ADEQUACY OF FEDERAL RESPONSE TO HOUSING NEEDS OF OLDER AMERICANS

HEARINGS

BEFORE THE

SUBCOMMITTEE ON HOUSING FOR THE ELDERLY

OF THE

SPECIAL COMMITTEE ON AGING

UNITED STATES SENATE

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WEDNESDAY, AUGUST 4, 1971

U.S. SENATE,
SUBCOMMITTEE ON HOUSING OF THE ELDERLY
OF THE SPECIAL COMMITTEE ON AGING,
Washington, D.C.

The subcommittee met at 10:15 a.m., pursuant to call, in room 4232, New Senate Office Building, Senator Harrison A. Williams, Jr., chairman.

Present: Senator Harrison A. Williams, Jr.

Staff members present: William E. Oriol, staff director; John Guy Miller, minority staff director; Val Halamandaris, professional staff member; and Janet Neigh, clerk.

OPENING STATEMENT BY SENATOR HARRISON A. WILLIAMS, JR., CHAIRMAN

Senator WILLIAMS. We will convene the hearing of the Subcommittee on Housing of the Elderly of the Special Committee on Aging with continuing attention to the Federal programs of housing for the elderly.

This morning Eugene Gulledge, Commissioner of the Federal Housing Administration, is our first witness.

Mr. Gulledge, we appreciate your being here on this third day of our hearings on this subject, which of course, is of deep concern to all of us.

STATEMENT OF HON. EUGENE GULLEDGE, COMMISSIONER, FEDERAL HOUSING ADMINISTRATION, ACCOMPANIED BY WILLIAM B. DOCKSER, DEPUTY, AND DAVID DE WILDE, ASSOCIATE GENERAL COUNSEL FOR HOUSING PRODUCTION

Mr. GULLEDGE. Thank you very much, Mr. Chairman. I appreciate the opportunity of coming here and telling you what we feel are the facts concerning our administration of these housing programs.

I am particularly enthusiastic about your opening statement of August 2, in which you indicated that the important thing we are talking about here is housing people. We feel the same thing.

We are here to talk about housing people, and it would appear that there has been a great deal of concern about whether or not in housing people we are making it convenient or otherwise easy for sponsors and/or the bureaucracy to do the job.

Certainly we have no desire to place any undue restraints on anybody with respect to doing a job, but, at the same time, we feel like the desired result is to get people housed.

Our testimony, as you know, was prepared essentially in response to your specific points raised in your recent letter to me. We have had called to our attention testimony which has been introduced in previous days of this hearing to which our written testimony does not respond.

I would hope to be given an opportunity of putting into the record our response on some of the particularly pertinent points which were raised by some of the preceding testimony that you have had.

Now, it is my understanding that the subcommittee desires from me a general report on what the Department of Housing and Urban Development is accomplishing in providing housing for the elderly.

It is also my understanding that you propose to go into the various programs in more detail at hearings to be held at a later date. I shall, therefore, confine my remarks to a general overview of our activities.

I shall also answer several specific questions submitted in the chairman's letter of July 29, 1971. I have also brought some tabulations requested by the chairman. I have turned these over to the subcommittee staff.*

I also have with me, Mr. Chairman, my Deputy, Mr. William B. Dockser on the right, and associate general counsel for Housing Production, Mr. David de Wilde, on my left.

Aware of Housing Needs for Seniors

First, I want to assure the subcommittee that Secretary Romney and all of us who work with him are very much aware of the acute housing needs of a very large number of our senior citizens. A large number of older people live in isolation and in substandard housing.

In fact, a greater percentage of elderly families are poor than is the case for the population as a whole and many cannot expect any increase in their incomes. As a result, many of these low-income elderly families and individuals must rely on our subsidized programs if they are to achieve decent housing.

I am sure the subcommittee is as aware as we are that the housing needs and preferences of the elderly vary widely. Many of the elderly—particularly the relatively "young" elderly—have housing needs not much different from those of younger families.

Other elderly families or single persons require housing facilities more specifically designed for their needs. Such housing consists of developments or apartments equipped with recreational and other facilities, meeting rooms, and the like.

For yet other older households the need is for housing designed for congregate living with central dining facilities and a variety of other facilities and services related to leisure-time activities and health.

For those with chronic illnesses or other infirmaties associated with old age, the need is for intermediate care or full nursing home care. As you know, a patient in an intermediate care facility is usually ambulatory and needs help and supervision but not skilled nursing care.

*See appendix 1, items 1, 2, and 3, p. 183.

HUD administers programs which can and do provide for all of these needs of our elderly population.

Now, let me identify the programs:

The low-rent Public Housing program provides and will continue to provide a substantial volume of housing for elderly households of low income. Of the estimated 850,000 public housing units occupied as of December 31, 1970, approximately 331,000 units—or 39 percent—were occupied by families or individuals 62 years of age or older.

Of the Public Housing units occupied by the elderly on December 31, 1970, 160,000 were specially designed for the elderly. An additional 141,000 units specifically designed for the elderly are presently in various stages of development.

The rent supplement program provides financial assistance for low-income families living in housing constructed and managed by private groups. This program, too, is serving the housing needs of the elderly. Based on a survey made in late 1969, 36 percent of the units receiving rent supplement assistance were occupied by persons 60 years of age or over.

In 1959, the Congress passed the section 202 program which provided low interest rate—3 percent—loans to assist nonprofit groups to build rental housing for the elderly. Between July 1, 1960, and December 1970—10½ years—321 projects for the elderly were started containing approximately 43,500 units.

Section 236 Lowers Interest Rate

In 1968, the Congress enacted a new interest rate subsidy program, section 236, to stimulate the construction of rental housing by private groups for lower income households. The section 236 program provided subsidies which brought the interest rate down to 1 percent, in contrast to the 3 percent rate required in the section 202 program.

The section 236 program provided certain other advantages over the section 202 program. The section 202 program required direct Government loans at a 3-percent interest rate. The section 236 program, in contrast, provided for private loans with FHA insurance to cover the cost of construction with the Government paying only the amount needed to bring the effective interest rate down to 1 percent.

Under present budgetary concepts, it is not reasonable to assume that a sufficient amount of funds will be appropriated to finance a substantial volume of housing through a direct loan program.

With a direct loan program, Federal funds are used to cover the entire capital cost of construction. Under the 236 approach, the current annual budget impact for each unit of housing is very much smaller, that is, the payments needed to bring the effective interest rate down to 1 percent.

In addition, we believe that lower rents may be achievable under the 236 program, particularly as we receive new projects which can reflect section 236 design criteria. Also, the section 236 program provides a wider-range of sponsoring groups and greater flexibility in mixing families of different incomes and, where desired, age. As it has operated, the section 202 program has been limited to nonprofit sponsors.

Because of these advantages, we began to work toward a smooth transition from one program to the other. At the time the section 236 program was passed, the backlog of applications under section 202 amounted to approximately 35,000 units.

Parenthetically, I might insert that was around $500 million worth of units. This was far more units than could have been financed under funds authorized and appropriated under section 202, but they could be financed under the funds available for section 236.

In fiscal year 1967, for example, 6,100 units were financed under section 202, and in fiscal year 1968, the number was 6,400 units. This volume made full use of all appropriations available plus additional funds made available through repayments into the revolving fund as well as funds made available from sales of participation certificates against mortgages held in the 202 fund.

In contrast, during the first year that we began the conversion from section 202 to 236, we approved 18,000 units under section 236, and, in the past year, we approved 13,600 units for the elderly under section 236.

We have now nearly completed the transition of section 202 backlog of 35,000 units to section 236 financing. We fully expect section 236 to continue to be used to finance housing for the elderly at a volume much larger than that achieved under section 202.

Another HUD program which provides housing for the elderly is section 231. Under this program, FHA-insured loans at market rates of interest are available to finance housing designed for the elderly. As of June 30, 1971, 255 projects containing 40,446 units had been insured.

The last program that I want to mention specifically is the section 232 program under which HUD insures loans for nursing homes and intermediate care facilities. Since its beginning in 1959, 796 nursing homes have been completed or under construction, involving 80,866 beds.

We believe this program is serving a critical need for this type of facility. We believe its influence has also served to raise nursing home standards, both for construction and quality of care, throughout the country.

As you would expect, a high proportion of the persons occupying nursing homes and intermediate care facilities built under this program, are elderly people. The percentage of persons 60 years of age and above is 95 percent.

Of course, elderly families with adequate incomes make use of various nonsubsidized programs administered by HUD, which support the construction of new homes and apartments as well as the purchase of existing homes. These would include, among others, condominiums, cooperatives, mobile homes, and others that have a particular usefulness for older persons.

Another development is, in my opinion, very much related to our Department's role in serving the housing needs of the elderly. This is the emphasis we are putting on volume production of subsidized housing, and the success which this policy is achieving.

Subsidized Housing Increased

Since this administration took office, the production volume of subsidized housing has increased rapidly each year. During the fiscal year just ended, the volume of housing for low- and moderate-income families assisted by HUD exceeded 400,000 units.

This coming year we expect to reach 600,000. This is vastly more of this type of housing than has ever been produced before in this country. Ten years ago the production rate of assisted housing was less than 35,000 units a year. Even 5 years ago it did not exceed 100,000 units a year.

This dramatic increase in assisted housing production means that many more needy families are being provided with decent housing. Because housing for the elderly is an integral part of our housing production goals, and because most of our assisted programs can and do serve their needs, it follows that a larger and larger number of our senior citizens are now being given the opportunity to live in decent housing, appropriate to their special needs.

Now, let me turn to the specific questions the chairman raised in his recent letter to me.

One of your questions, Mr. Chairman, was what advantages we see for 236 over 202 in meeting the housing needs of the elderly. I have already discussed these advantages, but will be glad to elaborate, if you desire.

Your letter also asked what use the administration is making of the $10 million appropriated for the section 202 housing program for use in fiscal year 1971. The answer is that we have made no use of these funds.

In our judgment, they are not needed because we have been able to cover the financing needs of the section 202 backlog with 236 funds. The conference report on the recently passed appropriation act, passed day before yesterday by the Senate, recommends that we use $35 million of the contract authority authorized for section 236 financed housing projects specifically designed for the elderly.

If this recommendation is followed, this represents about 35,000 units. The $10 million appropriated for direct loans under section 202 in fiscal year 1971, would finance less than 700 units.

You also asked the administration's attitude on nonprofit sponsors for housing for the elderly. The answer to this is that we think nonprofit sponsors have, on the whole, done a very good job, both in constructing and managing housing for the elderly.

This is based on what we have done under the section 231 program, under the section 202 program, and more recently, under the section 236 program. Some nonprofit sponsors have had a difficult time getting into housing because they lacked experience and knowledge in a highly technical field, and also because they lacked financial resources for front-money requirements and other financial needs.

Under our section 106 program, we have for some time been providing advances to cover front-money needs. And, with the passage of this year's appropriation act, we will be in a position to provide technical assistance to nonprofit sponsors by contract.

However, I believe these problems have arisen most often with neighborhood or local groups seeking to build or rehabilitate housing for low-income families, particularly in the inner city.

I think the nonprofit sponsors who have developed housing projects for the elderly are, on the whole, very experienced in housing matters and well-equipped financially to carry through a housing project.

Another question related to what difficulties have arisen under 236 that did not exist under 202. I do not believe there are critical problems connected with use of section 236 to finance housing for the elderly.

SPONSORS MUST LEARN NEW RULES

It is possible to do practically everything, and in most cases, exceed that which could be done under section 202. I honestly think the complaints you have received reflect only the problems to be expected when sponsors must learn some new rules, follow somewhat different procedures, and deal with different people in the HUD field offices.

I feel confident that these transition problems are short term and will be quickly overcome. We recognize that cases developed under the very flexible requirements of section 202 may have problems adapting to the specific 236 criteria. In these cases, we are prepared to give waivers to avoid hardships.

The last question asks whether the Department has implemented the provisions of the 1970 act creating congregate living facilities for the elderly. We recognize the significant role which congregate housing can play in improving the situation of many elderly families.

We have drafted a handbook providing guidelines and standards for the development of congregate facilities for the elderly. This handbook is just about completed, and we expect it will be ready for public use very soon.

I have the data and enumerations which will respond to the other questions asked by the chairman. I will leave them with the committee staff.

That completes the formal statement, Mr. Chairman.

Senator WILLIAMS. Thank you very much, Mr. Gulledge.

What can we look forward to, to supplement your statement here this morning? What are you going to send us for the record?

Mr. GULLEDGE. So far, we have submitted to you various data charts which you asked for, listing the 202/236 conversion projects, with all the data you asked for, as well as all of the 202 projects since the inception of the program. We have also supplied the staff with a tabulation showing the status of the section 202 revolving fund.*

Senator WILLIAMS. Then you said something about the unanswered questions in response to our letter?

Mr. GULLEDGE. I think those are the items which we are referring to, Mr. Chairman.

Senator WILLIAMS. You ran the range of housing programs for the elderly. I appreciate that very much.

I think you first mentioned in your statement the traditional or conventional public housing for the elderly. I have spent a great deal of time, of course, not only developing the legislative programs for public housing generally, but also specifically for elderly.

As I observe in the State of New Jersey the public housing for the elderly, I have yet to see a failure. I am sure that there are degrees of success, but those that I have observed have been uniformly excellent. The results have been excellent, and I gathered the philosophy

*See appendix 1, items 1–4, p. 183.

and the attitude is to continue emphasis on public housing in meeting the needs of people who qualify for public housing?

Mr. GULLEDGE. It certainly is, Senator. As we indicated, about 39 percent of all occupied units are occupied by elderly families. We have instructions to our field to indicate to them we want them to try to achieve at least one-third of all the units which they approve to be units for the elderly.

Senator WILLIAMS. I was thinking more specifically of projects that were exclusively designed and constructed for the elderly.

300,000 UNITS FOR ELDERLY BEING DEVELOPED

Mr. GULLEDGE. We emphasize that, too. As I indicated, we have exclusively for the elderly something in the neighborhood of 160,000, plus 141,000 now in various stages of development. That is approximately 300,000 units exclusively for the elderly.

Senator WILLIAMS. As I say, my experience in viewing them, and I have seen them particularly in the State of New Jersey——

Mr. GULLEDGE. Our experience jibes with yours. We agree with you. The public housing for the elderly projects are, in general, exceedingly well run and well kept and the tenants there, in general, are exceedingly pleased to be there.

Senator WILLIAMS. We don't have to elaborate further on that.

The next point I would like to make returns to your reference to rent supplements. Certainly this response to the needs of lower income people, I think, has been marked with a great deal of success, too.

Rent supplements, the idea of meeting the need, can be applied in many programs.

Mr. GULLEDGE. Yes, sir; the rent supplement we find is exceedingly valuable in communities that do not have public housing, because unfortunately there are a great number of them that do not.

By applying the rent supplements to the programs that can use it, we find we are able to produce rent levels for the occupants that are equal to, or in some cases, below Public Housing rents.

So it is a very valuable tool in doing the Public Housing job in areas where Public Housing isn't used. Furthermore, of course, the rent supplement is being spread across the board in a great number of our projects where we run from 20 to 40 percent of the units rent supplemented.

This enables us to bring into moderate-income housing projects, reasonably low-income families and achieve an economic mix there that would not otherwise be possible. Quite often the people who you do bring in under that program are elderly people, because they are the ones who have the lowest incomes.

Senator WILLIAMS. Our testimony has been that it has made the difference in 202 housing in many cases. It has made rents realistic in 202 for low-income people.

Mr. GULLEDGE. Yes, it has.

Senator WILLIAMS. I imagine where 236 is the program, this could be the case, too.

Now, of course, our—maybe I shouldn't broaden it to say our, but my particular concern, of course, as I am sure you know, is the posture we are in with respect to 202 and 236 housing.

There is resistance to the 202 program in the administration. There is no doubt about that. And that is the word to describe the attitude about 202. There is a resistance; am I right?

Mr. GULLEDGE. I would not concur that there is resistance in the concept of 202 housing, Senator.

Senator WILLIAMS. The program?

Mr. GULLEDGE. Or the program. If there is resistance, it would have to do with the funding of the program.

I would like to give some explanation of where we find ourselves from an administrative standpoint. If you would like, I can go back into it and lay out a little history on this subject.

Senator WILLIAMS. I think that is important to do that, and then following that, we will get even into some of the other differences of the 202 and the 236 programs.

But if you would state in your own words just what the attitude is about 202 and why you resist this funding in preference to the other funding.

Mr. GULLEDGE. All right, sir; I will have to start with a couple of quotations taken from legislative history of the 1968 Housing Act. The Senate committee, in its report on that legislation, stated this:

> The new 236 program is intended to replace the 221 program as well as the program of direct 3-percent loans for elderly, 202, but only after the new program is fully operational and adequately funded.

Mr. ORIOL. What committee are you quoting from?

Mr. GULLEDGE. Senate Banking and Currency Committee report on the 1968 housing bill.

Senator WILLIAMS. What year?

Mr. GULLEDGE. On the 1968 housing bill, Senator.

Now, the House Banking and Currency Committee, in its report on the same legislation on the same subject, said:

> Because of the lower rentals achievable under this program, 236 authority is provided to transfer to or refinance under this section the MIR project under Section 221(d) (3), which have not been finally endorsed for insurance and projects under 202 which are still in development or have just been completed.

and they said because of the lower rents achievable.

NO MONEY FOR 202 PROGRAM

Now, at that point, which was August 1968, when that act was passed, the Johnson administration was beginning to shape up its fiscal 1970 budget. Mr. Johnson submitted that to the Congress in January of 1969. That budget made no provision for any appropriation of funds for the 202 program.

President Nixon amended President Johnson's budget submission of 1969 in April of 1969, and also did not call for any funds to be appropriated for the 202 program in the fiscal 1970 budget.

The fiscal 1970 budget was finally passed and became operational in December 1969, nearly 6 months after the fiscal year had begun. However, at the end of fiscal 1969, you had a 202 program on the books, but didn't have any money.

The money remaining in the revolving fund balance at the end of fiscal year 1969 was $2.3 million. That is all it had in it. The only money which came into that during fiscal 1970, since nothing was appropriated, were the repayments.

The repayments amounted to between $7 million and $8 million, plus funds that came into the revolving fund as a consequence of the conversion, which was indicated by the previous legislative history on the 1968 act, which said we would like for you to use the 236 program in lieu of the 202 program.

So we had, administratively, a pipeline which had been stopped in the spring of 1969. Shortly after this administration took office, instructions were sent out which said there is no money in the budget to carry on the 202 program, so stop taking applications for it.

At that time the pipeline was around 35,000 units. We were faced with a pipeline, which, at the rate funding had been provided and at the rate project applications were being approved, was a 4- to 5-year pipeline.

If you took no more and continued funding that program at that rate, it would have taken between 4 and 5 years to clean it up.

Now, this administration made the decision to clean it out in 2 years' time, fiscal 1970 and fiscal 1971.

Senator WILLIAMS. What do you mean, "clean it out"?

Mr. GULLEDGE. Funding. We didn't want to leave the program sitting there as applications and nothing happening. Therefore, every 202 application that was in the pipeline was made eligible for funding in 2 years instead of the 4 to 5 years it would have taken if it remained as a 202 and if the Congress had continued to fund 202 at the rate at which they had been funding it at the time when they stopped. This was 1970 and there were no funds in the budget for 1970 for 202.

So that is what happened. All of the offices were instructed and the sponsors were instructed and the 202 processing people were instructed to work with the sponsors of 202 and assure them of the fact that we do intend to fund their project within 2 years, not 4 or 5, and to expedite their processing, realizing we were prepared to take care of them.

And that began to happen and we funded approximately 18,000 units before we seemed to reach a lag. I would take it these were the ones which were further along in processing and could proceed more expeditiously. When we hit this lag, we knew roughly we had funded about half of them.

There were about 17,000 still left in the pipeline. We said, "All right, for the 17,000 left, since over a year has gone by, let's see if we can begin to convert from the 202, design criteria, sponsorship, everything else, to the 236."

We found we had problems. You can't fit one directly into the other one without the necessity to do some massaging of them to make them work. We granted waivers where the office could find that waivers were needed from a 202 application to make it fit 236 criteria.

That we have been doing, and as a consequence of that, we processed another 10,000 of these units through the funding and we have funded so far, as of right now, 28,000 of the 35,000 units in the pipeline.

