five model basic homes, four in Bagley and one in Park Rapids, were held in October. They are scheduled to be finished and open for inspection by interested buyers early in 1975.

Preliminary forecasts call for the construction and sale of up to 200 units during 1975 in the five selected Mississippi River headwaters counties—Beltrami, Hubbard, Clearwater, Mahnomen and Lake of the Woods. If this initial phase of the program is successful, the agency intends to expand it to the entire state.

Besides fulfilling the need for upgrading rural living standards, the Basic Homes program also holds significant potential for strengthening the economy in target areas. Sub-contractors will be local firms, thus stimulating employment and enabling workers to develop new skills.

MINNESOTA HOUSING FINANCE AGENCY
BALANCE SHEET
June 30, 1974 and 1973

	1974					1973
	HOUSING DEVELOPMENT FUND	DEBT RESERVE FUND	CONSTRUCTION LOAN FUND	BOND FUND	TOTAL — MEMORANDUM ONLY	HOUSING DEVELOPMENT FUND
ASSETS						
Government National Mortgage Association (GNMA) 6¼% mortgage-backed securities ..	—	—	—	$11,470,833	$11,470,833	—
Construction mortgage loans	$ 55,171	—	$ 9,784,020	—	9,839,191	—
Temporary investments in short-term United States Government and bank obligations	156,119	$ 996,413	15,261,545	20,604,115	37,018,192	—
Accrued interest receivable	4,328	14,447	210,056	169,613	398,444	—
Cash	54,164	3,587	51,036	11,285	120,072	$143,664
Furniture and fixtures, at cost less accumulated depreciation of $477 in 1974	7,575	—	—	—	7,575	3,398
Deferred debt issuance costs	—	—	—	79,782	79,782	—
Inter-fund accounts	14,447	(14,447)	—	—	—	—
Total assets	$291,804	$1,000,000	$25,306,657	$32,335,628	$58,934,089	$147,062
LIABILITIES AND FUND BALANCES						
Notes payable, maturing on November 1, 1974 (Note 4)	—	—	24,000,000	—	24,000,000	—
Bonds payable, $295,000 maturing within one year (Note 3)	—	—	—	30,000,000	30,000,000	—
Accrued interest payable	—	—	701,735	1,459,381	2,161,116	—
Accounts payable	17,750	—	—	—	17,750	15,084
Total liabilities	17,750	—	24,701,735	31,459,381	56,178,866	15,084
Fund balance:						
Unappropriated balance	274,054	—	604,922	307,522	1,186,498	131,978
Reserve for potential loan losses	—	1,000,000	—	—	1,000,000	—
Reserve for debt service and bond redemption premiums (Note 3)	—	—	—	568,725	568,725	—
Total fund balance	274,054	1,000,000	604,922	876,247	2,755,223	131,978
Total liabilities and fund balances	$291,804	$1,000,000	$25,306,657	$32,335,628	$58,934,089	$147,062

The accompanying notes are an integral part of the financial statements.

MINNESOTA HOUSING FINANCE AGENCY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCES
for the years ended June 30, 1974 and 1973

	1974					1973
	HOUSING DEVELOPMENT FUND	DEBT RESERVE FUND	CONSTRUCTION LOAN FUND	BOND FUND	TOTAL — MEMORANDUM ONLY	HOUSING DEVELOPMENT FUND
REVENUES						
Interest income:						
Short-term investments	$ 12,207	$ 14,447	$ 1,115,062	$2,018,374	$ 3,160,090	—
GNMA securities and construction loans	518	—	170,968	107,892	279,378	—
Fee income	349,589	—	—	114,930	464,519	—
Total revenues	362,314	14,447	1,286,030	2,241,196	3,903,987	—
EXPENSES						
Interest expense	—	—	681,108	1,342,231	2,023,339	—
Amortization of debt issuance costs	—	—	—	22,718	22,718	—
Professional and other contracted services ...	109,877	—	—	—	109,877	$ 26,947
Salaries	91,913	—	—	—	91,913	49,394
General and administrative expenses	32,895	—	—	—	32,895	7,795
Total expenses	234,685	—	681,108	1,364,949	2,280,742	84,136
Revenues over (under) expenses	127,629	14,447	604,922	876,247	1,623,245	(84,136)
Inter-fund transfer	14,447	(14,447)	—	—	—	—
Appropriation from State of Minnesota	—	1,000,000	—	—	1,000,000	—
Reserve for potential loan losses	—	(1,000,000)	—	—	(1,000,000)	—
Reserve for debt service and bond redemption premiums	—	—	—	(568,725)	(568,725)	—
Unappropriated fund balances, beginning of year	131,978	—	—	—	131,978	216,114
Unappropriated fund balances, end of year....	$274,054	—	$ 604,922	$ 307,522	$ 1,186,498	$131,978