There are 7,000 still left. We are working with them. Some may fall out. They may not materialize finally, because that does happen. We are prepared to fund them and have been through 1971, and are carrying over into fiscal 1972 all that didn't get done.

$10 Million Not Used

So that is really the story of what happened to the 202. Now, your efforts led to the appropriation of $10 million in fiscal year 1971. The administration had not requested it and nobody else had. I think you led the personal fight on the floor to get money in the 202 program and you were successful.

That was $10 million. That has not been used. The reason it wasn't used is because the Department and the administration's position was that all the 202 applications we had were being funded.

Now, some people will question whether or not force was used and whether or not we were successful in the funding, what sort of resistance we were meeting from the sponsors and so forth.

I have some figures here which I would like to indicate to you. I think they are rather significant figures. We have submitted to you a list of all 202 projects converted to 236.[1]

As of July 30, just a few days ago, 80 of those projects that were in that pipeline are either completed already or under construction. So apparently 80 of those sponsors didn't have that much difficulty and those had 12,946 units in them.

So we not only have been able to assure funding by determining feasibility and so forth, but we have been able to move into construction and in many cases, even to actual completion of units, where as of July 1, 1969, the beginning of the fiscal 1970, there were no funds available except from this source in any meaningful amounts, because the residue of the revolving fund at the beginning of fiscal 1970 was about $2 million, and paybacks in 1970 were around roughly $8 million, so you have roughly $10 million.

That would fund 700 units. We actually not only funded, but got underway and/or completed nearly 13,000 units.

Administration Withholds Funds

Now, because of the fact that we were taking care of very adequately, at a much larger scale than had previously been done, all of the projects in the pipeline, we felt that expenditure of the $10 million was not a wise use of the funds.

Now the justification of that, Senator, lies in a problem which the administration always faces of withholding appropriated funds. Apparently it has been facing it since Thomas Jefferson was President, because even he withheld appropriated funds. It wasn't much at the time. It was roughly $1 million, but the whole budget was $10 million, so he withheld about 10 percent of the national budget.

It has been a prerogative always used. It has become a question in this time whether they can or can't, should or shouldn't. There is nothing the Congress has done that says they can't, except on some specific items of appropriations, as you know.

The administrative decision to withhold funds is usually made in the light of two things which the administrative arm has to deal with. Congress, on the one hand, appropriates money and, on the other

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[1] See appendix 1, item 1, p. 183.

hand, applies a ceiling on spending, and all money appropriated can't be spent, and somebody, somewhere, has got to make a choice as to what you are not going to spend of what is appropriated.

Now, it is the Department's position, and the administration's position that the $10 million appropriated for 202 should not be spent, because we were taking care of the 202 pipeline with the 236. That is simply the story of why the $10 million hasn't been spent.

Now, it is our feeling that the problems which are alleged to lie with getting 202 projects approved, and I have gone into some of the testimony presented by some of the people who certainly have their problems, have to be viewed against the fact of what would have happened if we hadn't converted, because if we hadn't converted 202 to 236, there simply wouldn't be any more 202. If we had not converted 202's into 236, there would have been no meaningful number of 202's. Possibly less than 1,000 units could have been produced.

Senator WILLIAMS. Say that again. Why?

Mr. GULLEDGE. Simply because there were no funds.

Senator WILLIAMS. The way it has been going, I have a feeling what was requested in this area would have been approved. You didn't request funds.

Mr. GULLEDGE. I am talking about fiscal 1970.

Senator WILLIAMS. There weren't any funds requested.

Mr. GULLEDGE. The Johnson administration requested no funds. The Nixon administration requested no funds.

Senator WILLIAMS. The only funds came through the amendment. I was the only one who suggested we have funds.

Mr. GULLEDGE. That was fiscal 1971.

Senator WILLIAMS. Yes. The budget request dried up on 202 funds. Am I right on that, and that started with 1970?

Mr. GULLEDGE. The budget for 1970 requested no funds. Nobody on the floor or the Senate offered to put any funds in.

Senator WILLIAMS. It took us a year to learn.

Mr. GULLEDGE. We had a full year to operate a program and the only way you could operate was by way of conversions, otherwise everything would have stood still, nothing would have happened. Maybe with the $2.3 million in the revolving fund plus the payback we could have approved up to 700 units.

Senator WILLIAMS. We will take the next step in a moment as to why you switched over to 236. And I tell you, the people out there who have assumed responsibilities of bringing housing to the elderly—well, I will read you a statement from a man whose work you know, and I know you are very proud of his work. It is more than acceptable to you.

I am speaking of Mr. Dorman of Springvale Terrace. This is a showpiece of 202 housing. You know that, don't you?

Mr. GULLEDGE. I am not familiar with that project.

Senator WILLIAMS. I tell you, it is a showplace. One of the departments downtown went out with the cameras and pictorialized it and this was to be the showpiece of elderly housing. Am I overstating that?

Mr. GULLEDGE. I think you are overstating it. Senator. We shot four different projects for elderly. We did not identify them as 202's.

Senator WILLIAMS. I know you didn't.

Mr. GULLEDGE. I said that in the beginning. We have no objection to the 202 as a program. Only the financing is what we objected to.

Senator WILLIAMS. This is where we have to get down to this and we don't have forever, of course, but the words current annual budget impact, they are right at the core of the thinking in the administration; current annual budget impact.

Mr. GULLEDGE. That is correct.

Senator WILLIAMS. But look at it from where the taxpayer sits in his own discomfort, and the impact on him. What are the mortgage periods of 202 and 236?

Mr. GULLEDGE. 202 can be written for 50 years, and 236 whatever we want. We do write them at 40 years.

Senator WILLIAMS. Now, what is the budget impact of a $3 million project, the budget impact going the 202 route and going the 236 route. Not the current annual but the budget impact?

Mr. GULLEDGE. Are you talking about total impact over the life of it?

Senator WILLIAMS. Yes.

Mr. GULLEDGE. Well, I happened to have worked that out to $1 million, but you can multiply the figure by 3 and come up with the $3 million if you want to.

Senator WILLIAMS. We have had testimony around us here and let us just come to grips with what the taxpayer is paying for the same housing one way and paying the other way.

Mr. GULLEDGE. Can I discuss your righthand chart, because I can read that one from here. The one on the right, "$3 million project cost the Government $8 million in interest alone."

Let me just tell you some of the information I have here. I think it relates to whatever you have up there.

Senator WILLIAMS. Where did this chart come from? Mr. Renfrow, would you follow this as we go? Mr. Gulledge is going to analyze the chart.

ROBERT RENFROW, S.E. HOUSING DEVELOPMENT CORP., ST. PETERSBURG, FLA.*

Mr. RENFROW. Yes, sir.

Mr. GULLEDGE. Take the lefthand side under section 202 direct loan program, $3 million was repaid to the Government plus 3-percent interest.

COST TO GOVERNMENT

There is no indication given on that chart as to what the cost to the Government is. The cost to the Government to provide money at 3-percent interest is rather high. I will tell you how high it is.

These are the present Treasury borrowing rates, and I have them for Friday and Tuesday. If you borrow money for 1 year—this is a 50-year commitment you are making of funds—for 1 year it ranges from 6.04 percent to 5.95 percent, an average of 6 percent. For a 5-year period, it is 7.01 percent to 6.96 percent, averaging nearly 7 percent. If you want to go to a 10-year period, it is 7.09 percent to 6.93 percent, averaging nearly 7 percent.

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*See Mr. Renfrow's statement, pt. 1, p. 17; see also Comparative chart, pt. 1, appendix 3, p. 72.

The Government today to fund a $1 million project under 202 has got to borrow the money to do it, and if it is going to borrow the money to do it, it is going to be paying approximately 7 percent.

It is going to be lending the money at 3 percent and the taxpayer picks up the tab for the 4 percent differential over the life of that mortgage term.

Now, applying those figures to the 50-year period involved would generate a subsidy cost of $1.68 million on a $1 million original disbursement by the Treasury. They borrowed $1 million and paid 7 percent for it. They have to keep on reborrowing that as the terms run out.

We are projecting that is the way the money would go. Although everybody knows the cost of the money goes up, not down. The cost to the taxpayer is $1.68 million. I am not using mirrors.

Take a 236, which is the one on the righthand side, keeping it $1 million, here we have $1 million borrowed in the private capital market for 40 years.

Senator WILLIAMS. Let's keep the years the same, shall we?

Mr. GULLEDGE. We can't.

Senator WILLIAMS. Why?

Mr. GULLEDGE. Because that is the way the mortgage is written.

Senator WILLIAMS. You said you can write them either way.

Mr. GULLEDGE. That is the way all of them are written.

Senator WILLIAMS. So the figures will be comparable, let's use the same figures.

Mr. GULLEDGE. I don't have it that way.

Senator WILLIAMS. But you have the authority and you just said this a moment ago, with 236 you can use either 40 or 50. Did I hear you wrong?

Mr. GULLEDGE. You did not hear me wrong.

Senator WILLIAMS. If you are using 50 for the other one, use 50 for this one. Just for our hypothetical on cost, let's use the same mortgage.

Mr. GULLEDGE. I will be glad to supply that for the record, if you let me pursue what we have in actuality now, because I don't have it on a 50-year basis.

Senator WILLIAMS. It will be less meaningful. From your standpoint, I would think you would want to be precise.

Mr. GULLEDGE. These are the operations of the programs and the cost to the taxpayers.

Senator WILLIAMS. They are for different periods.

Mr. GULLEDGE. It is also obvious, Senator, if you were to shorten the loan period of the 202 to 40 years, then the rents would be higher than the people in there are paying, because they amortize the thing over a quicker period of time.

If you extend the 236 to 50 years, the rent would be less, because you are amortizing it over a longer period of time.

Based on a 236 for 40 years on 7 percent mortgage, 1 percent paid by the borrower and therefore we are subsidizing 6 percent of it, the cost of that subsidy is $1.77 million. So by that illustration, your 236 is about the same on the taxpayers' pocketbook as 202.

Senator WILLIAMS. Have you made the reduction for the 3 percent?

Mr. GULLEDGE. I sure have.

Senator WILLIAMS. I was distracted. Did you follow that, Mr. Renfrow?

Mr. RENFROW. Yes, sir; I did not catch the 40-year figure on the 236 at 7 percent. I am sorry.

Mr. GULLEDGE. $1.77 million would be the total cost of subsidy on a $1 million mortgage.

Mr. MILLER. Mr. Gulledge, you made reference to the rentals. Could you give us the rental figure for these two kinds of projects?

Mr. GULLEDGE. Of course the rental figure is a composite of a number of things, the amortization of the debt being just one of them. You have management costs, utility costs.

Mr. MILLER. Particularly as related to the amortization?

Mr. GULLEDGE. We don't have a rent projection based simply on amortization. You would conclude, however, since the total amount to be paid is approximately the same, $1 million principal in each case, about $1,700,000 plus or minus subsidy in each case, based purely on that fact, you would expect to find that the rents would be about the same.

SAME COST TO TAXPAYER

My point here, Senator, is not to in effect try to make a favorable case for 236 over 202. because I am not. I am simply trying to say that the case is not unfavorable for 236 as compared to 202. That is all. And we have not approached the 202 funding program from the standpoint of which is more or less expensive in the long run for the taxpayer.

That hasn't been what has been looked at, but we do feel whether you go the 202 route or the 236 route, you are going to wind up with reasonably the same cost to the taxpayer.

Mr. RENFROW. Mr. Gulledge, I don't enjoy this position, but may I ask——

Senator WILLIAMS. This is a little exceptional, but we were referring to Mr. Renfrow's chart here.

Mr. RENFROW. Yes; in the first instance, if my arithmetic is correct, even under your statement of the situation, the net cost over the 50 years under 202 to the Federal Government is approximately $2.4 million.

I figured that by rounding your $1 million figure to $1.8 million and then multiplying it by three to bring it to $3 million, which is $5.4 million paid by the Federal Government for the money it borrows.

The Federal Government, under your hypothetical, under 202, pays for its borrowed funds, assuming it uses borrowed funds, a total of $5.4 million. And on a 40-year basis, it works out to about $5.1 million under 236.

However, did you subtract, I wonder, sir, the 3 percent interest that the Government is getting?

Mr. GULLEDGE. Yes.

Mr. RENFROW. All right; this is a net interest figure.

Mr. GULLEDGE. What you essentially are talking about is $1 million with 4 percent subsidy for 50 years versus $1 million with 6 percent subsidy for 40 years.

Mr. RENFROW. I assure you I tried to do this right, and I think I did. I assumed that the Federal Government over the long pull is going to be paying approximately 5 percent for borrowed funds. I made this assumption based on the average of all Government borrowings as of the end of the preceding fiscal year from 1969, $4\frac{1}{2}$; 1970, $4\frac{7}{8}$; and 1971, $5\frac{1}{2}$.

Thus, historically, even at times of extraordinary high interest rates, 1971, it is an average of $5\frac{1}{2}$ for all the Government borrowings, which, of course, is a combination of long and short term.

Second, the assumption is made that the original mortgage loan is the same amount. I think, sir, that you would have to agree on analysis that because 236 imposes quite a substantial number of financing and FHA fees, that in fact the mortgage loan on 236 is higher.

On the three examples that I calculated, on actual projects, I found an approximate spread of $1,400 more per unit in the original mortgage amount. Thus you have to, if you are trying to make an accurate comparison, accept the fact that the 236 mortgage loan will be approximately $1,400 per unit higher, and therefore, you should be figuring on a higher principal.

Second, I believe you referenced that at 7 percent, the Government subsidy would be 6 percent. Am I incorrect in assuming that the Government also makes up the one-half percent annual mortgage insurance premium? In other words, the annual subsidy is not only the difference in interest, but also the half percent MIP?

Mr. GULLEDGE. No; you are not incorrect. The MIP is included.

Mr. RENFROW. In any event, on the actual—not hypothetical—example we used, 5 percent is the average interest paid by the Government.

Assuming the accuracy of that for the long haul, we found approximately 1 to 3 ratio in the cost to the Government, even assuming that the Government borrows the funds entirely rather than using general revenues.

If they use general revenues from the plain common sense standpoint, the Government actually makes a profit. If it uses tax moneys and lends at 3 percent, it gets that 3 percent, and it also gets the principal.

Senator WILLIAMS. You were referring, you said, from an actual case, Mr. Renfrow?

Mr. RENFROW. Yes, sir. I hope that the typewritten copies were delivered to Mr. Gulledge's office. These are cases, sir, which were filed as a 202 program and were processed completely through up to firm comment as 202's, but financed and closed as 236's. As such, they were given the benefit of certain waivers and reductions in normal FHA fees.

So in order to try to be totally fair and candid on this situation, instead of using the mortgage figures shown which would result in these applications being filed as 236's, and subjected to full financing charges and FHA fees, instead I used the actual mortgage amount at which they were closed, and also the actual subsidy amount per annum which was listed in the firm commitment, and I cranked in all the things that go into a 202 which do not go into a 236, in an effort to make this absolutely, precisely accurate on a real project.

Senator WILLIAMS. What is the net conclusion in comparison?

Mr. RENFROW. The net conclusion, assuming 5 percent paid by the Government and assuming the Government borrows all the funds, with which to finance 202 at $6\frac{1}{2}$ percent, on this actual project which was closed at 8½, net cost to the Government would be $2,415,600 under 202.

The net cost under 236 will actually be $8,138,520. That was at the highest rate of interest we hit in years, and I hope we never get there again. At 7½ percent, the comparable figure for 202 is $2,836,080, and for 236, $8,600,000.

Of course, as we got to the current maximum FHA rate, this project in Raleigh, N.C., on a 202 basis, assuming again the 5 percent borrowed funds by the Government, would cost the Government net over 50 years, $2,013,600. Had it been financed, as it was, under 236, the actual cost will be $8,884,080.

Senator WILLIAMS. Thank you, Mr. Renfrow.

Mr. GULLEDGE. Could I make a comment? It was indicated that these were design 202 projects working under the limitations, whatever they might have been, and funded as 236 at the end of the processing line.

My statement indicated to you that we expect that 236 criteria, applicable from the beginning, will result in a lower mortgage cost which will have some effect of offsetting such fees that we are required by statute to impose on a 236 project which were not imposed on the 202 program.

PAYS 25 PERCENT OF INCOME FOR SHELTER

However, let me state something else. The 236 program, as you know, has a feature in it, which is not in the 202 program. The occupant of a 236 unit must pay 25 percent of his income for his shelter. As his income goes up, or as incomes in general go up—because every year there is a little more, everybody's income goes up a little more—the elderly not as fast as other people, but even Social Security payments go up.

You have to pay 25 percent of your income toward your shelter rent. Now if that figure produced anything more than is needed to carry that mortgage at the 1-percent interest rate, the excess rental payments are returned to the Government.

Now we have taken a look at the general concept of how long we expect to be subsidizing these 40-year mortgages, and our projections don't contemplate subsidizing the 40-year mortgage for the full 40 years for the maximum amount of money.

We project that rising incomes over the years are going to give us somewhere in between the 28- and 30-year period of a complete payoff.

Senator WILLIAMS. I tell you, if you are looking to Social Security for that rent increase, believe me you have come to the wrong forum to advocate that.

How does the Brooke amendment affect this and the rent supplements?

Mr. GULLEDGE. It only affects public housing.

Senator WILLIAMS. And the rent supplements?

Mr. GULLEDGE. It is available.

Senator WILLIAMS. You say increases in Social Security are available here?

Mr. GULLEDGE. I said increases in income.

Senator WILLIAMS. You mentioned Social Security increases, too.

Mr. GULLEDGE. I gave that as an illustration. Even those whose only income is Social Security, even that income goes up.

Senator WILLIAMS. Yes, is that available for this increase on the payoff on the 236?

Mr. GULLEDGE. They have to pay 25 percent of their income by statute.

Senator WILLIAMS. That is mandatory, 25 percent, is that right?

Mr. GULLEDGE. Yes; that is correct. It is by statute.

Senator WILLIAMS. In other words, if we increase Social Security, there will be someone who is paying 25 percent of his income and he is a Social Security beneficiary, and we raise Social Security, that automatically increases his rent; is that right?

Mr. GULLEDGE. If his income goes up, his rent goes up.

Senator WILLIAMS. I am talking about only Social Security. That is an automatic application to this rent if his only income is Social Security and that goes up?

Mr. GULLEDGE. As counsel tells me, we have basic rents and market rents. The market rent is the rent that would be charged if there were no subsidization at all. Basic rent is the rent charged with the subsidy down to 1 percent.

If 25 percent of his income is below the basic rent, then he must pay the basic rent. If 25 percent of his income is below basic rent and the income goes up, he still doesn't have to pay any more than the basic rent until 25 percent of his income exceeds the basic rent. Then as his income increases, he will have to pay more money.

Mr. MILLER. As a specific, if there was an increase of $10 in Social Security, he would be liable for $2.50 increase, if that was the only change in the income; is that right?

Mr. GULLEDGE. If his Social Security income together with any other income was sufficient whereby 25 percent of it equaled basic rent, then, yes. If otherwise, no.

Mr. MILLER. But it would not be more than 25 percent of his Social Security?

Mr. GULLEDGE. No, not more than 25 percent of anybody's income. But therefore, with your 236, we didn't attempt to shade these figures on that basis. Really, our calculations don't anticipate 236 mortgages being fully subsidized for 40 years where there is no question where a 202 program is subsidized at the maximum rate for 50 years.

With the maximum rate, I agree with Mr. Renfrow, it may be conjectural what the average borrowing rate of the Government is, but his own figures showed it had jumped from 4½ to 5½ percent in a 2-year period. All average interest rates keep going up, including that borrowed by the Government.

Senator WILLIAMS. A ceiling was put on today by the Secretary of the Treasury. I shouldn't say that as a matter of fact. He called for it.

I wonder if I could ask for your cooperation, Mr. Gulledge. I have been called over to vote. My concern, let's say, with 236, has become, I think, a rather broad and perhaps general concern. I was going to read some opinions from journals and periodicals and get your comments.

I have got to go over. Would it be acceptable for Mr. Oriol, our staff director, to handle this part of it while I go over there?

Mr. GULLEDGE. Sure.

Senator WILLIAMS. We find this is an efficient way to do business around here. Some committees don't, but this one does.