The accompanying notes are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENTS
June 30, 1974

1. Authorizing Legislation and Funds:

AUTHORIZING LEGISLATION:

The Minnesota Housing Finance Agency is a public body corporate and politic created in 1971 by an Act of the Minnesota Legislature. The Agency was established to facilitate the construction and rehabilitation of housing projects for families of low and moderate income by providing for mortgage loans, development loans and technical assistance to qualified housing sponsors to be used for such construction and rehabilitation. The Agency is authorized to issue bonds and other obligations to fulfill its corporate purpose up to an aggregate amount of $600,000,000. Amounts so issued shall not be deemed to constitute a debt of the State of Minnesota or any political subdivision thereof.

FUNDS:

The following describes the funds maintained by the Agency, all of which conform with the authorizing legislation and bond and note resolutions. Prior to July 1, 1973, the Housing Development Fund was the only Agency fund in operation.

Housing Development Fund:

This fund, established by the enabling legislation, was initially funded in 1971 by a $250,000 appropriation from the State of Minnesota. Funding on an on-going basis is derived principally from loan origination and other fees, allowable transfers from other funds or groups of accounts, and investment income. Authorized activities of this fund include the following:

- to provide temporary loans to "nonprofit" sponsors to defray development costs;
- to make planning grants to local communities;
- to make rehabilitation grants and expenditures for correction of residential housing defects;
- to pay general and administrative expenses and other costs and expenses not payable by other funds or groups of accounts of the Agency.

Bond Fund:

This fund established under the Housing Finance Bond Resolution adopted August 23, 1973, is prescribed for accounting for the proceeds from the sale of the Housing Finance Bonds, the debt service requirements of the bond indebtedness, and the reserve for possible bond redemption premiums. Activities of this fund are, in general, limited to the following:

- to invest in Government National Mortgage Association (GNMA) mortgage-backed securities or, pending such purchases: a) temporary investment in securities which are general obligations of the United States or obligations which are guaranteed by the United States; b) temporary deposits in interest-bearing bank time deposits;
- to pay interest, principal and redemption premiums at or prior to maturity or redemption;
- to transfer surplus amounts of investment earnings to the Housing Development Fund, which sums may be used by the Agency for any lawful purpose.

Construction Loan Fund:

This fund, established under the Construction Loan Notes Resolution, adopted in 1973, is prescribed for accounting for the proceeds from the sale of the Notes and for the construction loans disbursed from such proceeds. The resolution imposes the following restrictions:

- advances on construction loans must be insured by the Federal Housing Administration;
- excess funds may only be invested in direct obligations of the United States or interest-bearing bank time deposits.

Debt Reserve Fund:

In 1974, the state legislature appropriated $1,000,000 to originate an Agency reserve fund for the security of bonds and notes to be issued for the purpose of providing funds for residential rehabilitation loans. At June 30, 1974, no bonds or notes had been issued for such purpose.

2. Accounting Policies:

The following is a summary of the significant accounting policies applied in the preparation of these statements. The policies conform to that stipulated in the authorizing legislation and bond and other obligation resolutions.

The Agency follows the accrual basis of accounting.

Investments in GNMA securities are carried at amortized cost. Construction mortgage loans are recorded as amounts are disbursed. Temporary investments of the Agency are carried at cost, except for debt service account investments which are carried at the lower of cost or par value. Market value of short-term investments at June 30, 1974 was as follows:

Housing Development Fund	$ 159,857
Debt Reserve Fund	1,011,075
Construction Loan Fund	15,280,535
Bond Fund	20,653,531
	$37,104,998

Costs of issuing bonds and other obligations of the Agency are amortized over the life of the issue.