Mr. GULLEDGE. Fine.

Mr. ORIOL. The quotation to which the Senator refers to was in the July 24, National Journal. I would like to read it to you, because in a general way it expresses what several individual witnesses have said about the 236 program:

> Political support for the subsidy programs is evaporating because they are in trouble on four counts: They are costly and inefficient; they are triggering serious problems of social and political equity; they encourage shoddy buildings and irresponsible business practices; they are exacerbating the urban crises.

On that last point, several witnesses have said that if FHA criteria were followed closely, which, of course, FHA is insisting on doing, that the typical 202 projects, or let's say a type of project which occurred with great frequency under 202, is the fireproof, high rise, concrete supported building in a midtown or downtown area, where residents are within walking distance of shopping and other facilities, whereas under 236, apparently there is a great tendency to insist upon almost garden-type construction, far removed from walking distance of anything, and also producing a great strain upon the typical 202 applicants for residents who are predominently single women or widows in their mid-seventies, who do not own automobiles.

How does 236 serve them?

Mr. GULLEDGE. First of all, the FHA has no criteria that prohibits high rise, fireproof concrete construction. As a matter of fact, we insist on it if it is a high rise.

Mr. ORIOL. On it being fireproof?

Mr. GULLEDGE. Sure. I know of no elevator construction in the country that isn't fireproof.

Mr. HALAMANDARIS. Let me ask you a question. Would you supply for the record the number of high rise units that were built under 236 for the elderly?

(The information requested follows:)

> A total of 177 Section 202 pipeline proposals had been funded under the Section 236 program as of July 31 1971 (excluding those projects on which construction had been completed at the time of conversion). Of these 177 projects for the elderly, 133 (75 percent) were five stories or more. Those consisting of 10 stories or more numbered 102.

Mr. GULLEDGE. I can tell you right now probably very few, for one very good reason. As you well know, the 236 program for the elderly per se, has not been available for use until fiscal 1972, and that started about 5 weeks ago. Obviously there are no projects that are completed, high rise for the elderly or any other for the elderly, under the straight 236 funding, and the reason for that is obvious.

We were providing under the 202 conversion somewhere between 16,000 and 18,000 units of elderly housing a year of 236 funds, which was an appropriate breakdown of the funds that were being used for other purposes.

Mr. HALAMANDARIS. You are telling us that FHA really has no prohibition against high-rise; and we can anticipate, in future years, that the elderly will have the benefit of the same kind of high-rises built for 202?

Mr. GULLEDGE. We have been doing it in 231 and 230.

Mr. HALAMANDARIS. If you want to open up the 231 bag, fine.

No Bias on High-Rise

Mr. Gulledge. You are the one who said can we expect it. I am saying we have had no bias on it, and the record is clear on that fact.

Mr. Halamandaris. I am glad to have the statement.

Mr. Gulledge. Let me get something down about your sites. You wanted to talk about that. On November 1, 1971, FHA Circular 4215 talks about the processing of 202 elderly housing under section 236.

This gives some criteria to be applied. "Design and Planning Consideration." Paragraph 3. Paragraph 3–A cites:

> A well located site is probably the most important element of a successful project. Experience indicates that a project should be located within easy walking distance of stores and needed services, including religious institutions and medical facilities and the full range of shopping facilities.

Now, any implication that FHA is in favor of putting the elderly out in the boondocks is without foundation.

Mr. Oriol. It is more than implication. It is testimony, and we will certainly be supplying you with a transcript for your reply on specific instances that we have had testimony on.

Mr. Gulledge. We are responsive first of all to sponsors requests that we approve a project at a given location. We find out whether or not the given location will satisfy and meet the needs of the intended occupants. Those are our procedures and these are our instructions.

Mr. Oriol. May I give a specific on that?

Mr. Gulledge. I would be glad to have you submit it in writing, or now.

Mr. Oriol. The executive director of Pinellas County Building Department, in south Florida, which has built one 202 and has two 202/236 conversion projects under construction, reported to the committee staff yesterday that the Tampa FHA this week advises that the proposed project on land contiguous to the conversion projects under construction will have the following limitation: Height must not exceed three stories. Maximum of 18 dwelling units per acre, and the existing project has 40 to the acre. Construction costs may not exceed $14 per square foot, and although the land is zoned commercially, FHA will not appraise for actual market value, but only for maximum residential value.

Mr. Gulledge. That is absolutely correct, and that is sound policy.

Mr. Oriol. Please elaborate.

Mr. Gulledge. You are trying to provide housing for the elderly and trying to hold the costs down. Commercial property is not a proper location for housing elderly poor people. There is no appraiser anywhere in the country——

Mr. Oriol. I am really more interested in the other point, height must not exceed three stories. Do you require elevators in a three-story building for the elderly?

Mr. Gulledge. It depends on the occupancy; ordinarily, no.

Mr. Oriol. What is the exception?

Mr. Gulledge. It would depend on the topography of the land.

Mr. Oriol. What about the age of the tenants?

Mr. Gulledge I said ordinarily no, but it depends on the people who are going to live there and the topography you are going to put it on. In Florida I imagine it is probably flat.

Mr. ORIOL. Mr. Gulledge, another project which we have had extensive testimony on, in Florida——

Mr. GULLEDGE. Your whole line of questioning on that has one of two answers. Either the sponsor does not understand what the office is requesting of him, or the office may be misinterpreting some instructions.

Mr. ORIOL. When you say the sponsor may not understand what is required of him, what do you think he has been told? What is the basis of the misunderstanding?

Mr. GULLEDGE. He may be told these are the guidelines we would like to have you work toward, rather than being told these are the mandatories you must not exceed. Both types of situations can exist.

Mr. ORIOL. Well, what doesn't the FHA office in Tampa understand?

Mr. GULLEDGE. It may not understand any of our instructions.

Mr. ORIOL. The whole office?

Mr. GULLEDGE. On any particular subject, we have a shelf of regulations which is 9 feet in length.

Mr. ORIOL. We have had testimony to that effect, too.

Mr. GULLEDGE. And to say that everybody who has anything to do with any case understands clearly all the instructions is an impossibility, and I make no such claim. I am perfectly willing to look into any situation for anybody who has any claim that the office doesn't understand instructions the way they understand them.

Mr. ORIOL. That is why I bring this to your attention.

TOO MUCH DIRECTION

On this other point, the sheer weight of the FHA requirements, we were told—well, we had the actual documents here—that under 202 the architectural specifications, I believe, are less than the table of contents to the FHA design requirements, and yet, under 202, thousands of units were produced, and our witnesses say that they are superior-type units than is now possible with 236.

Mr. GULLEDGE. There were no mortgage limits under 202. There are mortgage limits under 236 imposed by statute. We feel restrained to indicate to architects working with a program which has a mortgage limit what we will accept in the way of design criteria.

Mr. ORIOL. Yould you elaborate on that, Please?

Mr GULLEDGE. I just did.

Mr. ORIOL. I would like a little more. I didn't quite follow that.

Mr. GULLEDGE. If you have no ceiling on the amount of money you spend, you don't need to give an awful lot of direction to the architect what to do. If you have a ceiling on how much money you can spend, you have to be concerned more explicitly what you will accept and what you won't.

Mr. ORIOL. What do you mean by ceiling and why no ceiling under 202?

Mr. GULLEDGE. Your 202 didn't have mortgage limits on it.

Mr. ORIOL. There was an amount of funding available.

Mr. GULLEDGE. Sure.

Mr. ORIOL. There was an application which was entered and which was looked at.

Mr. GULLEDGE. There were no statutory limits and I stand on that.

Mr. ORIOL. All right, and I don't understand it.

Mr. MILLER. What is the limit under 236?

Mr. GULLEDGE. It is spelled out in the law. For one bedroom, x dollars, and so on. We are allowed administrative judgment to determine if there are high cost areas to which those limits have to be raised up to a maximum of 45 percent of the base provided in the statute. There can be some areas not high cost and we don't raise them at all.

There are other areas which are costly and we go to the full 45 percent. We are required to make those determinations.

Mr. MILLER. They might by reason of such costs, make a project impossible of completion, am I correct?

Mr. GULLEDGE. You mean as 202?

Mr. MILLER. No, as a 236.

Mr. GULLEDGE. As a 236 you would find it not happening. If it wouldn't be possible to complete it, at the time you determine feasibility, you say this is not feasible unless you can find a way to reduce the costs. Of course we have a continuing role. The FHA is required to protect the Government's interest as well as protect the consumer's interest, and the specifics of the minimum property standards are designed with both those in mind.

Mr. ORIOL. Mr. Gulledge, on page 7 of your testimony that we received last night, there was this line, "Also, we are receiving new applications for housing for the elderly under 236."

That line has been deleted from the statement you gave today. What is the reason for that?

Mr. GULLEDGE. I didn't think it gave any particular weight to the story. Those are editorial changes more than anything else.

Mr. ORIOL. You are not receiving new applications?

Mr. GULLEDGE. Yes, we are.

Mr. ORIOL. How many?

Mr. GULLEDGE. We started in March of this year. I don't have any figures on them. We will be glad to provide them for the record.

Mr. ORIOL. I would like that.

(The information requested follows:)

Section 236 Pending Proposals for Elderly Housing, as of August 15, 1971 (Excluding Section 202 Pipeline Cases)

Region:	Units
I	2,943
II	887
III	2,886
IV	6,603
V	7,915
VI	913
VII	1,396
VIII	420
IX	3,906
X	736
Total	28,605

Mr. GULLEDGE. As a matter of fact, I wrote on March 16, to all regional administrators: "It has come to my attention" and so forth, getting on down to the area regarding new proposals: "With respect to new proposals, we expect great interest in housing for the elderly in the next fiscal year."

That was written March 16 of this year. "We intend to provide considerable funding for this housing, although we have not yet determined the amount or method of handling the funding."

As a matter of fact, we didn't know what we were going to get in the way of money. "Accordingly, applications for new proposals not part of the pipeline should be accepted and may be processed up to feasibility. These can be considered after May 1, 1971."

Mr. ORIOL. Was there a freeze on granting of applications for 236 projects for the elderly from July 1970?

Mr. GULLEDGE. Until March 16, 1971.

Mr. ORIOL. From July 1970 to March 16 of this year?

Mr. GULLEDGE. March 16 of this year, and as far as the freeze, I would say practically from the beginning.

MISUNDERSTANDING OF INSTRUCTIONS

We have 77 offices, plus 10 regional offices, and they don't always get the word the same way, and there is a communication problem. We found that two or three cases of 236 did originate out of one office when they shouldn't have.

Mr. ORIOL. Which office?

Mr. GULLEDGE. The Atlanta Regional Office. I think it was Florida. which of the three offices, I don't remember.

Mr. ORIOL. The sole reason those occurred was lack of communication?

Mr. GULLEDGE. Lack of their understanding of our instructions, yes.

Mr. ORIOL. Did they receive the instructions?

Mr. GULLEDGE. As far as we know, they did.

Mr. ORIOL. In what form?

Mr. GULLEDGE. Written form.

Mr. ORIOL. Is it your assumption they didn't read it or didn't understand it?

Mr. GULLEDGE. I didn't determine what it was. We had to go ahead and approve them.

Mr. ORIOL. I don't understand why.

Mr. GULLEDGE. Because when we make a commitment we have to live up to it.

Mr. ORIOL. Even though the basis of that commitment apparently was a misunderstanding or lack of communication?

Mr. GULLEDGE. Unless there is indication of fraud involved, when we make a commitment, we live up to it.

Mr. ORIOL. Did you check into it for fraud?

Mr. GULLEDGE. We checked into the why, and we were satisfied that it was purely misunderstanding.

Mr. ORIOL. So you were satisfied there was no fraud at all?

Mr. GULLEDGE. Yes, sir. The letter was issued on August 20, 1970. It came to our attention on September 14, 1970. We phoned down there to find out why they were approving this project and that is when they found out they had made a mistake.

Mr. ORIOL. Who took the call, do you know?

Mr. GULLEDGE. We don't know who was talked to down there.

Mr. HALAMANDARIS. I know who.

Mr. GULLEDGE. Does it make any difference?

Mr. HALAMANDARIS. It does.

Mr. GULLEDGE. In what way?

Mr. HALAMANDARIS. I will talk to you about that in conference, if I may, after you get through testifying.

Mr. GULLEDGE. That will be fine. We talked to our office. Who answered the phone, I have no idea. We had three people from Washington talk to them, in fact.

The instructions they were disregarding were our June 30, 1970, instructions pinpointing the date they were told not to fund.

Mr. ORIOL. The instructions were issued on June 30?

Mr. GULLEDGE. Yes.

Mr. ORIOL. When were the applications approved?

Mr. GULLEDGE. August 20.

Mr. ORIOL. Two months later.

Mr. GULLEDGE. Seven weeks.

Mr. ORIOL. Seven weeks later.

In these hearings there have been frequent references to what witnesses have described as the scandal and disaster of the 231 program, for which you certainly were not responsible——

Mr. GULLEDGE. I know we were distracted, but you were reading an article from the National Journal. Did you want me to comment on that?

Mr. ORIOL. I read it to you in case you wanted to make a comment. Do you wish to comment?

Mr. GULLEDGE. Yes.

Mr. HALAMANDARIS. It is obvious to me Mr. Gulledge has read every item on 236 that has been published. I want to compliment you for being well prepared.

You are not on the griddle here, and I don't want you to think you are. But I want to find out the facts, and you are doing a good job of presenting the facts.

I don't know whether it was the article that appeared in the Jack Anderson column that stimulated you to be so well prepared, but whatever it was, again, I compliment you.

Mr. GULLEDGE. The gentleman who wrote that article for Mr. Anderson talked to me and told me he was going to write it. It is unfortunate when I gave him the facts he chose to ignore them, however. It is not too unusual among some reporters.

Mr. ORIOL. Mr. Gulledge, since that column has been referred to in this hearing, and since you say it omitted some facts, you are welcome to present them here.

Mr. GULLEDGE. The assertion that Mr. Gulledge, himself, personally, was the one who did all the converting—or subverting, as he would put it—of the 202 program to 236. I have already introduced in the record the facts that the Johnson administration planned to make the conversion, and nobody in the Congress objected to it.

Mr. HALAMANDARIS. What about the language of the 1969 report of the Banking and Currency Committee?

Mr. GULLEDGE. I have the 1968 and 1969 conference reports, neither one of which negates the other. The 1969 report simply said we didn't mean for you to force anybody into converting.

Mr. HALAMANDARIS. The point was——

Mr. GULLEDGE. They also didn't provide any funds.

Mr. HALAMANDARIS. Wait a minute. We are talking about the Banking and Currency Committee, which authorizes, not appropriates—and they authorized $150 million.

Mr. GULLEDGE. They vote and have a voice on the floor when the appropriation comes up, like anybody else.

Mr. HALAMANDARIS. Let's talk about authorization in one category and——

Mr. GULLEDGE. I have to go back to appropriated funds.

Mr. HALAMANDARIS. We are talking about congressional intent. If you want to talk about congressional intent, I think an authorization expresses congressional intent. You are correct that Senators ought to express their feelings on the floor during appropriation debates as well.

As you know, the Senator is not always appraised of the fact in a particular situation, until it is too far gone.

Mr. GULLEDGE. Would you say that is poor staff work?

Mr. HALAMANDARIS. I would say that is poor staff work, very definitely.

You stated to me in your testimony, a few minutes ago, that you, basically, have no objection to the 202 program—the direct loan program.

Assuming that the 202 program were to be put at not 3 percent, but at what cost the Government to borrow money, would you object to it then?

Let's assume it cost the Government 5 percent to borrow money.

Mr. GULLEDGE. Well, I will tell you what my personal feeling is and then I will give you the official position, so there won't be any misunderstanding.

PERSONAL OPINION—NOT OFFICIAL POSITION

My personal feeling is—I have stated this before several committees of the Congress, not this one, but certainly the Appropriation Committee of both House and Senate, and the Senate House and Banking and Currency Committee dealing with the Subcommittee on Housing.

My personal opinion is that the interest subsidy program is the very wrong approach, that direct funding is the correct approach if you are trying to do the right thing.

Mr. HALAMANDARIS. Let me interrupt you, if I may. Doesn't it put you in a curious position; that you have to defend a position you don't believe, nor want to defend?

Mr. GULLEDGE. You will find an administrator has to do many things.

Mr. HALAMANDARIS. I am going to pat you on the back again, because you have done an excellent job.

Mr. GULLEDGE. The official position with which I have to be faced when I face reality is simply this: If the Congress were considering today an appropriation bill that had enough money in it to take care of the subsidized housing needs on a direct loan basis, we would be back to producing somewhere between 50,000 and 100,000 units of housing a year, because that is all we were able to generate enough steam for.

Those figures become so large under a direct loan program that it simply wasn't a politically achievable job to be able to get the Congress to appropriate that much more money.

You have a number of things, including the fact that the national budget does not have a capital account, something I think it ought to have, but Mr. Kennedy's commission, who worked for President Johnson, came up with the concept we didn't want a capital budget account.

We have to deal with what we have and the one we have simply does not indicate any reasonable expectation that the Congress is going to appropriate enough funds in total each year to produce any sizeable number of units that have to be subsidized.

Facing that reality, the only other thing you have is what we have, that they will appropriate each year enough money to pay the interest subsidy approach. That is the reality of it.

Mr. HALAMANDARIS. You are saying, "If they see it under 202, as a direct line item charged against the budget, it may scare them to see $100 million or $300 million appropriation for each year?"

Mr. GULLEDGE. Well, it would, because the Congress has taken a very firm position, and my personal objections to the way we are doing it are not borne out by any action of the Congress.

Because the Congress in 1968, 1969, 1970, 1971, and now with the 1972 budget, have taken the firm position each and every time that they prefer the interest subsidization route to the direct loan route.

Mr. HALAMANDARIS. You are saying that this is what Congress appears to prefer, and who are you to stand in the way of the Congress?

Mr. GULLEDGE. Since I can't change the Congress.

Mr. HALAMANDARIS. Why don't we become allies and see if we can get direct funding?

LOYALTY TO ADMINISTRATION

Mr. GULLEDGE. I have another feature, which is loyalty, and as long as I am working for the administration, I am going to carry their cause.

Mr. HALAMANDARIS. Then you are not on my side; but, unofficially, we are still allies here.

I would like to run through a little arithmetic with you, if we can. You have probably read this. In fact, I am sure you have, on the basis of your responses today.

This is the Congressional Record. When the appropriation bill went through the House, Congressman John Ashbrook put in the Congressional Record a table——

Mr. GULLEDGE. I think we supplied it to him.

Mr. HALAMANDARIS. The assumption is made that the current appropriation year the House will, and in fact did, appropriate $165 million in new contract authority for section 236.

On the basis of that assumption, the total contract authority comes to $490 million over the current fiscal year. Thus, the table, which you supplied, sets the cost of the Government—both minimum and maximum.

The minimum cost, when this authority is used, will be between $18 and $19 billion. Is that correct?

Mr. GULLEDGE. Those are our computations, yes.

Mr. HALAMANDARIS. What we are saying now is; if the Federal Government has committed itself to pay out that much money over 40 years, and a Congressman is only confronted with one portion of it year by year, it doesn't scare him; but, if he sees it in the budget as a direct line item, it does worry him. Is this the position you take?

Mr. GULLEDGE. Yes, and there is a rather simple reason for it. We all like to postpone hard decisions, and the Congress is human, like the rest of us, and they would rather bite that bullet some other time and hope somebody else will bite it.

But there is another economic reason. We are speaking today in terms of, I think, our total budget amount. Don't hold me to be exact on this, but the approximate subsidy for fiscal 1972, I believe, is about $2.4 billion, somewhere in that range.

That is what we are going to pay out this year for all the subsidized housing that has ever been authorized since the first housing unit right up to the last 235, 236, that we subsidized.

That is a little under 1 percent of the budget. When the annual housing 10-year goals are achieved in 1978, it is also our projection that in that year we will spend about $7.5 billion for subsidy. That is in 1978.

Now, does anybody know what the budget is going to be running in 1978? At the rate at which it is going up now, it is going to be considerably more than any $225 billion. It is apt to be $350 or $400 billion by that time.

There it levels off, $7.5 billion each year for a rather extended period of time, and there you have the minimum and maximum as to how long it might run.

But one thing we do contemplate is the gross national product will keep on climbing. This year it is a trillion. By 1978, it is projected we are going to have $2.5 trillion GNP. The taxes coming out of $2.5 trillion GNP will support a budget of $400 million, and the $7.5 billion will not be that big a part of it.

So that is the economic rationale behind deferring to later, simply because inflation, national growth and everything else is going to get you off the hook.

Mr. HALAMANDARIS. I will underscore that last statement. Apparently this is what the administration is praying—that inflation is going to get us off the hook. Wouldn't it be better to take firmer measures to reduce inflation?

Mr. GULLEDGE. It is this administration's No. 1 domestic target.

Mr. HALAMANDARIS. I have listened to your very eloquent statements here for a couple of minutes. I want to pick up our "very worried Congressman," and give you a little mathematical suggestion of my own. Our worried Congressman is what we are focusing on now.

He sees the direct line item charged against the budget. I have figures which say that the largest appropriation that Congress made for 202 was $100 million. That is going to scare him about as much as he will ever get scared by 202—$100 million in the budget. That was in 1964.

Last year in the appropriations budget—I believe I am correct on this, you probably have the figures and you can check me—the cost of the 236 program in subsidy—I am not talking about new contract authority, I am talking about the subsidy payment the Federal Government is committed to make—in 1 year had risen to $135 million.

It doesn't scare the Congressman when the Government is committed to make that payment for 40 years, but it scares him if he sees it in the budget each time. Evidently that is your case.

But, you have answered the question for me. Essentially you have said you have no real objections to 202, and the direct loan method as a vehicle—if the interest rate is set at, say, what it cost the Government to borrow the money.

Mr. GULLEDGE. I didn't say I agreed with that. What I said was I did not think that would produce the housing we needed.

Mr. HALAMANDARIS. OK.

Mr. GULLEDGE. That is my real problem. As the Senator said in his press release, there are 350,000 more elderly people each year, or something like that.

The 202 program, at best, generated maybe 7,000 or 8,000 units in the peak period. In the 10 years it averaged less than 5,000.

VOLUME HOUSING—QUICK AND EFFICIENT

I am looking for volume. I am looking to try to house a lot of people, and as quickly and efficiently and economically as it is possible to do so. You simply can't get it through direct loans.

Mr. HALAMANDARIS. Let's talk about that. If I am wrong, and you take exception, please come in on it.

Let me give you the projections. The figures I have say the Congress has appropriated $465 million total for section 202 since the inception of the program. Of that, $10 million was not used; it was last year's Williams amendment.

So we are working on the basis of $455 million. With that the Congress has built 450,000 units, as you know, under 202.

Mr. GULLEDGE. 45,000.

Mr. HALAMANDARIS. Under section 202, 45,000 units. With simple division we can fix the cost to the Government, over the years 1960 through 1970, at roughly an average of $1,110 per unit. This is what it cost us to build a unit under 202—over this period of time.

Having arrived at that $1,000 figure——

Mr. GULLEDGE. I believe it is $10,000 rather than $1,000. I believe you are skipping the zero.

Mr. HALAMANDARIS. Yes; about $10,000 a unit. What does it cost to build a unit under 236?

Mr. GULLEDGE. Let me update your figures. It so happens I have them. Our latest cost of the 202 units—if you want to go back and average over 10 years, it would be a little unfair, since the 236 hasn't been running 10 years.

You might as well take the latest 202 and the latest 236. Our latest 202 cost has been running, say, over $15,000. Now, the $10,000, which they averaged when you take $450 million and 45,000 units——

Mr. HALAMANDARIS. You made a statement that the House committee had earmarked $35 million to be used for 236, and roughly that would produce 35,000 units. That is under 236.

Mr. GULLEDGE. Right; here we are not paying the entire capital cost. We are merely paying the subsidy with that money. We can contract for that.

Mr. HALAMANDARIS. I appreciate that.

Mr. GULLEDGE. Roughly $10,000 a unit is what it is costing under 236 each year.

Mr. HALAMANDARIS. This is what I need to have clarified. But the basic point I was making is that the cost to the Government—let's get our assumptions straight. I am assuming that the Federal Government need not borrow to fund section 202.

Mr. GULLEDGE. When 10 percent of the total expenditures were borrowed this past year, it is a rather arbitrary assumption you are making. You might as well say they are borrowing to buy bombs for Vietnam as well, or to build housing.

Mr. HALAMANDARIS. Someone has to make the decision. Thus, let's make the assumption the Federal Government doesn't have to borrow. Then the analogy holds; which says that the project under 202—discounting the fact that that same project is going to cost you $300,000 more in FHA fees—cost $3 million, and this same $3 million project under 236, roughly, will cost the Government a 236 interest-subsidy of $8 million.

Mr. GULLEDGE. There is no 10 percent in fees.

Mr. HALAMANDARIS. Our figures are contrary. I would ask you to examine the charts prepared for us by Mr. Renfrow.

Mr. GULLEDGE. I would be delighted to. He indicated they had been brought to our office. I have not seen them yet. We would be glad to analyze whatever he has.

Mr. HALAMANDARIS. Here is the whole point I am trying to make. I am convinced in my own mind—even after listening to your testimony—that the ratio is roughly 2½ to 1. In other words, the cost to the Government under 236 is roughly 2½ times as expensive as the 202. I am convinced of that.

Mr. GULLEDGE. I am convinced it isn't. The one thing I did not do here was take the Senator's request and figure them both on the same period.

The second thing I didn't do was really take the 236 projects for what we anticipate will be the real subsidy cost. I took a flat figure, because 202 is a flat figure, and when I do both of them, I am convinced 236 is going to be cheaper rather than more expensive than 202.

Mr. HALAMANDARIS. I was under the impression you took exception to that chart because of the projected ratio—2½ to 1.

Mr. GULLEDGE. There are two or three things. The interest rate is not 8 percent, it is 7 percent. The assumption is made that borrowed money cost nothing. It does cost.

Mr. HALAMANDARIS. Right. That is where I thought you were taking exception, because you assume the Federal Government has to borrow money.

But putting that assumption aside, I am convinced—and here is the point I am trying to make. You have built now under section 236 in 2 years—as provided for us from your own testimony—31,000 units. The cost of that, I project under 202, is approximately $465 million. That is my figure.

Then I multiply that by the ratio of 2½, and I find it would cost the Government $1.1 billion, in interest alone, for that same housing on the 31,000 units.

Mr. GULLEDGE. You are working with different assumptions, and of course you can be satisfied your assumptions are correct. We will be glad to comment on your assumptions for the record. We will try to submit a more specific statement of what we anticipate a typical $1 million of 236 would ultimately cost the Government.

Mr. ORIOL. Mr. Gulledge, I just spoke to the Senator and informed him that I think perhaps some of the matters we are now discussing should be presented to you in writing so that we can get your reply in writing.

Mr. GULLEDGE. We would be glad to.[1]

Mr. ORIOL. I am happy that Mr. Renfrow will provide your office with copies of those three detailed charts. We would like your comments on those.

There is another point that has not come up, and that may require some research, and that is that we are concerned about what several witnesses have told us about the tendency to apply the ad valorem tax to a 236 project simply because it is a 236 project, even if it were a 202 project which has become a 236, and therefore, it is suddenly taxed and therefore the rental goes up, not down.

We would very much like to get information and pose specific questions to you concerning that.

Another thing, and this, I believe, was the point of the excerpt which the chairman was going to read to you before he left, but the impact or the thrust of that statement which comes from someone who has worked with nonprofit sponsors and the thrust of the testimony given by many people related to nonprofit sponsors, is that they would have continued under 202, but they have a growing resistance and increasing negative feeling about 236, and they feel they will not use it.

Several feel that FHA does not want to have nonprofit sponsors, and would rather have limited dividend sponsors. We will send you the excerpt of that testimony. We would appreciate your response to that.

Senator, did you want to read him this excerpt?

Senator WILLIAMS. No; because of the time, and with this understanding, we will write to you and you write to us.

I understand while I went over to vote that you have had a very instructive, productive period here.

Mr. GULLEDGE. Informative on both sides.

Senator WILLIAMS. Very good. I have had a report and I appreciate your testimony.

Mr. GULLEDGE. I feel constrained to indicate I will confirm all of this, but the general assertion that perhaps we are unfriendly to nonprofits, I think on the fact of it, sort of falls down, when you realize somewhere between 40 and 45 percent of all our 236 are nonprofit sponsored.

Mr. ORIOL. How much?

Mr. GULLEDGE. Between 40 percent and 45 percent.

Mr. ORIOL. What was the rate under 202?

Mr. GULLEDGE. Section 202 was 100 percent. That was the way the statute was written originally. You couldn't get anybody but nonprofit sponsors under the statute.

[1] Retained in committee files.

Senator WILLIAMS. Thank you very much, Mr. Gulledge. Your prepared statement will be entered at this point in the hearing record.
(The statement follows:)

PREPARED STATEMENT OF EUGENE A. GULLEDGE, ASSISTANT SECRETARY FOR HOUSING PRODUCTION AND MORTGAGE CREDIT—FEDERAL HOUSING COMMISSIONER

Mr. Chairman and Members of the Committee: I appreciate the opportunity to appear before the Subcommittee. It is my understanding that the Subcommittee desires from me a general report on what the Department of Housing and Urban Development is accomplishing in providing housing for the elderly. It is also my understanding that you propose to go into the various programs in more detail at hearings to be held at a later date. I shall, therefore, confine my remarks to a general over-view of our activities. I shall also answer several specific questions submitted in the Chairman's letter of July 29, 1971. I have also brought some tabulations requested by the Chairman. I will turn these over to the Committee staff.

First, I want to assure the Subcommittee that Secretary Romney and all of us who work with him are very much aware of the acute housing needs of a very large number of our senior citizens. A large number of older people live in isolation and in substandard housing. In fact, a greater percentage of elderly families are poor than is the case for the population as a whole and many cannot expect any increase in their incomes. As a result, many of these low income elderly families and individuals must rely on our subsidized programs if they are to achieve decent housing.

I am sure the Subcommittee is as aware as we are that the housing needs and preferences of the elderly vary widely. Many of the elderly—particularly the relatively "young" elderly—have housing needs not much different from those of younger families. Other elderly families or single persons require housing facilities more specifically designed for their needs. Such housing consists of developments or apartments equipped with recreational and other facilities, meeting rooms and the like. For yet other older households the need is for housing designed for congregate living with central dining facilities and a variety of other facilities and services related to leisure-time activities and health. For those with chronic illnesses or other infirmities associated with old age the need is for intermediate care or full nursing home care. As you know, a patient in an intermediate care facility is usually ambulatory and needs help and supervision but not skilled nursing care.

HUD administers programs which can and do provide for all of these needs of our elderly population.

Let me identify these programs:

The low-rent public housing program provides and will continue to provide a substantial volume of housing for elderly households of low income. Of the estimated 850,000 public housing units occupied as of December 31, 1970, approximately 331,000 units (or 39 percent) were occupied by families or individuals 62 years of age or older. Of the public housing units occupied by the elderly on December 31, 1970, 160,000 were specially designed for the elderly. An additional 141,000 units specifically designed for the elderly are presently in various stages of development.

The rent supplement program provides financial assitance for low income families living in housing constructed and managed by private groups. This program, too, is serving the housing needs of the elderly. Based on a survey made in late 1969, 36% of the units receiving rent supplement assistance were occupied by persons 60 years of age or over.

In 1959, the Congress passed the Section 202 program which provided low interest rate (3%) loans to assist nonprofit groups to build rental housing for the elderly. Between July 1, 1960, and December 1970, 321 projects for the elderly were started containing approximately 43,500 units.

In 1968, the Congress enacted a new interest rate subsidy program, Section 236, to stimulate the construction of rental housing by private groups for moderate income households. The Section 236 program provided subsidies which brought the interest rate down to 1%, in contrast to the 3% rate required in the Section

202 program. The Section 236 program provided certain other advantages over the Section 202 program. The Section 202 program required direct government loans at a 3% interest rate. The Section 236 program, in contrast, provided for private loans with FHA insurance to cover the cost of construction with the government paying only the amount needed to bring the effective interest rate down to 1%. Under present budgetary concepts it is not reasonable to assume that a sufficient amount of funds will be appropriated to finance a substantial volume of housing through a direct loan program. With a direct loan program, federal funds are used to cover the entire capital cost of construction. Under the 236 approach, the current annual budget impact for each unit of housing is very much smaller, that is, the payments needed to bring the effective interest rate down to 1%.

In addition, we believe that lower rents may be achievable under the 236 program, particularly as we receive new projects which can reflect Section 236 design criteria. Also, the Section 236 program provides a wider range of sponsoring groups and greater flexibility in mixing families of different incomes and, where desired, age. As it has operated, the Section 202 program has been limited to nonprofit sponsors.

Because of these advantages, we began to work toward a smooth transition from one program to the other. At the time the Section 236 program was passed, the backlog of applications under Section 202 amounted to approximately 35,000 units. This was far more units than could have been financed under the funds authorized and appropriated under Section 202, but they could be financed under the funds available for Section 236. In fiscal year 1967, for example, 6100 units were financed under Section 202, and in fiscal year 1968 the number was 6400 units. This volume made full use of all appropriations available plus additional funds made available through repayments into the revolving fund as well as funds made available from sales of participation certificates against mortgages held in the 202 fund. In contrast, during the first year that we began the conversion from Section 202 to 236, we approved 18,000 units under Section 236 and, in the past year, we approved 13,600 units for the elderly under Section 236. We have now nearly completed the transition of Section 202 backlog of 35,000 units to Section 236 financing. We fully expect Section 236 to continue to be used to finance housing for the elderly at a volume much larger than that achieved under Section 202.

Another HUD program which provides housing for the elderly is Section 231. Under this program, FHA-insured loans at market rates of interest are available to finance housing designed for the elderly. As of June 30, 1971, 255 projects containing 40,446 units had been insured.

The last program that I want to mention specifically is the Section 232 program under which HUD insures loans for nursing homes and intermediate care facilities. Since its beginning in 1959, 79 nursing homes have been completed or under construction, involving 80,866 beds. We believe this program is serving a critical need for this type of facility. We believe its influence has also served to raise nursing home standards, both for construction and quality of care, throughout the country. As you would expect, a high proportion of the persons occupying nursing homes and intermediate care facilities built under this program are elderly people. The percentage of persons 60 years of age and above is 95%.

Of course, elderly families with adequate incomes make use of various non-subsidized programs administered by HUD which support the construction of new homes and apartments as well as the purchase of existing homes. These would include, among others, condominiums, cooperatives, mobile homes and others that have a particular usefulness for older persons.

Another development is, in my opinion, very much related to our Department's role in serving the housing needs of the elderly. This is the emphasis we are putting on volume production of subsidized housing and the success which this policy is achieving. Since this Administration took office, the production volume of subsidized housing has increased rapidly each year. During the fiscal year just ended, the volume of housing for low and moderate income families assisted by HUD exceeded 400,000 units. This coming year we expect to reach 600,000. This is vastly more of this type of housing than has ever been produced before in this country. Ten years ago the production rate of assisted housing was less than 35,000 units a year. Even five years ago it did not exceed 100,000 units.

This dramatic increase in assisted housing production means that many more needy families are being provided with decent housing. Because housing for the elderly is an integral part of our housing production goals, and because most of our assisted programs can and do serve their needs, it follows that a larger and larger number of our senior citizens are now being given the opportunity to live in decent housing, appropriate to their special needs.

Now, let me turn to the specific questions the Chairman raised in his recent letters to me.

One of your questions, Mr. Chairman, was what advantages we see for 236 over 202 in meeting the housing needs of the elderly. I have already discussed these advantages, but will be glad to elaborate, if you desire.

Your letter also asked what use the Administration is making of the $10 million appropriated for the Section 202 housing program for use in fiscal year 1971. The answer is that we have made no use of these funds. In our judgment, they are not needed because we have been able to cover the financing needs of the Section 202 backlog with 236 funds. The Conference Report on the recently passed appropriation act recommends that we use $35 million of the contract authority authorized for Section 236 financed housing projects specifically designed for the elderly. If this recommendation is followed, this represents about 35,000 units. The $10 million appropriated for direct loans under Section 202 would finance less than 700 units.

You also asked the Administration's attitude on nonprofit sponsors for housing for the elderly. The answer to this is that we think nonprofit sponsors have, on the whole, done a very good job, both in constructing and managing housing for the elderly. This is based on what we have done under the Section 231 program, under the Section 202 program, and more recently, under the Section 236 program. Some nonprofit sponsors have had a difficult time getting into housing because they lacked experience and knowledge in a highly technical field, and also because they lacked financial resources for front money requirements and other financial needs. Under our Section 106 program, we have for some time been providing advances to cover front money needs. And, with the passage of this year's appropriation act we will be in a position to provide technical assistance to nonprofit sponsors.

However, I believe these problems have arisen most often with neighborhood or local groups seeking to build or rehabilitate housing for low income families, particularly in the inner city. I think the nonprofit sponsors who have developed housing projects for the elderly are, on the whole, very experienced in housing matters and well equipped financially to carry through a housing project.

Another question related to what difficulties have arisen under 236 that did not exist under 202. I do not believe there are critical problems connected with use of Section 236 to finance housing for the elderly. It is possible to do practically everything and, in most cases, exceed that which could be done under Section 202. I honestly think the complaints you have received reflect only the problems to be expected when sponsors must learn some new rules, follow somewhat different procedures, and deal with different people in the HUD field offices. I feel confident that these transition problems are short term and will be quickly overcome. We recognize that cases developed under the very flexible requirements of Section 202 may have problems adapting to the specific 236 criteria. In those cases, we are prepared to give waivers to avoid hardships.

The last question asks whether the Department has implemented the provisions of the 1970 Act creating congregate living facilities for the elderly. We recognize the significant role which congregate housing can play in improving the situation of many elderly families. We have drafted a handbook providing guidelines and standards for the development of congregate facilities for elderly. This handbook is just about completed and we expect it will be ready for public use very soon.

I have the data and enumerations which will respond to the other questions asked by the Chairman. I will leave them with the Committee staff.

Senator WILLIAMS. Our next witness is Wallace G. Teare, of the American Institute of Architects.

Mr. Teare, we appreciate your being here with us today and look forward to your statement.

STATEMENT OF WALLACE G. TEARE, THE AMERICAN INSTITUTE OF ARCHITECTS; ACCOMPANIED BY JOHN HANS GRAHAM, AIA, AND JACKSON WRIGHT, SR., DIRECTOR, AIA HOUSING PROGRAMS

Mr. TEARE. Thank you.

Mr. Chairman, I am Wallace G. Teare, a practicing architect and partner in the firm of Weinberg, Teare, Fisher, and Herman of Cleveland, Ohio. Today, I am speaking on behalf of the American Institute of Architects along with John Hans Graham, AIA, on my left, an architect from Washington, D.C., and Jackson Wright, Sr., on my right, the director of the institute's housing programs.

The American Institute of Architects, a professional society representing 24,000 licensed architects, is pleased to have this opportunity to discuss the housing needs of older Americans, and the effectiveness of the Federal Government's programs in this field.

In view of the late hour, Senator, we will summarize our testimony, if you wish, and we will submit our complete statement for the record.[1] But we think our oral presentation would not take more than about 20 minutes, if that is satisfactory with you.

Senator WILLIAMS. Fine, thank you.

RECOGNIZE HOUSING NEEDS OF ELDERLY

Mr. TEARE. We are not economists, or sponsors, or sociologists; we are architects who recognize the housing needs of the elderly and seek to design housing and community facilities that are responsive to these needs.

Architects have found the section 202 direct loan housing program to be the most effective vehicle that the Federal Government has operated in providing housing for the low- and moderate-income elderly.

We thought the best way to demonstrate the effectiveness of the section 202 program would be through a few brick and mortar examples—that we were planning to illustrate by means of slides on the screen—but in view of the hour, we will instead offer a few graphic presentations to the committee outlining several housing projects constructed under the section 202 program.

If possible, we would like to have these brochures printed in the record.[2]

Mr. TEARE. We trust that these brochures will reflect the variety of housing that can be constructed for the elderly through the participation of nonprofit sponsors under the section 202 program.

Section 202 is one very good tool in assisting our elderly and the people dedicated to filling their needs.