Commitment fee and service charge fee income is recorded in the period assessed and the associated administrative costs are expensed as incurred. Financing fees, collected for the purpose of funding reserves for debt service and redemption premiums on debt obligations, are recorded as income in the period assessed. Premiums paid on such redemptions, if any, will be charged to expense when incurred.

A provision for possible loan losses will be made through charges against operations based on a periodic evaluation of the loan portfolio. Actual losses that may occur will be charged against such valuation reserves. No provisions were considered necessary at June 30, 1974.

3. Bonds Payable:

At June 30, 1974 bonds payable consisted of:

	Interest Rates	Maturity Dates	Aggregate Principal Amount
Serial bonds, maturing in scheduled annual amounts ranging from $295,000 to $1,240,000	5.75-8%	Sep. 1, 1974 to Mar. 1, 1983	$ 8,575,000
Term bonds, subject to redemption on or after September 1, 1978 at prices ranging from 101 to 100%	5.25%	Sep. 1, 1983	4,935,000
Term bonds, subject to redemption on or after September 1, 1983 at prices ranging from 102 to 100%	5.70%	Sep. 1, 2004	16,490,000
			$30,000,000

The aggregate effective interest rate for the year ended June 30, 1974 was 5.86% and the effective interest rate over the life of the issue is 5.71%. Interest is payable semi-annually. The assets of the Bond Fund are pledged as collateral for the payment of principal and interest on the bonds. The reserve for debt service and bond redemption premiums must be maintained at a level equal to one and one-half times the aggregate amount of the premium that would be required for the redemption of bonds if they were redeemed at the earliest possible date.

4. Notes Payable:

The notes mature on November 1, 1974 and bear interest at an annual rate of 4.41%, with interest payable at maturity. The assets of the Construction Loan Fund are pledged as collateral for the payment of principal and interest on the notes.

5. Commitments:

As of June 30, 1974 the Agency was committed to purchase 6¼% GNMA securities aggregating $18,564,782 and to provide additional construction mortgage loans aggregating $18,475,260 bearing 7% interest. In addition, the Agency was committed or had conditional loan commitments outstanding to provide interim and permanent financing on mortgage loans aggregating $15,197,518, at interest rates not yet determined.

6. Subsequent Event:

In August 1974, the Agency issued $15,000,000 principal amount of Housing Bond Anticipation Notes. The funds will be used for interim financing of multi-family housing projects scheduled to be permanently financed by the Agency through a later sale of bonds. The notes bear interest of 7¾%, payable semiannually and mature on July 11, 1975.

Auditor's Report:

To the Chairman and Members of the Minnesota Housing Finance Agency:

We have examined the balance sheet comprising the various funds of the Minnesota Housing Finance Agency as of June 30, 1974 and 1973, and the related statements of revenues, expenses and changes in fund balances for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of the various funds of the Minnesota Housing Finance Agency at June 30, 1974 and 1973, and the results of operations for the years then ended in conformity with generally accepted accounting principles applied on a consistent basis.