Nonprofit sponsors with a wide variety of backgrounds and interests have proven to be devoted and capable sponsors of a very substantial amount of housing. Their boards of directors devote their time and talents to this work without compensation, and they deserve every encouragement Government can give them.

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[1] See p. 155 for prepared statement.
[2] See appendix 2, p. 203.

Now, I would like to make a few observations on the objectives of any housing program for the elderly that should be sought in creating and administering a sound program.

On site selection, on the decision of the types of residents to be served, and on planning the building and its facilities, restraints and controls should be minimal. Naturally, we are aware that Congress, in creating the legislation, and the administration, in carrying out the program, have great responsibilities to conserve the limited resources that can be devoted to these programs.

ECONOMIC SAFEGUARD

However, we believe that the intent of Congress as expressed in the original 1959 legislation on section 202 is an adequate safeguard. It reads:

> No such loan shall be made unless the administrator finds that the construction will be undertaken in an economical manner, and that it will not be of elaborate or extravagant design or materials.

We believe this is sufficient. Simple rules like that will encourage sponsors with their experienced professional assistance to achieve economical results.

The sponsors, their consultants and architects should be given maximum freedom to determine the characteristics of projects. This would encourage greater experimentation and greater variety of projects. ultimately resulting in progress toward better design.

As to budget, we believe the Department of Housing and Urban Development should approve realistic cost estimates that permit creation of well-designed, long-life buildings to serve the needs of the user. One of the principal features distinguishing good housing for the elderly from ordinary apartment buildings is the senior center for community activity space, illustrated in our brochures.

These centers serve the residents as well as elderly from the surrounding community. In this space, programs of physical therapy and occupational therapy, as well as recreation, can be developed. We think the importance of this feature cannot be overemphasized.

The elderly can enjoy social intercourse and find new meanings to their lives. They have tried too long to hide these citizens in cheap housing and overcrowded, understaffed nursing homes to await their death. Can we afford this posture when it only requires 5- to 10-percent construction cost to include adequate recreation space?

As to timing of funds, as soon as a project is approved in principal, we believe advance loans should be available for land acquisition and planning.

This should be a part of the basic financial package, not requiring a sponsor to make a separate application under the section 106 advance planning program. It would relieve the sponsor of the problem of meeting these early expenses and relieve the consultants and architects from waiting months after the services are performed for compensation.

Loans should include all necessary equipment for the main kitchen serving the Senior Center and all movable furniture and equipment for other social spaces, as it is very difficult for nonprofit sponsors to raise the cost of these things locally.

As to the overall financing, methods should be found to reach lower rent levels than either section 202 or 236 rental housing projects are able to reach, and yet above the Public Housing figure. Interest rate and/or interest subsidy are of course the most important factors, and variety is needed here, perhaps down to no interest rate loans as recommended by National Housing Conference.

In many States a large factor in rents is the real estate tax. Subsidies should be available to pay a part of such taxes, perhaps the part normally going to the board of education since projects for the elderly do not increase the school population.

Reduce Redtape

A word as to the processing time. Redtape in Government agencies should be reduced. With cost of construction rising approximately 1 percent a month, common delays of 6 months in processing applications obviously adds 5 or 6 percent to the cost of each project, making estimates obsolete and causing difficulties in awarding contracts.

In the light of the foregoing recommendations, some comparisons can be drawn between section 202 and section 236 in practice. I will cite a few examples at this time, largely of section 202, and then Mr. Graham will offer a more complete analysis of the problems facing the practicing architect in connection with the section 236 program.

Section 202, in our experience, has had the advantage of relatively simple administrative procedures, with a relatively free hand given to architects in planning. It has had disadvantages of long delays in processing, frequently because funds were not available.

Its policy of establishing rigid cost limits per unit resulted, in most of the projects with which we are familiar, in having a much higher proportion of efficiency suites than sponsors or the market desired; rents ended up higher than many people were able to pay, partly because of the multiple and overlapping safeguards built into the administrative interpretation of the law.

For example, a 202 application used to have to show funds available for debt service 10 percent greater than actually needed, while at the same time a vacancy ratio of 5 percent was assumed, even though most well-operated projects are 99-percent to 100-percent occupied.

Another administrative problem has been that the final payment to the sponsor, and therefore to the contractor, is much too slow in becoming available, and contractors undoubtedly reflect this in making their bids.

Section 236 may have some advantages, but seems to us to have many more disadvantages than section 202. We are aware, of course, of the short-range advantage to the Government in using an annual interest-subsidy rather than a direct loan, which was already discussed at considerable length this morning.

But the advantage to the sponsor and ultimately the elderly tenant is very small. The debt service on section 236 is slightly—but not significantly—lower than on section 202.

In our experience, it is about 0.75 percent lower. This savings of 0.75 of 1 percent does not have a very significant effect on rents, particularly when the section 236 program adds to the construction cost because of the market rate of interest on funds during construction and the FNMA and other financing features.

In our experience it has been somewhat easier to secure approval of an adequate senior center under section 202 than under section 236. This may be due partly to the traditional approach of the respective agencies administering the programs, one more socially oriented, the other more business oriented.

We believe that the Federal Housing Administration's policy on section 236 of permitting negotiation with one or more contractors—as against the competitive bidding normally required under section 202—has an advantage in that sponsors and their architects are better able to utilize expertise of contractors from the outset; and, thus, better control the cost throughout the development of their drawings.

With section 236 there is much more administrative redtape than there use to be under section 202. This is partly, of course, because a mortgagee other than the Government was involved—as in FNMA. The result is a closing procedure which involves 27 different documents. By comparison with an FHA closing, a section 202 approval seems, in retrospect, like a model of simplification.

Thank you, Mr. Chairman, for the opportunity to present these views, and now Mr. Graham would like to expand our presentation on section 236.

Senator WILLIAMS. Yes, Mr. Graham.

STATEMENT OF JOHN HANS GRAHAM, AMERICAN INSTITUTE OF ARCHITECTS

Mr. GRAHAM. My firm's professional experience with section 202 projects extends over many years. We have designed housing for the elderly for Four Freedoms, Inc., in Florida, Michigan, Washington State, Pennsylvania, and in other States.

Two years ago we were selected as the national architect for housing for the elderly projects sponsored by the Supreme Lodge of B'nai B'rith. Several local lodges in Wilkes-Barre, Pa.; Albany, N.Y.; Harrisburg, Pa.; Cherry Hill, N.J.; Philadelphia, Pa., and others have engaged us.

Some of these projects were in "pipeline 202." One of them is 90 percent completed to date, and will be dedicated on December 12 of this year. However, others were started 2 years ago in 1969, under section 236. They are not committed as yet, after 2 years.

The administrative procedure under the section 202 direct-loan program was less cumbersome, faster, and especially designed for the elderly. Its administrators were trained in the needs for elderly housing and were in sympathy with the program.

Under section 236, elderly housing is only one, small segment of the section. I wish the compassion and understanding of the section 202 staff could be implanted in the Federal Housing Administration regulars. This combination would guarantee a desired increase in processing applications and final approvals of many elderly housing projects now in the planning stage.

CONGRESSIONAL FUNDING

Of course, the program's funding by Congress is a most important requirement. More often than not there are simply no allocations of funds available for 236 and if they are, there ensues a hassle as to allotments to the various segments of the program.

We are pleased to see that the Senate Appropriations Committee has indicated its desire that the Department of Housing and Urban Development use at least $25 million of the section 236 appropriation in the current fiscal year for interest subsidy payments for elderly housing.

Unless sufficient funds are set aside exclusively for elderly projects, the demand for low-rent family housing will virtually exhaust available funds to the detriment of the senior citizens.

In my view, the architect's mission is to design—within a limited budget—housing for the senior citizen with comfort, privacy, amenities, and special features that make his maintenance-free dwelling not just bearable shelter but a truly comfortable home.

What is the budget we are talking about? Is it carefully set up for elderly housing or is it subject to general limitations established years ago for family housing? The answer appears to be that under section 236, there is no realistic approach to fashion a construction budget which allows a nonprofit sponsor to build housing for the elderly in today's market.

Frequently, before a section 236 project is certified by FHA to be fundable and feasible—after many months, and yes, years of sparring and negotiations—the urgent request is then made of the architect by FHA to obtain realistic bids from qualified contractors, based on completed architectural, engineering plans, and specifications to verify the construction cost.

To everyone's dismay, the bids are frequently higher than originally estimated, because during the delay, there have been increases in labor, material, and other seasonal costs which amount to more than 1 percent per month.

Now, the two major questions that face the sponsor and the architect are the following: First, will there ultimately be a mortgage commitment; and second, who pays for the services that the architectural and engineering firms have rendered in furnishing contract documents prior to establishing feasibility of the project?

Lower Unit Cost Under Section 202

The section 202 program as it was administered by the Housing Assistance Administration regional offices before HUD's internal reorganization gave practicing architects and housing and financing consultants an opportunity to use their expertise to satisfy the program's special needs and speed up the work thus keeping the per unit cost down. These cost savings were reflected by a nationwide HUD study in 1968 which concluded that section 202 housing costs were from $2,500–$3,000 less per unit than public housing units. This demonstrates that the architect, given sufficient freedom, can effect substantial cost savings in housing design. This freedom has been provided under the section 202 program.

Senator Williams. That has not been suggested here before, this great difference of unit cost between public housing and 202. There is a remarkable difference.

Mr. GRAHAM. Well, I have been informed, sir, that this study had been made in 1968, and is now available. I believe Mr. Wright has further details.

Senator WILLIAMS. Whose study is this?

Mr. WRIGHT. HUD's study.

Senator WILLIAMS. In 1968?

Mr. WRIGHT. That is correct.

Mr. GRAHAM. The idea here, I believe, sir, is that the public housing criteria are based on 236, and general FHA minimum property requirements and regulations, whereas under 202 there were different criteria.

Senator WILLIAMS. You know, the way it comes to me, usually the quality of housing is better under 202 where there isn't this elaborate minimum requirement standard. That was our testimony yesterday and the day before.

Mr. GRAHAM. That is correct, sir. That is compatible with this statement.

Senator WILLIAMS. That again, is remarkable. They have a 2-inch thick volume for minimum standards and that boils out to less quality than 10 pages of 202 standards. That must be some proof of what you are saying, greater freedom in the sponsor, together with his partner, the architect, produces this result.

Mr. GRAHAM. I would agree, sir.

Senator WILLIAMS. Well, let's continue to shout it.

RECOMMENDATIONS

Mr. GRAHAM. Now that we have presented our observations on the operation of 202 and 236 programs, we would like to make a few specific recommendations for your consideration, Mr. Chairman.

Our paramount recommendation is the reinstatement of the section 202 elderly housing program. We are convinced that is the best action the Federal Government can take to insure that the housing needs of the elderly are effectively met.

In the interim, we recommend that the following steps be taken:

1. HUD should utilize Circulars 4442.5, 4442.10, and 4442.15, which comprise criteria for financing unfunded section 202 proposals in the application stage of section 236, and update them so as to accelerate the processing of section 236 applications.

They should be used as an interim measure until permanent guidelines along these lines are issued.

Mr. ORIOL. Mr. Graham, why do you say "update"?

Mr. GRAHAM. Some items in these circulars have proven to be obsolete and unusable. Do you want me to refer to an example?

Mr. ORIOL. Yes, please.

Mr. GRAHAM. There is one example which I recall. It involves going to comparative public bidding as opposed to either negotiated construction contracts or selective bidding competitively held.

That is only one item, but there are many others. These circulars have been issued as administrative instruction sheets to the offices, and there are certain items in those that should be updated and then used as measures.

2. HUD should apply the flexible guidelines of the section 202 program—such as those outlined in HUD Circular 4900 B, Guides

for Project Design—Senior Citizens Housing Program—in the administration of section 236 programs.

In addition, we believe the following basic principles should be kept in mind for the long-term program:

1. Maximum encouragement for the participation of nonprofit sponsors in the elderly housing program; and, the immediate appointment of a Special Assistant to the Secretary of HUD, for nonprofit sponsors, as authorized by the 1970 Housing Act.

2. Adequate and continuous funding of the entire elderly housing program with the establishment of sufficient, realistic capital and operating budgets for individual projects.

Capital budgets on FHA form 2013 should include as authorized additional cost items the following—surveys, construction blueprints, and a full-time resident inspector.

Next, operating budgets should include a subsidy for local real estate taxes, funding for the operation of senior centers and other community facilities as well as funds for the employment of a well-trained resident manager with extensive background in geriatric care.

3. The reduction of elderly housing rentals should be accomplished through the following:

A. Eliminating of FHA examination and inspection fees;

B. Automatic increase of the mortgage limit for individual housing units by 45 percent—as now permitted only in certain cases. I emphasize, an automatic increase for elderly housing; and

C. The extension of the amortization period from 40 to 50 years.

4. Availability of seed money to approved nonprofit sponsors early in their programing phase.

Senator WILLIAMS. What would be the nature of that seed money? Is that a grant of money or would that be included as part of the loan?

Mr. GRAHAM. It is a separate provision, sir, that is now in effect under section 106. It is a loan that is issued to the sponsor for the acquisition of real estate and certain fees as well as service.

Senator WILLIAMS. What happens to the loan if the project doesn't come into development?

Mr. GRAHAM. That is a risk that the sponsor and the issuing agency takes. But it usually is issued at a time that it is very certain that the project is feasible.

There is another source for this money, and that is the sponsors fund which has been advocated by several groups. The American Institute of Architects has appreciated this opportunity to comment on the subject of housing for the elderly and trusts that this committee will thoroughly review our recommendations and act favorably on them.

Senator WILLIAMS. We certainly will review them. I hope we see the day they are favorably acted upon, too.

I guess you know some of my conclusions in this area. Now, you say on page 12, "Our paramount recommendation is the orderly reinstatement of the section 202, elderly housing program."

For myself, if we compressed all that has happened here in these 3 days in terms of enlightenment, it comes down to that as a conclusion on my part, too. I hope it comes to pass.

Mr. GRAHAM. Thank you, sir.

Senator WILLIAMS. In fact, I think to boil it all down, there is very little resistance to this as a principle. I think when I was out, Mr. Gulledge indicated that he understood the benefits of the direct loan in this area, but I believe he felt it was perhaps not possible for a variety of reasons to arrive at that.

Am I correctly stating it, Bill?

Mr. ORIOL. Yes.

Senator WILLIAMS. Thank you very much.

Mr. TEARE. Thank you, Senator Williams. If we can give you any further information at any time, we will be glad to do that.

Mr. HALAMANDARIS. On page 11, you indicated the cost savings were reflected by a nationwide HUD study, in 1968, which concluded that the 202 housing costs were from $2,500 to $3,000 less per unit than public housing units.

I am just wondering if you would supply the source of that and maybe even a copy of the document itself. This is new to me. I haven't seen it, and I thought I had seen most everything on this subject.

Mr. GRAHAM. I don't have the document immediately available, but Mr. Wright, our Director of Housing, will be willing to supply it to the committee, I am sure.*

Mr. MILLER. Just as a matter of information on that point, is this exclusive of the land costs, or is it inclusive of the land costs?

Mr. GRAHAM. I believe that is the total mortgage amount.

Mr. MILLER. It is influenced by the location of the Public Housing units and the general labor cost market?

Mr. GRAHAM. I would assume so, sir.

EXAGGERATION POSSIBLE

Mr. TEARE. Mr. Chairman, may I comment briefly on that item? I think that that difference found in that particular study may easily be exaggerated in peoples' minds. Care should be taken to note that much public housing involves clearance of slums, relocation of tenants, and that sort of thing.

According to the study as I recall it, the cost of site improvement was found to be considerably higher on Public Housing than on direct loan, nonprofit housing. I think all of these things have to be looked into carefully; and, in our experience on 11 nonprofit projects and four Public Housing projects—all for the elderly—we find, really, very little difference in what it cost to build a good unit of the same type in a comparable location.

Our costs have risen in the past 10 years from $12 to $13 per square foot to $24 to $25 per square foot total construction cost—including site improvement and everything that goes into the building, but not including land, land fees, financing, and so forth.

I think we should be careful not be exaggerate the differences between different programs. Housing costs money anywhere, any time.

Mr. HALAMANDARIS. I appreciate that statement and the clarification you gave.

Senator WILLIAMS. Gentlemen, thank you very much. We appreciate it.

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*See appendix 3, p. 209.

PREPARED STATEMENT BY WALLACE G. TEARE, AIA, REPRESENTING THE AMERICAN INSTITUTE OF ARCHITECTS

Mr. Chairman, I am Wallace G. Teare, AIA, a practicing architect and partner in the firm of Weinberg, Teare, Fisher & Herman of Cleveland, Ohio. Today, I am speaking on behalf of The American Institute of Architects along with John Hans Graham, AIA, an architect from Washington, D.C., and Jackson Wright, Sr., the Director of the Institute's Housing Programs.

The American Institute of Architects, a professional society representing 24,000 licensed architects, is pleased to have this opportunity to discuss the housing needs of older Americans and the effectiveness of the Federal Government's programs in this field.

We are not economists, or sponsors, or sociologists; we are designers who recognize the housing needs of the elderly and seek to design housing and community facilities that are responsive to these needs.

Architects have found the Section 202 direct loan housing program to be the most effective vehicle that the Federal Government has operated in providing housing for the low and moderate income elderly.

NONPROFIT SPONSORS

Nonprofit sponsors with a wide variety of backgrounds and interests have proven to be devoted and capable sponsors of a very substantial amount of housing. Since they devote their time and talents to this work without compensation, they deserve every encouragement Government can give them, and every effort should be made to make their job easy, rather than difficult.

Now, I would like to make a few observations on the objectives that should be sought in creating and administrating a sound housing program to serve the elderly.

On site selection, on the decision of the types of residents to be served and on planning the building and its facilities, restraints and controls should be minimal. Naturally, we are aware that Congress, in creating the legislation, and the Administration, in carrying out the program, have great responsibilities to conserve the limited resources that can be devoted to these programs. However, we believe that the intent of Congress as expressed in the original 1959 legislation is an adequate safeguard. It reads: "No such loan shall be made unless the Administrator finds that the construction will be undertaken in an economical manner, and that it will not be of elaborate or extravagant design or materials."

It should be enough to require that the design and materials not be extravagant and to encourage the sponsors to retain experienced professional assistance.

Sponsors, their consultants and architects should be given maximum freedom to determine the characteristics of projects. This would encourage greater experimentation and greater variety of projects, ultimately resulting in progress toward better design.

BUDGETS

The Department of Housing and Urban Development should approve realistic cost estimates that permit creation of well-designed, longlife buildings. One of the principal features distinguishing good housing for the elderly from ordinary apartment buildings is the Senior Center or community activity space, usually on the ground floor, serving the residents as well as elderly from the surrounding community. We think the importance of this feature cannot be overemphasized, for it is activity in a well-run Senior Center which brings the elderly to life again. It requires from 5% to 10% of the construction cost to include an adequate center.

As soon as a project is approved in principle, advance loans should be available for land acquisition and planning. This should be part of the basic financial package, not requiring a sponsor to make a separate application under the Section 106 program for assistance on advance planning of low and moderate income housing. It would relieve consultants and architects from waiting months after their services are performed for compensation. Loans should include all necessary equipment for the main kitchen serving the Senior Center and all movable furniture and equipment for other social spaces, as it is very difficult for nonprofit sponsors to raise the cost of these things locally.

FINANCIAL ASSISTANCE

Methods should be found to reach lower rent levels than the Sections 202 or 236 rental housing projects are able to reach. Interest rate and/or interest subsidy are of course the most important factors, and variety is needed here, perhaps down to 0% interest, as recommended by National Housing Conference. In many states a large factor in rents is the real estate tax. Subsidies should be available to pay a part of such taxes, perhaps the part normally going to the Board of Education, since projects for the elderly do not increase the school population.

PROCESSING TIME

Red tape in government agencies should be reduced. Greater speed of processing applications is required. With cost of construction rising approximately 1% a month, common delays of 6 months in processing applications add 5 or 6 percent to the cost of each project, making estimates obsolete and causing difficulties in awarding contracts.

SECTION 202 VERSUS SECTION 236

In the light of the foregoing recommendations, some comparisons can be drawn between Section 202 and Section 236 in practice. I will cite a few examples at this time and then Mr. Graham will offer a more complete analysis of the problems facing the practicing architect in connection with using the Section 236 program for elderly housing.

Section 202, in our experience, has had the advantage of relatively simple administrative procedures, with relatively free hand given to architects in planning. It has had disadvantages of long delays in processing, frequently because funds were not available. Its policy of establishing rigid cost limits per unit resulted (in most of the projects with which we are familiar) in having a much higher proportion of efficiency suites than sponsors or the market desired; rents ended up higher than many people were able to pay, partly because of multiple and overlapping safeguards built into the administrative intepretation of the law—for example, an application must show funds available for debt service 10% greater than actually needed, while at the same time a vacancy ration of 5% must be assumed, even though most well-operated projects are 99 to 100% occupied. Another administrative problem has been that the final payment to the sponsor, and therefore to the contractor, is much to slow in becoming available, and contractors undoubtedly take this into account in making their bids.

Section 236 may have some advantages, but seems to us to have many more disadvantages than Section 202. We are aware, of course, of the short range advantage to the government in using an annual interest-subsidy rather than a direct loan. But the advantage to the sponsor and ultimately the elderly tenant is very small. The debt service on Section 236 is slightly—but not significantly—lower than on Section 202. In our experience, the 1% interest plus 40-year amortization of Section 236 has resulted in a total debt service of approximately 3¼% as against approximately 4% under Section 202. The saving of three-fourths of 1% in debt service does not have a very significant effect on rents (typically, about $10 per month). The Section 236 program adds to the construction cost because of the market rate of interest on funds during construction, and the Federal National Mortgage Association and other financing fees.

In our experience it has been somewhat easier to secure approval of an adequate Senior Center under Section 202 than under Section 236. This may be due partly to the traditional approach of the respective agencies administering the programs, one more socially oriented, the other more business-oriented.

We believe that the Federal Housing Administration's policy on Section 236 of permitting negotiation with one or more contractors, as against the competitive bidding normally required under Section 202, has an advantage in that sponsors and their architects are better able to work with a contractor from the outset and know how their costs are running throughout the development of drawings.

With Section 236, there is much more administrative redtape than under Section 202. This is partly, of course, because a mortgagee other than the government is involved, as is FNMA. The result is a closing procedure which involves 27 different documents. By comparison with an FHA closing, a Section 202 approval seems like a model of simplification.

PREPARED STATEMENT OF JOHN HANS GRAHAM, AMERICAN INSTITUTE OF ARCHITECTS

My firm's professional experience with Section 202 projects extends over many years. We have designed housing for the elderly for Four Freedoms, Inc., in Florida, Michigan, Washington State, Pennsylvania, and in other states.

Two years ago we were selected as the National Architect for Housing for the Elderly projects sponsored by the Supreme Lodge of B'nai B'rith. Several local Lodges in Wilkes-Barre, Pennsylvania; Albany, New York; Harrisburg, Pennsylvania; Cherry Hill, New Jersey; Philadelphia, Pennsylvania; and others have commissioned us on the basis of fruition of the projects sponsored by the national headquarters. Of the latter, one was in the "pipeline 202" category and was subsequently converted to Section 236 and others were started in 1969 under Section 236.

I am also representing The American Institute of Architects which is deeply concerned with the problems facing practicing architects in housing for the elderly especially in connection with the Section 236 rental housing assistance program.

First, I will outline the obstacles encountered by architects and the nonprofit sponsors of recent Section 236 projects. Then, I will discuss the desirability of reinstating the Section 202 program but will also list suggested improvements that should be made in the existing Section 236 program to make it more responsive to the housing needs of the elderly.

Constraints encountered in processing Section 236 applications for Elderly Housing, as opposed to Family Housing, start with the basic program requirements, such as apartment mix, extent of public areas, requirements for special safety and convenience features for the elderly, room sizes and finishes and continue to the granting of a feasibility letter, bidding schedules, construction cost and mortgage limitations, administrative requirements, review and approval of the plans and specifications and their culmination into a number of requirements not applicable to projects for the elderly relating to rentals, operating expenses, "seed money," management and many others too numerous to quote here.

The administrative procedure under the Section 202 direct loan program was less cumbersome, faster and especially designed for elderly. Its administrators were trained in the needs for elderly housing and were in sympathy with the Program.

Under Section 236, elderly housing is only one, small segment of the Section. I wish the compassion and understanding of the Section 202 staff could be implanted in the Federal Housing Administration regulars. This combination would guarantee a desired increase in processing applications and final approvals of many Elderly Housing projects now in the planning stage.

Of course, the funding by Congress is a most important requirement. More often than not there are simply no allocations of funds available and if they are, there ensues a hassle as to allotments to the various segments of the Program. The Elderly, lacking vigor I suppose, frequently lose out and many a feasible project will be denied approval because of lack of funding.

We are pleased to see that the Senate Appropriations Committee has indicated its desire that the Department of Housing and Urban Development use at least $25 million of the Section 236 appropriation in the current fiscal year for interest subsidy payments for elderly housing.

Unless sufficient funds are set aside exclusively for elderly projects, the demand for low-rent family housing will virtually exhaust available funds to the detriment of the senior citizens. A "one window for the elderly" approach is definitely needed.

Section 236 is designed to be for low-cost rental projects, but it has turned out to be more costly to finance than under Section 202. Usually a Section 236 elderly application is greeted with initial rejection and disbelief in a typical FHA office, although eminently qualified sponsors are the applicants. We feel that staff in regional and area offices should be trained in processing elderly housing and should be especially appointed to reduce the unusually long processing time.

PROBLEMS FACING THE ARCHITECT

In my view, the architect's mission is to design within a limited budget housing for the senior citizen with comfort and privacy, amenities and special features that make his maintenance-free dwelling not just bearable shelter but a true home.

What is this budget? How has it been computed? Is it carefully set up for elderly housing or is it subject to general limitations established years ago for family housing? The answer appears to be that under Section 236, there is no realistic approach to fashion a construction budget which allows a nonprofit sponsor to build housing for the elderly in today's market.

The Section 202 program for the elderly has done much to add to the quality and quantity of good housing for the elderly residents of our country. HUD's actions to phase this program into Section 236 have proven to be quite difficult and unworkable in many regions, and the results even in the planning stage are not equal to the standards set by the Section 202 program.

Before a Section 236 project is certified by FHA to be "fundable" and "feasible" after many months and, yes, years of "sparring" and "negotiations," the urgent request is then made of the architect by FHA to obtain realistic bids from qualified contractors based on completed architectural and engineering plans and specifications to verify the construction cost. To everyone's dismay the bids are frequently higher than originally estimated because during the delay there have been increases in labor, material and other costs which amount to more than 1% per month.

Two major questions face the sponsor and the architect. First, will there ultimately be a mortgage commitment, and, second, who pays for the services that the architectural and engineering firms have rendered in furnishing contract documents prior to establishing feasibility of the project?

Another factor contributing to the delay is the voluminous regulations, standards, criteria, guidelines and checklists of the Section 236 program compared to the concise summary of requirements of the Section 202 program.

The Section 202 program as it was administered by the Housing Assistance Administration Regional Offices before HUD's internal reorganization gave practicing architects and housing and financing consultants an opportunity to use their expertise to satisfy the program's special needs and speed up the work thus keeping the per unit cost down. These cost savings were reflected by a nationwide HUD study in 1968 which concluded that Section 202 housing costs were from $2,500–$3,000 less per unit than public housing units. This demonstrates that the architect, given sufficient freedom, can effect substantial cost savings in housing design. This freedom has been provided under the Section 202 program.

Now that we have presented our observations on the operation of the Sections 202 and Section 236 programs, we would like to make a few specific recommendations for your consideration.

Our paramount recommendation is the orderly reinstatement of the Section 202 elderly housing program. We are convinced this is the best action the Federal government can take to insure that the housing needs of the elderly are effectively met.

In the interim, we recommend that the following steps be taken:

1. HUD should utilize Circulars 4442.5, 4442.10, and 4442.15, which comprise criteria for financing unfunded Section 202 proposals in the application stage of Section 236, and update them so as to accelerate the processing of Section 236 applications. They should be used as an interim measure until permanent guidelines along these lines are issued.

2. HUD should apply the simple, flexible design guidelines of the Section 202 program, such as those outlined in HUD Circular 4900 B, Guides For Project Design—Senior Citizen Housing Program, in the administration of Section 236 programs.

In addition, we believe the following basic principles should be kept in mind for the long form program:

1. Maximum encouragement for the participation of nonprofit sponsors in the elderly housing program and the immediate appointment of a special assistant to the Secretary of HUD for nonprofit sponsors as authorized by the 1970 Housing Act.

2. Adequate and continuous funding of the entire elderly housing program with the establishment of sufficient, realistic capital and operating budgets for individual projects.

A. Capital budgets on FHA Form 2013 should include as authorized additional cost items the following: Surveys, construction blueprints, and a full-time resident inspector.

B. Operating budgets should include a subsidy for local real estate taxes, funding for the operation of Senior Centers and other community facilities, and financial support for the employment of a well-trained resident manager with extensive background in geriatric care.

3. The reduction of elderly housing rentals through—

A. Eliminating of FHA examination and inspection fees;

B. Automatic increase of the mortgage limit for individual elderly housing units by 45%, as now permitted only in certain cases.

4. Availability of seed money to approved nonprofit sponsors early in their programing phase.

The American Institute of Architects has appreciated this opportunity to comment on housing for the elderly and trusts that this committee will thoroughly review our recommendations and act favorably on them.

Senator WILLIAMS. Dr. M. Powell Lawton, director of behavioral research, Philadelphia Geriatric Center, is our next witness.

A good friend of the committee, Rev. Howard Washburn was to be with you. He was delayed somewhere along the line. He is always welcome.

You know him, don't you?

Dr. LAWTON. No, sir; I don't believe I do.

Senator WILLIAMS. You should catch up with the executive director of the New Jersey Methodist Homes for the Aged. I recommend you meet him.

STATEMENT OF DR. M. POWELL LAWTON, DIRECTOR, BEHAVIORAL RESEARCH, PHILADELPHIA GERIATRIC CENTER

Dr. LAWTON. I do appreciate the opportunity you have offered, Senator Williams, to have me in today.

My name is Powell Lawton, and I am here as a research psychologist to speak to the subject of housing for the elderly from a somewhat broader perspective.

I was asked to look at the national scene from the point of view of a researcher, rather than direct my attention explicitly to the 202 program.

However, when one looks at the national scene, one inevitably is drawn to the 202 program as an example of the basic point that I wish to make here. That is: That housing for the elderly cannot be an integrated program without a commitment which obviously includes money—but a commitment that goes far beyond money in terms of giving precedence to total life of the aged individual—that is, his social needs as well as the question of producing housing units and attending to the engineering and economic aspects of housing.

A commitment involves the ability to see the entire picture of how the individual functions from a social and psychological point of view.

It is obvious that the national program for housing the elderly has been one of our more successful programs. I am extremely concerned about the program at this point, because this sense of commitment to the total life of the aging individual appears to have become more and more lost in a frenzied search for the production of more units at lower costs.

I ascribe some of these deficiencies that we see in the housing program to one major source, which is the fragmentation of these programs for housing the elderly within the Department of Housing and

Urban Development. In a secondary sense, I am concerned with the continued tendency of many of our housing programs to exclude some section of the population requiring service.

Now, this goal of obtaining a commitment to the support of all aspects of living for the older person demands, above all, a specialization in the problems for the elderly.

Our success of the elderly housing programs is based, in my estimation, especially on the success of the 202 program, and on the early days of the low-rent housing program.

The hey-day of these programs came during the time when there was a Special Assistant to the Secretary on problems of housing the elderly; when there was a program which had an earmarked line item on the budget devoted explicitly to housing for the elderly; and when there was a full staff of individuals who were totally committed to serving elderly people.

Specialized Unit for Elderly

At this point neither of those situations exist any longer, and I feel that long term look at where housing for the elderly is going must come up with a conclusion that this fragmentation and dissipation of the sense of commitment has to stop somewhere. My own feeling, after looking at many aspects of the program, is that this problem can be solved only by the establishment of a major unit within HUD that is concerned only with problems of housing the elderly.

One becomes aware when faced with situations such as we heard about at some length this morning, that the social aspects of housing don't come into the picture at all, but that production and economics take a primary role.

My conviction is that the ignoring of the person could not happen if we had a Government housing unit whose goal was solely to serve the elderly. There are many other aspects of the functioning of HUD which would be improved by such a situation.

For example, it must be extremely difficult now for all the various programs, that are necessary to serve the elderly—particularly within the new congregate housing framework—to be coordinated, where resources for the elderly are so dissipated within HUD.

That is, there is nobody at a higher level, right now, to speak to the U.S. Department of Health, Education, and Welfare; or to the Department of Transportation; or to the Department of Labor; about integrating such programs as quasimedical services or surplus food programs or transportation services within these environments for the elderly.

Such a mechanism should be created. This procedure would be extremely more likely to occur if there were a high-level—perhaps an Assistant Secretary-level—direction for the elderly housing program.

Another aspect is that management and other aspects of personnel in housing for the elderly require a very different sort of approach from those in housing generally.

Our own Philadelphia Geriatric Center is doing a national survey of housing for the elderly right now. One of the earliest obvious findings we have is a tremendous desire for professional growth by the administrators of both the public housing and 202 housing projects.

An adequate training program for professional development cannot occur within a general framework of housing as a totality. It must be specialized to the very unique problems of the elderly.

Lack of Research

Another source of failure in the present HUD program has been the almost total absence of research on housing problems of the elderly. I made some inquiries in preparation for this session, and as far as I can determine, I have found only one research project within all of HUD that involves an approach to social and psychological aspects of housing the elderly.

I understand from secondhand sources that there is a general lack of social research within HUD. As a matter of fact, in my several years in this research field, programing and policy people from HUD have approached me, and many other social researchers, with the comment that more research knowledge was urgently needed in order to plan effectively. They have been useful to us in seeking out research support—but never within HUD.

To me this is an ignominious situation where a Federal agency has no resources of its own and must have research relevant to its own program, performed by another Government agency.

Again, the establishment of a specific group within HUD, to concern itself with housing for the elderly, would make it much easier to develop a research operation.

I will try to make this as brief as possible, and go on to my other major source of concern, which is the tendency of the existing HUD programs for the elderly to exclude certain segments of the people who need to be served.

One aspect of this exclusion is, certainly, not HUD's responsibility, but I have been very concerned recently about growing evidence that communities are finding it difficult to assimilate the idea of low-cost housing for elderly people.

Within the past 2 years, Philadelphia, for instance, had had five instances where housing projects limited to the elderly have been successfully opposed by segments of the community. There was one instance where a Turnkey project, with 60 units for the elderly, was proposed at a city council meeting. Five hundred residents of the area—in which it was to be located—showed up at the meeting. A near riot occurred, and the developer had to be physically rescued by the police.

This incident identifies another particular area that requires expertise that cannot come from within the present structure of HUD. The Federal Government must have specialists who will develop mechanisms and procedures to advise communities as to how they can combat this kind of exclusionary action.

One might have to turn to areas such as the withholding of Federal aid; while this has not been done in relation to housing for the elderly, I note that it has been invoked in relation to general housing.

Senator Williams. Where was this demonstration? What was the nature of the community?

Dr. Lawton. The community was a middle and upper-middle class, white community that was concerned about a low-cost public housing program that, of course, was not earmarked as either black or white, but was limited to older people. This isn't the only one. This is the fourth.

Senator WILLIAMS. You say low cost. You mean low rent? This was not low-quality housing?

Dr. LAWTON. No.

Senator WILLIAMS. You see, this nomenclature has been used for three decades. I think it is a mistake. Low cost suggests that it is almost inadequate housing. It is low rent we are talking about, for lower income people?

Dr. LAWTON. Yes; please let me agree totally with this correction. It is low rent, and from all we could determine, it was high quality. It was sponsored by a builder with the highest possible social concerns paramount in his plan.

Senator WILLIAMS. If I could interject—I am sorry to interrupt, but I have seen this same community attitude addressing itself in anxious fear or whatever it is, to church-sponsored 202 low-rent housing. This one you are talking about was public housing?

Dr. LAWTON. Three of the five that I am speaking about were public housing, but two were not. One was a proposal which was sponsored by the Jewish Federation in Philadelphia, and it was to house elderly Jewish tenants.

I am not sure what the proposed financing was, whether it was 236 or a totally locally financed operation. But this, too, was turned down by community opposition.

My point is that we need active steps now to counteract—not only to fight, but to educate—and this can be done best with an expertise beamed explicitly toward the elderly.

COMMUNITY ACCEPTANCE

As a spinoff, I would hope that efforts to produce greater acceptance in the community of housing for the elderly would help with housing in general. Exclusion is much more obvious where there are blacks and families to be housed. But here it is occurring even with the elderly; and it is something that we need to be concerned about.

The other aspects of exclusion relate more to what I see as a need to monitor the actual working of some of the Federal housing programs. Our research survey is producing data which are not yet firm, but very clear in showing that both the 202 program and the low-rent public housing programs are, in fact, not racially integrating in the degree to which they should.

There is a very small proportion of 202 projects coming through which have any degree of service to blacks, for instance, unless it is a black sponsoring organization. There are, also, many situations where such programs are not successfully racially integrated within the public housing.

For instance, while the HUD directory lists projects in terms of racial integration, the presence of one black within a public housing project enables it to be listed as racially integrated.

I think, for the future, we need to monitor the actual working as contrasted with the stated eligibility requirements of housing.

Well, let me stop at this late date and repeat my major suggestion, which is that commitment means commitment to the serving of the total needs of the elderly—rather than the needs for shelter alone. And, my conviction that this cannot be done without some reorganization of the various programs that are now serving all the people.

Mr. ORIOL. Dr. Lawton, Senator Williams asked me to express his apologies. He was called away, and he wanted me to make that clear to you.

You were asked to testify at this hearing to remind us of our fundamental interest, which is meeting the overall housing needs of the elderly; and as you have noted during the course of the day, we have had to get into details of two specific programs.

But tell me if this is a fair analysis of one of your major points, that in this year of the White House Conference on Aging, not only do we not have a national policy on housing for the elderly, we have less of the administrative apparatus to arrive at that policy and to construct programs than we had even a few years ago; is that correct?

DISSIPATION OF POLICY

Dr. LAWTON. That is absolutely true. There has been a dissipation of individuals and programs and particularly of the kind of coordination that can be graced with the title of policy.

A policy is impossible where one section of the program has no idea of what the other is doing. I have had a terribly frustrating time trying to do research within the current framework of HUD.

There is no single place to which one can go to find out the various pertinent information about a single HUD-sponsored housing site, for instance. This is only one of many examples of the way in which fragmentation has really obliterated any possibility of there being a national policy on housing for the elderly.

Mr. ORIOL. This morning, were you present when Mr. Gulledge described the various Federal programs that are available to produce what others might call a spectrum of shelter needs for the elderly?

Dr. LAWTON. Yes.

Mr. ORIOL. At the Philadelphia Geriatric Center you do have a spectrum very similar to that described by Mr. Gulledge, I believe. You do have an intensive care hospital, you have a long-term care institution, you have housing very close to the medical facilities, and nearby you have other types of shelter units for the elderly.

Now, in producing that, what existing programs, if you know—it might be a little out of your line—were used to produce that?

Dr. LAWTON. Well, initially, our Philadelphia Geriatric Center was a home for the aged, that dates pretty far back now—we are celebrating our 100th anniversary very shortly. We began our extension beyond a standard home for the aged with a hospital—now a fully accredited hospital—and this was done primarily with local money.

But the first Federal money that we used in construction was a 231 apartment house. We have two apartment houses for older people that were financed with 231 money; and, just this year, we now have purchased a number of small homes in the vicinity of our center under the 235 program, which will be remodeled for the use of older people to live in under relatively independent conditions—with a few added advantages to give a slightly more protected atmosphere than they would have by living on their own in the community.

Mr. ORIOL. That is more attributed to officers in the center to make the programs work together rather than any incentives from HUD to use it in that way, or is that an exaggerated statement?

Dr. LAWTON. I believe that is true. This is not necessarily where I can speak the most knowledgeably. I do know that simply buying the few houses under the 235 program took at least twice as long as it had been hoped.