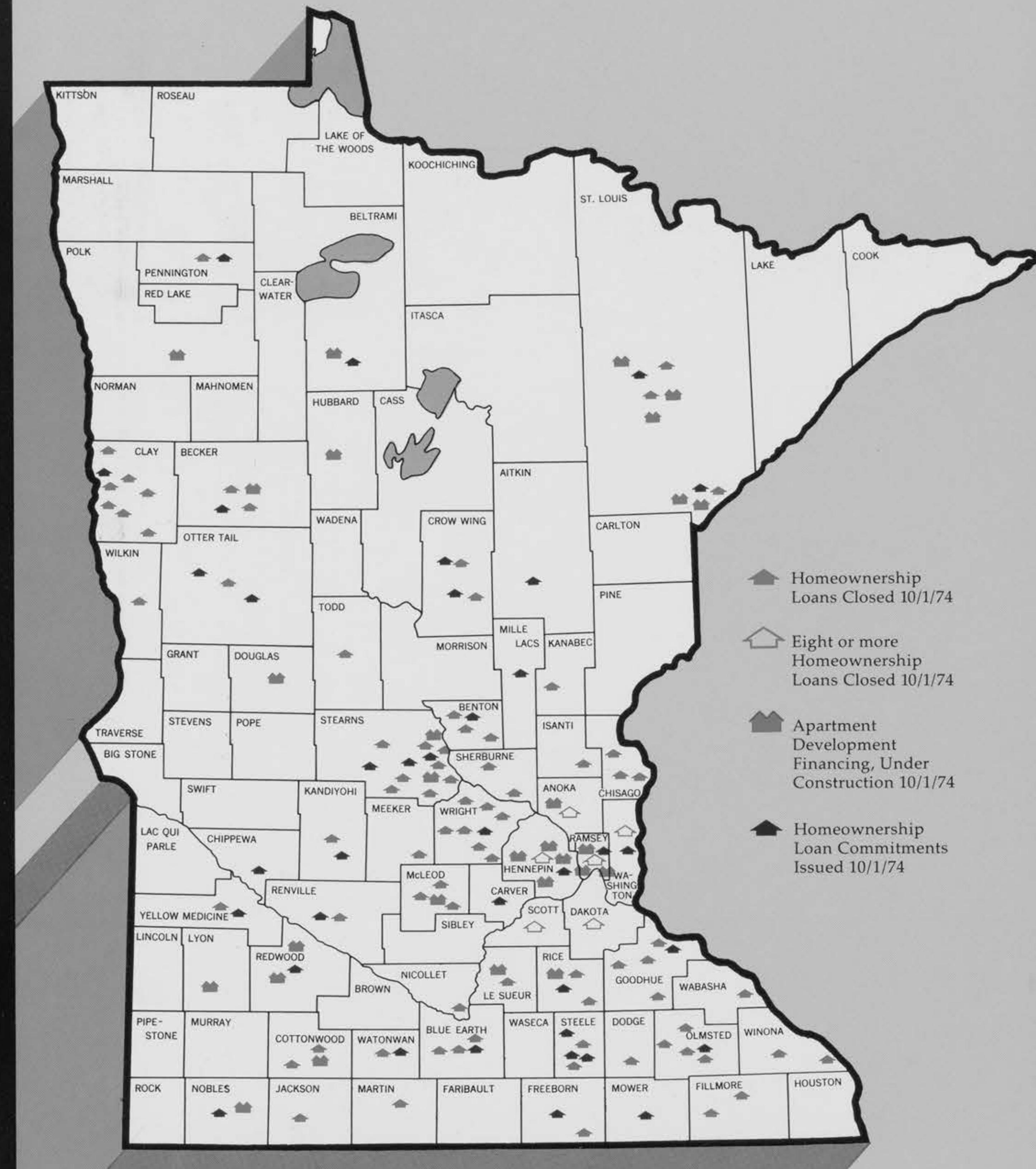
Minneapolis, Minnesota
August 2, 1974

Coopers & Lybrand
Certified Public Accountants

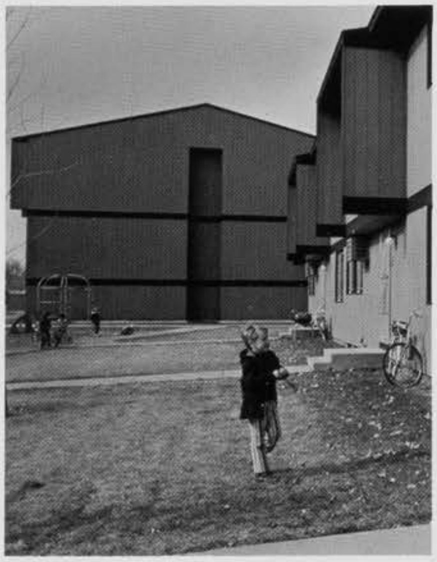
IN HARMONY WITH HISTORY

A significant MHFA financing commitment is for a 12-unit townhouse development located on Milwaukee Avenue in the Seward West urban renewal area of Minneapolis. The wood townhouses are designed to be architecturally compatible with some row houses built at the turn of the century on the same block, which have been selected for historical preservation. Architect rendering by Stanley Fishman Associates.

The Minnesota Housing Finance Agency Members



MINNESOTA HOUSING FINANCE AGENCY
CURRENT FINANCING DISTRIBUTION



minnesota housing finance agency
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