The 231 program was chosen for the added flexibility that it would have offered, at the time, as contrasted to the 202. As it now turns out, about two-thirds of our tenants in the 231 are within the income limits that the 202 would afford, so this is low-cost, low-rent housing basically.

Mr. HALAMANDARIS. Dr. Lawton, I missed portions of your statement, so I may be asking you to repeat certain things.

Perhaps you could address yourself to philosophy. As I understand, you have a background as a psychologist.

Dr. LAWTON. Yes.

Mr. HALAMANDARIS. I wonder if you would comment on this statement from the 1961 White House Conference on Aging? They began the housing section of their report with the statement that there is a primary connection between housing and a personal well-being. A few things are clear. It is a fact that housing constitutes the largest expenditure for the elderly—some 34 percent of a retired couple's budget.

If you would comment for me—on that basic issue of philosophy. Just how important is housing to the well-being of the person?

I have in mind a quotation that one of our witnesses supplied to me, not too long ago. It was a gentleman well in his 80's, and the comment was: "For 15 years I lived in a three-story, walk-up apartment. I climbed stairs and was pretty much waiting to die and now that I have gotten into one of these projects [it happened to be a 202 project] I am discovering what it is like to live."

He was looking forward to life again after 15 years of waiting to die. I think this is germane to our philosophical disagreement with Mr. Gulledge. He is under great pressure to produce units; and, I think we have been talking about our desires as the Committee on Aging, to produce not only housing units, but housing units with a social environment. Providing a little more than just units.

That is the basic thought I had. Would you comment on this for me?

HOUSING IS EVOLVED WITH PEOPLE'S WELL-BEING

Dr. LAWTON. Well, this is a good question to be able to address one's self to, because for once the data of social science are absolutely clear on this issue—that housing for the elderly is intimately related to the degree of satisfaction with which the older person can pursue his life.

I am quoting from a study which I am sure all of you are familiar with. Dr. Frances Carp studied the first housing limited to older people—built under the Public Housing program in San Antonio, Tex. She studied the people before they moved in, and a year after.

She found an increase in membership in organizations of 40 percent just during this first year. Their number of close friends increased by almost a third; and, in statistical terms, their actual morale was clearly shown to have risen during that year.

Where housing problems characterized 100 percent of the people prior to the move, all but 1 percent expressed themselves as being either very satisfied or satisfied with the housing—a year after moving in.

I have been very specific here because I happen to have that in the written testimony. But, many of us from this point on have confirmed these findings. I think that some of the early findings have helped in convincing HUD that it was worthwhile, concerning itself more fully with the social and personal living environment. The congregate housing program, for instance, is one example of the ability of social research to assist in the development of policy.

That is a long answer to say, yes, housing is very intimately involved with a person's well-being.

Mr. HALAMANDARIS. I had a great deal of difficulty with the Department of Housing and Urban Development when trying to secure statistics on elderly people, and the kind of housing they needed. Did you encounter the same problems; or, did you have the benefit of studies I did not?

The question, I think, basically was how many units and what kind of units do the elderly need? The last current data we had came from the 1960 census, which measured substandard housing units; and, all the data we have had since has been projection from that census.

The 1970 census didn't help, because someone decided the category substandard housing was too subjective. Therefore, it abandoned what constituted substandard housing in favor of more objective criteria.

I wonder if you would address yourself to this question. Do you think we should, perhaps, ask the Department of Housing and Urban Development to keep a little better track of their statistics; and possibly, do a broad-range study which would indicate succinctly how many units, and what kind we need, for older Americans?

Dr. LAWTON. Apparently you have been through the same route here. One does get help from individuals in HUD when ones asks. I have been fortunate in knowing individuals who have been helpful. But it is a long process.

To me it is unthinkable that a department of that size doesn't have most of these critical things on electronic data processing equipment with steady updating. I think some change in this respect is definitely in order.

STUDY COMMISSION BE APPOINTED

In my written testimony, I have suggested that a study commission be appointed to look into housing for the elderly; and to make some recommendations regarding the reorganization of the Department. I would hope that adequate recordkeeping would be one of those problems to which it might address itself.

Right now the Administration on Aging and the National Institute of Mental Health are both sponsoring research projects at our Philadelphia Geriatric Center on housing for the elderly—one of which includes a national survey of two types of housing, the 202 and the public housing. With this national survey—with a sample of housing sites and tenants within housing sites—we will be able to furnish some projections of the housing scene nationally for HUD.

But, this is really the kind of thing they ought to be doing continuously on their own.

Mr. MILLER. Do you think it is better for such studies to be made by the Housing and Urban Development Department rather than the Administration on Aging, as it relates to older people?

Dr. LAWTON. My feeling is that one really ought to have both. If one can have the cake and eat it too, the objectives of the two Federal departments may not always be similar, and I would feel that our strength here would be in diversity.

What we have now is the situation where the Administration on Aging and the National Institute for Mental Health sponsor all the research, and HUD sponsors none. I am suggesting an elevation here to the point where HUD begins to do its share; and, in that way can add a unique component which is not now coming through—by virtue of the fact it is not housing people who are sponsoring the present research.

Mr. MILLER. I would like to ask another question on another item. You referred, Dr. Lawton, I believe to opposition by some neighborhoods to construction of housing projects including some for the elderly.

Did this opposition spring solely from objection to, say, having elderly people in the community or were there other factors related, such as rezoning, the objection of the neigborhood to high-rise structures, or matters of that sort?

COMMUNITY OPPOSITION

Dr. LAWTON. I think in the absence of genuine research data, we are on our own to speculate here. I think you have named at least several sources of opposition.

As we all know, some communities don't like high rise, and certainly social stereotypes of aging enter into this picture. Many people back away from the idea that they themselves will age, and to have a constant reminder that "I, too, am going to age," around you—in the form of a housing project for older people—is unpalatable to some individuals.

If I were assessing it—and this is without data, but simply my own assessment—my feeling is that the idea of federally sponsored, particularly low-rent housing, makes people fancy a decline of their neighborhood in terms of the possibility that this may be a foot in the door for racial integration or for an economic decline of the neighborhood.

Mr. ORIOL. Dr. Lawton, thank you very much for fulfilling the mission we assigned to you. For our record, perhaps, you could provide just a few more details about the research survey.

Dr. LAWTON. I would be glad to do that. I have a rough draft which I will get to you shortly and will amplify some of the material on research.

(The statement referred to follows:)

PREPARED STATEMENT OF DR. M. POWELL LAWTON

My name is M. Powell Lawton. I am a psychologist and am presently Director of Behavioral Research at the Philadelphia Geriatric Center. I am also president of the American Psychological Association's Division on Adult Development & Aging, and secretary of the Gerontological Society. I am here as an individual speaking to you from my research competence in the area of housing for the elderly. I am involved in four federally-funded projects in this area at the present time, and am serving on the Technical Committee on Housing for the White House Conference on Aging.

I am concerned about the future of housing for older people. Despite a most auspicious beginning, our national program of creating environments where the elderly may live in the fullest sense shows signs of becoming lost in the frenzied search for more production of units at least cost. I would like to emphasize particularly the deficiencies in the federal housing program that arise from two basic sources: first, the fragmentation of federal programs and the consequent inability to formulate a coherent and effective national policy that ties together the economic, production, and social aspects of housing the elderly; second, the continued tendency of the housing programs to exclude segments of the population requiring service. While the beginning point of every effective program is a firm commitment, in terms of money, this Committee and many other people have spoken eloquently of the primacy of this issue. Therefore, I shall speak to other concerns more closely related to my experience. I shall conclude, in agreement with many others, that a true commitment to the achievement of the national goal of a decent home for every older American may be attained only with a restructuring of the Department of Housing and Urban Development so as to create an Administration on Housing for the Elderly.

First I would like to say a few words about the early success of housing for the elderly. The first high-rise building built exclusively for older people in the public housing program was in San Antonio, Texas. This new environment and 204 of its first tenants were evaluated by Dr. Frances Carp with very clear results attesting to the salutary effect of this change. No tenant evaluated his old housing as "good" or "very good" prior to the move, while 99% rated the new housing this way. Organization membership increased by 40% the first year following the move, the number of close friends by almost one-third, and the tenants' morale measurably improved. Later studies including one done at our Center on five different sites, tend to support Carp's earlier studies. Whether it be low-cost or lower-middle income housing, the probability is that the new tenants' anxieties over basic need satisfaction will be allayed and that his social horizon will have expanded. There is thus no lack of scientific evidence to demonstrate the beneficial effects of living in federally-supported housing for the elderly.

Both the low-rent program and the Section 202 lower-middle income housing served the needs of many thousands of older people. During the best years of the program, HUD was fortunate enough to have a Special Assistant on Problems of the Elderly and Handicapped and a staff of personally committed specialists in housing older people in the 202 program. While these were superb and highly motivated individuals, they had a governmental structure to support the development and practice of expertise in serving the elderly.

More recently there has been an organizational downgrading of policy voices for the elderly and a death blow for the highly successful 202 program. There is no breeding ground for specialists in aging. The goal of producing most units at least cost would be very easy to substitute for the goal of providing a rich living environment for older people. If anything, the 1970's have brought an increased need for specialists in relating the housing needs of the elderly to their social and psychological needs.

An example of a changed need in housing for the elderly may be seen in the development of the "congregate" housing idea. One of the major deficiencies in the early housing programs was the limitation of most of the housing to the provision of shelter alone. Working in opposition to the dominant ideology of the time, persistent local groups succeeded in some instances in organizing modest meal services, medical clinics, and occasional personal services for tenants whose independence was marginal. As some years of experience accumulated, it became clear that these services would become more necessary as the tenants aged and found it more difficult to maintain independent activity. The ideal of building normal living environments for the healthiest segment of the aged population could not be applied to everyone requiring housing. Thus, the idea of congregate housing was proposed. In this concept, people would be maintained during a period when they required some assistance with everyday activities, such as food preparation or housekeeping, but did not require full medical care. These supportive environments must coexist with those built explicitly for the well and independent person, and should in no case serve the same population as nursing homes, home for aged or a long-term care institution. This concept is about to be implemented, with authority now available for the first time to support projects specifically designed to go beyond the goal of offering shelter only.

An obvious deficiency is the failure of the law to provide funds for the programs themselves: the requirement that a meal program be self-supportive is unrealistic where really low-income tenants are concerned. Likewise, partial medical services—financed where necessary with federal money—should be added to the possible resources of congregate housing, along with other aids in the tasks of daily living.

The organizational aspect of these efforts causes me some anxiety, however, because we lack a governmental structure to support such an innovative program. Ideally, there should be an office within the Department of Housing and Urban Development prepared with full information on how such programs have worked in model locations; with experts on the technology of food service or housekeeping staff management; with advocacy plans for acquainting local housing authorities of the possibilities; and with full knowledge of how other governmental programs might be joined with the HUD congregate housing concept. The same kind of fragmentation of activity and responsibility in HUD that is seen in the congregate housing program may be found in many other areas.

The fragmentation resides not only within HUD. Among HUD and other agencies, particularly the Department of Health, Education, and Welfare, there should be high-level planning to coordinate federal programs in housing, transportation, health maintenance, surplus food, and so on, that could be utilized in the congregate housing program. As medical needs on tenants increase, as they are bound to as tenants age, a major problem of coordination between HUD and HEW will arise. It would be tragic if jurisdictional problems slowed the development of semimedical facilities associated with the other resources of housing environments. Effective interdepartmental coordination demands that top-level policymakers act as advocates of the programs for the elderly.

As a corollary to federal top-level interagency planning, HUD staff should be trained and available to work at the state and local level helping ease the difficulties of the local housing sponsor in finding his way among these various federal programs and in dealing with local governmental units.

Management of housing for the elderly is a totally different proposition from open-market housing: It demands both trained sensitivity and technical knowledge research I have found managers extremely interested in professional growth and anxious for assistance in this effort. An integrated program for all housing for the elderly within HUD would be most helpful in professionalizing management of congregate housing and other programs serving the aged. Problems relating to the elderly are unique enough to warrant a special division within the new HUD management training program.

In short, we greatly need to augment that segment of HUD, that deals with the human problems of living in the shelter provided by federal money. The Department is full of dedicated individuals who are aware of the social needs of older people but whose efforts are partly neutralized by the lack of top-priority commitment to the social and personal aspects of housing, as compared to the economic, engineering and production aspects.

This situation would be greatly improved if all the federal programs providing housing for the elderly could be combined administratively, with an Assistant Secretary-level director. The principle that housing the elderly is both a social and an engineering task would have to be built into the structure of such an administration, as well as mechanisms for articulating its operations with other HUD programs, other federal departments, and state and local governmental units. Such mechanisms should be sketched out by a commission appointed to consider the total housing situation for older people. This commission should also be asked to consider specific problem areas in the operation of housing programs, such as those discussed in this presentation, those that will emerge from the White House Conference, and from other sources. A policy advisory board on housing the elderly was created in 1956 to serve the Secretary of HUD, but the board has not functioned since 1967. There is thus a great gap between the scientific, professional, and policy-making world and the Department. Without the importation of such expertise, it is possible for HUD to lose sight of the wider goal of making the last years enjoyable, as well as providing housing.

The suggestion of an administration on housing for the elderly raises the question of the desirability of a housing program limited to the elderly, as compared to one that serves all people and that allows the intermixing of young and old. My conviction that a specialized program for the elderly is necessary is based solely on the point of view that a disadvantaged group needs extra assistance in order to be raised to an equal level with favored groups. The elderly clearly are one such minority.

However, it is important that we not plan to build only age-segregated housing. Large numbers of older people prefer to live with those of all ages, and programs that provide this option will always be desirable. The principle to be applied is that the individual should have as many options as possible—in this case, the choice of living with younger people or living with one's age peers, depending on one's personal preference. In either circumstance our emphasis should be on opportunity to be a normal part of the community no matter who his neighbors may be.

Implied in the foregoing is the conviction that the 202 program should be revived. It was a successful program whose faults are remediable; it has in no way been replaced by the Section 236 housing. Under the latter program, it is reported that the proportion of tenants in the low or lower-middle income bracket has been smaller than in the 202. The entire operation of the program has been sluggish and non-responsive to the critical housing needs of the elderly and there is no assurance that the future holds any better promise. The major advantage of the 202 program was that it assured the production of a specified number of housing units strictly for the elderly whose income range is limited. The study commission should consider the potential benefits for older people that would come from the reactivation of the 202 program despite other monetary considerations that caused its demise when in full bloom.

The establishment of an administration on housing for the elderly would make possible greater attention to the major problems of rehabilitating old housing in both urban and rural areas and of developing a national policy on housing that goes beyond specially-built new housing. The great majority of older people now live, and will no doubt always live, dispersed in the community; 69 percent of all people 65 and over own their own homes. There are a few scattered federal programs that community-resident aged are eligible for, but there is no coordinated program that could bring potential consumers and the program together. How ironic that our society should be faced with the simultaneous problems of elderly people having too much space and younger families having too little space! A creative combination of existing programs dealing with housing rehabilitation, housing loans, and relocation assistance would undoubtedly offer improved housing for young and old while at the same time formulating a national policy and program to meet the needs of today's elderly and those of tomorrow.

On the community level there is also no policy to facilitate the interlocking of planned housing such as the public housing or 202 programs with the needs of older people living in their own homes in the vicinity of the federally-sponsored housing. A study commission to articulate a comprehensive national policy on housing for the elderly should draw up model plans by which the resources built into planned housing, such as activity programs, meal services, and homemaker services, might be expanded to serve the neighborhood, rather than just the tenants. The study should also consider the needs of older people locked into urban slums, and rural residents whose access to any kind of supportive service is minimal.

I have suggested that HUD is inadequately concerned with the social aspects of housing, and that they badly need to formalize high-level policy input in this area to balance the economic-technical emphasis of the program. The low status of social and psychological thinking in HUD may be partly explained by the almost total absence of social research on housing for the elderly within HUD. The R. & D. functions of a major organization should set the direction for future policy and practice; without R. & D. leading the way, it is not surprising to find no coherent policy. I am aware of only one social research project even remotely related to housing for the elderly now being funded by HUD. The scarcity of social research of any type within HUD led the journal Design and Environment (1971, summer, page 21) to comment strongly on this lack. A number of requests for research on critical problems of ongoing service have been made by program and policy personnel within the Department of Housing and Urban Development. Yet, researchers have had to find other federal agencies willing to pay for the research solicited by HUD—an ignominious situation for any agency. I am in the sixth year of housing research funded by the National Institute of Mental Health and the Administration on Aging; despite the efforts of HEW and HUD personnel to persuade the Office of Research and Technology in HUD to fund a national survey jointly with HEW, there was no interest at all from the HUD research staff. The creation of an administration on housing for the elderly would free those recognizing the need for social research from the frustration of dealing with the physicalistic concept of research now espoused by HUD. Such an administration should establish its own research program and be allowed to lead the way for the country rather than deny its responsibility for testing out new ideas regarding the relationships between physical design, neighborhood planning, supportive services, and the social and psychological wellbeing of older people.

The current HUD operation is deficient even in its knowledge regarding the status of its own programs. It is impossible to find in a single source an integrated set of information on the financial, architectural, social, and management aspects of a given project. Many of the available data are not organized for easy retrieval. HUD's day-to-day functioning would improve greatly from the organization of both historical and current information into electronic data processing form. I am currently doing the first national survey on 202 and low-rent housing projects—hopefully this project can, among other goals, point the way to identifying the kinds of information that could be built into a continuous self-auditing data system.

My second major area of concern relates to the general problem of the openness of our society. In the area of housing for the elderly this concern has two aspects: first, the questionable openness of our communities to older people, and second, the openness of our housing programs to all segments of society. Within the past two years there have been five instances where proposals for low-rent projects for the elderly have been turned down in Philadelphia because of community pressure. In one such instance 500 community residents attended a City Council meeting where a 60-unit turnkey project limited to the elderly was under discussion. A near-riot ensued and the developer had to be physically protected by the police. In another context, a well-known retirement city, wishing to create a "youthful" image of itself, threatened to remove the physical props that helped define it as a true community friendly to older people: the ubiquitous park benches. These are examples of the kind of negative social response to a minority group only too familiar to blacks, vagrants, and teenagers.

While many localities have welcomed elderly people, the kind of rejection illustrated in Philadelphia seems to be on the upswing in terms of long-range planning, zoning decisions, and outdated building codes. Many areas are opposed to high-rise buildings. Others cannot accept the possible tax loss. Some fear that opening up low-rent housing for the elderly would constitute a foot in the door for the poor or the black to move into the community. Finally, the thought of aging is apt to make all of us anxious, and the community resident may simply not wish to be exposed to the constant reminder that he, too, is aging.

What should be the stance of the federal government in relation to the needs of a disadvantaged group where these needs conflict with the apparent wishes of local residents or governmental units? It is obviously a problem that goes far beyond housing for the elderly. However, it may be an instance where federal strength applied to housing for the elderly may relax the constricting force of economic housing segregation of all kinds. I suggest that a study commission investigate the options open to the federal government to force compliance with open housing laws by withholding aid to communities whose zoning practices result in the exclusion of housing for the elderly, whose development programs discriminate in any way against the elderly, or which simply fail to provide needed housing for the elderly.

The major fault that our research finds with the federal low-rent housing program is the fact that it typically is located in undesirable areas of town where physical insecurity is a constant source of anxiety for the older tenant. It is time that we begin think it worthwhile not only to pay more for a secure location, but to expend the greater energy required to break the stranglehold of economic discrimination. Research needs to be directed particularly toward both architectural and administrative approaches to increasing physical security.

The other issue regarding the openness of our housing program relates to the degree to which elderly people of all types are being served by existing programs, and how planning now may anticipate future problems.

The economic desegregation encouraged by the 236 program is certainly commendable, but early experience calls into question whether the program can really allow sponsors to change rents in the neighborhood of 25 percent of tenants' incomes. For the low-income segment formerly served by the 202 program, income percentages higher than this figure would be intolerable. What is needed in addition is a much more liberal policy on rent subsidies, going beyond the 20% of tenants now allowed in practice, and possibly allowing a rent-to-income ratio of 20 percent, rather than 25%. The rent subsidy program has always been inadequately funded, but where it has been applied, it has been most successful. Our own research seems to indicate that in housing limited to older people, blacks and whites, and low- and middle-income tenants mix without problems.

Despite the general success of federal housing programs for the elderly, there is still obvious evidence of the disparity between opportunities for blacks and for whites. Our national survey at the Philadelphia Geriatric Center finds that separation by color is still frequent. Sometimes it is masked officially, where a given project may be coded in the HUD directory as racially integrated, though it contains only one person of a minority group.

While we have not yet compiled our figures, it is clear that most 202 projects are either totally homogeneous, or at best, grossly unbalanced, in racial composition. The lower proportion of elderly people within the black population, particularly among the lower-middle income group served by the 202 program, may partially explain the imbalance. However, it is clear that active equalization measures need to be taken, in the form of rent subsidies for the individual minority-group tenant, and extended pressure on the sponsor or developer to solicit actively for integration of all types.

Looking to the future, it is clear that the life span of minority groups will be extended, and that the proportion of aged among them will grow. Yet, this new generation of minority-group elderly will have lived most of its life under the disadvantaged conditions of the 20th century, and will be in great need of coordinated programs of the type I have referred to for all older people. Their unique experience will require policy, planning, and services that are highly specialized. I therefore suggest that a study commission specifically address itself to the longrange housing problems of minority-group aged people, and that explicit responsibility for policy in this area be designated within an administration on housing for the elderly.

There are obviously many other problems, such as the physical design of social environments; local property taxes and the elderly; housing for the middle-class elderly; housing for the elderly in new towns, new suburbs, and aging suburbs—and so on. However, solutions to each of them may hopefully be approached better through the mechanism of a study commission and a major governmental agency with exclusive concern for housing the elderly. These are to my mind, the best possible routes toward a coherent elderly housing policy. Bare minimum specific aspects of such a policy would include offices with expertise in the delivery of supportive services, counsel for sponsoring organizations, training of personnel to work with the elderly, assistance for the homeowner or renter who does not live in planned housing, and research in the socioenvironmental aspects of aging.

Mr. Oriol. That concludes the list of our scheduled witnesses. However, we have a request from the Reverend Robert Shirer, director of the Presbyterian Social Ministry, which is associated with a project which was mentioned in our testimony on Monday.

Reverend Shirer, I would like to point out we regard this as an interim statement, because we are in the midst of research, and our questions will be interim questions, if we have any.

STATEMENT OF REV. ROBERT SHIRER, EXECUTIVE DIRECTOR, PRESBYTERIAN SOCIAL MINISTRY, INC.

Reverend Shirer. I would be delighted to have it as an interim statement.* I was vacationing in Vermont and read some of the stuff in the press, and came down here.

*See appendix 5, p. 230, for additional statement.

I am the Reverend Robert Shirer, executive director for Presbyterian Social Ministry, Inc., which is an agency of the United Presbyterian Church.

We are involved in the development and management of elderly and low-income family projects. We have some 2,600 units under our management. We have roughly 1,000 units under the 202 or the 202 conversion to 236 program, and we have 1,000 units under the 236 program itself, and we have 650 units under the 221D3 rent supplement program for the elderly.

We have, in addition, a privately financed congregate living facility for the elderly of 88 units, making a total management of 2,700 units under our management.

One of the projects is unique in the Nation. It is the John Knox Apartments. It is the only high-rise of its kind in the Nation. We maintain it at 100-percent occupancy.

I would like to testify in support of the 202 program. As I mentioned in the statistics, we have 1,000 units under 236 and 1,000 under 202/236. We find that both of them lend themselves well to programing for the elderly.

We think that the 202 program was a good program and should be continued. This fits, however, into a larger philosophy that Mr. Gulledge spoke about early in the day, which I think was passed over rather quickly, and needs to be highlighted.

Four-Phase Care

There is actually a four-phase care involved with the elderly. There is the young ambulatory elderly who no longer want to live in their own homes, but are quite active and agile. The 236 lends itself to their needs.

Then comes the next stage where the need of security and care are greater. The 202 program lends itself well to their needs. Then comes the point when they need more assistance like central dining facilities and some moderate care for health needs, and it is at that point where congregate living facilities are needed. I understand a handbook along those lines is to be shortly developed by HUD.

Then comes the fourth phase where the extended care facilities are needed in terms of health needs.

I think it is important to know that there are four phases in terms of the care for the elderly, and we need to talk about different programs at different stages for these people. Part of the confusion, I fear, is the inability to separate out these needs in terms of stages.

In our management, we have at the present time either direct management or access to all four of these. Our Heritage House program, one about which I will speak shortly, is the first phase. Presbyterian Towers, an example of 202, is the second phase. Our privately financed corporation Presbyterian House is the third phase, and we have on contract a Lutheran facility, Swan Home, which provides the fourth phase.

I do not believe, in order to support the 202 program, it is especially essential to throw rocks at other parts of the program. I think this is part of the problem that is developing in these hearings, and frankly is the reason why I interrupted the pleasant lakes in Vermont and the beautiful trees, for the hustle and bustle of Washington.

I don't think it is necessary, in supporting 202, to throw rocks at 236, which is involved in a different part of the housing market, even in the elderly market.

Let me compare, since prices on these things is in issue, some of the prices involved. Five years ago, Presbyterian Towers, the 202 facility of 210 units in St. Petersburg, was funded. It has been in operation for 3 years. The cost per unit of efficiencies and one bedrooms in that high-rise facility was a little less than $13,000 per unit.

Three years ago, Tampa Presbyterian Community, a 210-unit high-rise 202 facility was constructed. It has been in operation about 3 years. Its cost per unit for one-bedroom efficiency apartments was a little higher than $13,000.

Fort Myers Presbyterian Community in Fort Myers, has been occupied just a year, 180 units, half of which are one bedroom and half of which are efficiency, cost $18,500 per unit.

Lakeland Presbyterian Apartments, which was occupied in the middle of May this year, 196 units, which was originally processed as a 202, and then under waiver was funded under the 236 program, is costing $17,000 per unit, half of which are one bedroom and half of which are efficiency.

All of the aforementioned are high rises. The 236 program, about which I will shortly speak; namely Heritage House, has 400 units, and is running $11,500 per unit. Now this is for all one bedrooms. They are air-conditioned and they are carpeted.

In terms of the contrast in price, I think this is significant. Heritage Presbyterian House was brought up on at least a couple of occasions prior to this, and several allegations were made, one of which was made indirectly today to Mr. Gulledge.

Obviously Mr. Gulledge can't keep his finger on all the projects that are funded through the FHA. He is a remarkable man, but not that remarkable. The cutting off of the funds in the fiscal 1971 budget for elderly housing came as a directive.

Recaptured Funds

There were recaptured funds in the Tampa office of the FHA. Let me emphasize that. These were recaptured funds at the end of the fiscal year 1970. It was from those funds, and not in violation of the directive that the Heritage Presbyterian Housing Apartments, of which I am the authorized representative, were funded. It was from those recaptured funds.

The directive was in the Tampa office. I saw it. Mr. Albright from the Atlanta office was there. I spoke to him and said, "Does this directive include recaptured funds as well as fiscal 1971?" He said, "I don't know. I will inquire." He inquired. The word came back that it was only in reference to fiscal 1971 and did not affect recaptured funds from 1970, and it was from that source that Heritage Presbyterian Apartments were funded.

The allegation was made that there perhaps was favoritism involved in this. The contractor met with me originally. It was not a package deal. I spoke with these developers together, then I selected the attorney for the project and the architect, and then land was secured.

This was not a package deal in search of a sponsor. It was a sponsor and developer getting together to respond to a need in our community.

The need in our community was in reference to the relocation of families, most of which, over 50 percent, are in the elderly category, whose incomes are below $5,000, who are being displaced by I–75 coming through the Pinellas County area.

Mr. ORIOL. Is that a highway?

Reverend SHIRER. Yes, that is an interstate highway.

The road department said unless and until you secure alternate housing for the people being displaced, they would not release funds. We were approved by the Department of Housing in our community.

We were approved by a number of other governmental officials saying you are in the housing field, can you find some housing that will help to house over 50 percent of the people who are being displaced.

Heritage Presbyterian Housing was one of the few, and at that point the only one which was approved in Pinellas County for this purpose.

Mr. Fay appeared before this committee. I have met Mr. Fay in his office, and he is a very interesting gentleman. It is very significant that in the statements Mr. Fay made, he has yet—let me emphasize this—he has yet to contact the owners in reference to the statement which he has made.

I contacted Mr. Fay at the very beginning, because Mr. Fay started, before construction was ever begun, to have some kind of difficulty. It took Mr. Fay a half a day to issue a permit on a saw pole to bring in the powerline to the site. It seems rather strange that it would take half a day to issue a permit on a saw pole.

MUST PROTECT INTEREST OF SPONSORS

And so sensing some problems, I went up to see him, along with our consultant. Mr. Fay, at that time, produced some of the statements which he has made in reference to flooring problems. He also made this statement: That he regarded all church groups, nonprofits, as naive in this field, and that he felt he must protect their interest even against themselves.

This is a very interesting position for a chairman of a building department to take. Mr. Fay has made several statements. I was not here to hear his statements and I have not seen a transcript of it, so I cannot take it apart point by point.

Let me simply say that after the county had agreed to bring a waterline to the project, they said they would not bring the required waterline and we are doing it at our expense.

Mr. Fay was the one who approved the building plans on which the project has proceeded, and if he had objections at that point, that was the time he should have raised this with the owner, which he did not do.

We have, at our expense, instituted fire stops in the ceiling area, which was not part of the building code, but which we felt was necessary for our people.

If you would have visited the sites, you would find that it is not shoddy workmanship which is going on there, despite Mr. Fay's allegations.

We would encourage a visit from this committee or any other committee that would want to investigate this part of our program in Florida.

I think perhaps that should conclude my statement, Mr. Oriol, and Mr. Halamandaris. Our concern was that in terms of our Heritage project, there seemed to be aspersion cast on it, and no one—and I emphasize that no one from this committee or elsewhere has contacted me as the authorized representative of this project to find out what the owner was thinking or doing in this regard.

I appreciate the opportunity of speaking to you.

Mr. ORIOL. We will, of course, supply you with the transcript of whatever references have been made earlier, since you have not seen it. We do not yet have that transcript. And Mr. Fay will receive a copy of your statement for any comments he would care to make.

As I indicated before, we are still not ready to ask certain questions that we have in mind.

But going back to your general statements, just as you say, 236 should not be dumped simply to advance 202. I guess from the tone of your remarks, you agree that 202 shouldn't be scuttled just to make room for 236?

Reverend SHIRER. As I mentioned, we manage 1,000 units of 202 and 1,000 units of 236. It is a different management program, but I think both of them are viable as managing units for elderly people.

YOUNGER ELDERLY

Mr. ORIOL. Now, you also say that 236 is, in effect, more suitable for the younger elderly, more mobile, and so forth.

Reverend SHIRER. Yes.

Mr. ORIOL. Heritage Presbyterian is 236?

Reverend SHIRER. It is a 236, that is right, garden type, two stories.

Mr. ORIOL. Are you making special efforts to get this younger elderly type of tenant into that?

Reverend SHIRER. We are carefully screening all of the people who are coming there. Our first priority was to receive those people dislocated by the I–75. This was part of our commitment on this. Regardless of the age bracket, we are giving preference to those.

Mr. ORIOL. You are not following the age criteria?

Reverend SHIRER. We are following concern for ambulation, very definitely, and there are a number of these people who request and require first-floor apartments, you see, where there is no elevator, and no steps involved. They are right on the ground floor.

Mr. ORIOL. There are people living in Heritage at the present time?

Reverend SHIRER. We have the first units ready to move in, and within a month we will be moving the first tenants in.

Mr. ORIOL. It is two levels?

Reverend SHIRER. Yes, first and second floor.

Mr. ORIOL. You do not have an elevator?

Reverend SHIRER. No.

Mr. ORIOL. Do you think that will cause problems?

Reverend SHIRER. I don't anticipate it will; no, because we are managing another 236 in Orlando, the same type of program, St. Johns Village, which was mentioned, I believe, in testimony before, and we do have that project already managed.

There are people living there. It is full. And we have found no problem with the stairway.

Mr. ORIOL. Is it a ramp or a stairway?

Reverend SHIRER. It is a stairway.

Mr. ORIOL. How many stairs does it take to get to the second level?

Reverend SHIRER. I should have walked them to find out. I would say probably a dozen.

Mr. ORIOL. Do you, in any way, have a special requirement that anybody with a disability must live on the lower level?

Reverend SHIRER. Yes; we do. When they come in—because we do all this through personal interviewing, the qualifying of them—and where there is some kind of a handicap, we say these are the folks who must live on the first floor, and if we do not have a first-floor apartment available, we put them on file.

We have arranged ramps, also, in some of the other areas.

Mr. ORIOL. Is there any age criteria for the Orlando project where people are living?

Reverend SHIRER. I don't have the age breakdown, but I could get the age breakdown for you.

Mr. ORIOL. Mr. Miller, do you have any questions?

Mr. MILLER. No; I don't believe so.

Mr. ORIOL. Mr. Halamandaris?

Mr. HALAMANDARIS. Reverend, I would be interested if you would reinforce the statement you made a moment ago. That the impetus for the Heritage project came from you——

Reverend SHIRER. The impetus for the Heritage project came from——

Mr. HALAMANDARIS. Please, may I finish?

Reverend SHIRER. Yes.

Mr. HALAMANDARIS. What you said, in effect, was it was a happy marriage. You wanted a project and they wanted somebody who wanted a project, and it was not as you said, a case where they knocked on doors and maybe found somebody.

Reverend SHIRER. I am responding to the statement that there are developers who put together a construction, architecturally, legally feasible, and then searched for a nonprofit sponsor to put their name on it. That was not what happened at all.

Mr. HALAMANDARIS. You distinguish it how from that?

Reverend SHIRER. I distinguish it, the developer and I were introduced by mutual friends. A friend said you ought to talk to Bob Shirer. He is involved in housing. And he spoke to me and I said, "Good, let's get together," and we did, and discussed the project, both in terms of what he could do and who the other principals were who might be involved.

Mr. HALAMANDARIS. I am not taking an adversary role, but who was the friend who introduced you?

Reverend SHIRER. Mr. Jerry Curling.

Mr. HALAMANDARIS. The consultant?

Reverend SHIRER. Right. It was at our option. Let me emphasize this. It was at the owner's option as to who we would use as consultants, as attorney, as architect, and as contractor.

Mr. HALAMANDARIS. Let me nail this down. The first contact you had with the principal corporation was the introduction that was made to Jerry Curling? Is that the first time you had any contact?

Reverend SHIRER. Yes.

Mr. HALAMANDARIS. That is the only part I didn't understand.

Mr. ORIOL. Thank you, Mr. Shirer.

Reverend SHIRER. Thank you very much.

Mr. ORIOL. We have another gentleman, Mr. Ronald Steward, Jr., president of Vanguard Construction Co., Tampa, Fla.

As we did with Reverend Shirer, we inform you we regard this an interim statement, and our questions are interim questions.

STATEMENT OF RONALD STEWARD, JR., PRESIDENT, VANGUARD CONSTRUCTION CO., TAMPA, FLA.

Mr. STEWARD. Yes; I am Ronald Steward, president of Vanguard Construction Co. in Tampa, Fla., and I appreciate the opportunity for this nonscheduled appearance.[1]

I come here—not to argue the pro's and con's of any particular program—but as a builder under one program, or any program.

OBLIGATION TO STOP PROJECT—IF INFERIOR

I want to convey to you our concern over certain allegations made in the press and at this hearing by Mr. Fay.[2] I believe Reverend Shirer pretty well summed up what I was going to say.

Certainly, in regard to Mr. Fay's comments, he did approve plans and specifications originally. If he questioned anything, if he sincerely believed we were using inferior materials, he had an obligation—as he does now, to the taxpayers of this country—to notify the owner, builder, and FHA and to stop it and correct it.

He has done none of this. He also made the allegation of this package-type situation, which Reverend Shirer spoke of. I would only mention one other detail in regard to that; and, that is, we have been looking at this particular piece of property for the construction of condominiums. I agree with what he said in how the meeting came about, and the introduction by Jerry Curling.

It is a concern of ours for these allegations that have been made, and I feel it is detrimental to us. We feel that we have been singled out for no good reason; and I want to express our concern about it.

We offer all the cooperation we can to this committee. I told you before, we welcome visitation and we want to cooperate.

In our program of building, we build both FHA and conventionals, and intend to continue doing this. We will do it. And we would like very much to have this resolved one way or the other.

We would like to get on with our normal practice of business, without any of these allegations hanging fire. I will be glad to answer any questions that you may have.

Mr. ORIOL. I have one question. How far is Heritage Presbyterian from the nearest shopping facilities?

Mr. STEWARD. I would say roughly two blocks.

Mr. ORIOL. What are the facilities?

Mr. STEWARD. It is a shopping center.

Mr. ORIOL. Is there more than one store?

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[1] See appendix 6, p. 233, for additional statement.

[2] See statements of Mr. George Fay, pt. 1, p. 33.

Mr. Steward. Yes; there is more than one store. I don't know exactly what is in the center, but I know it is more than one store.

Mr. Oriol. How many parking lot slots are you required to produce for Heritage Presbyterian?

Mr. Steward. I cannot answer with any degree of accuracy. I can say generally speaking, it is 1.5 to 1 in that county, and with that particular project, that may not be true.

Mr. Oriol. We appreciate your offer of cooperation, and we will take full advantage of it.

Thank you.

Mr. Halamandaris. Ron, I just want to raise one question with you.

Knocking on Doors

I think you know why I asked Reverend Shirer how the project initiated—and the language that I used about knocking on doors. That should be rather familiar to you.

Mr. Steward. Yes; should I comment on that?

Mr. Halamandaris. If you want to, you may.

Mr. Steward. I know why.

Mr. Halamandaris. I don't remember whether what you told me was off the record or on the record. If it was off the record, forget this question.

Mr. Steward. I think what I was saying was that, generally speaking, the question had come up as to why we could get things done—or it appeared that we got things done. I said at the time it was because we worked hard or pounded on doors.

But that was a figure of speech. We do apply ourselves to the principle that we almost have no regard for time. We put in long hours every day. We do work hard and try to gain all the knowledge available to us through seminars and literature.

I would like to feel we have a certain expertise in this field. This is what we have chosen to do. We will stick with it and we want to be the best in it, and we are proud of what we have done.

Mr. Halamandaris. Thank you for that answer.

Your frame of reference in answering the question is a little different than I remember it. I remember asking the questions, "Who initiated the Heritage project? How did you meet Reverend Shirer?" Your answer to me was—you laughed a little bit—"Well, frankly, it was by just knocking on every door, and in effect, getting hold of everyone we could. The conventional market dried up. We were trying to get going."

You made the decision to go FHA, and had a couple of projects packaged and you were anxious to get going.

Mr. Steward. I think, perhaps, I misunderstood you in reference to that particular project. It was more of an overall statement that we acquired this by working harder.

Mr. Halamandaris. I am glad you clarified that. That is all I have.

Mr. Oriol. Thank you very much.

We have still another request. Richard Fullerton would like to speak.

STATEMENT OF RICHARD L. FULLERTON, RICHARD FULLERTON & ASSOCIATES, SMYRNA, GA.

Mr. FULLERTON. Mr. Chairman, my statement has to do with Mr. Gulledge's appearance this morning, and not with anything that has intervened. I am grateful for this further opportunity to testify.*

With due respect for the prerogatives of the Office of the FHA Administrator, I must take issue. I refuse to condone his inability to differ between success and failure in housing for the elderly.

He has, this morning, told us that black is white and white is black. Mr. Chairman, the FHA Administrator's statement and his discussion are, in fact, tacit admission that the FHA has died.

He admits that without the recurring hypodermic of the grotesque interest-subsidy gimmick, the entire FHA would be operating at less than 20 percent of its present alleged level. Seventy-five percent of all FHA single-family, and 90 percent of all multiple-family housing production is already subsidized, in addition to being insured.

He acknowledges that his organization has failed in its original purpose, and now can only function by the grace of the Treasury Department through the interest-sudsidy expedient. Take away the interest-subsidy and you will eliminate a giant bureaucracy.

Mr. Gulledge admitted that the entire interest-subsidy program is predicated on galloping inflation. What will happen if our economy levels off, or, in fact, turns down? Will not the Treasury still be required to pay all of the interest subsidy for all of the term of the mortgage, the 40 years?

I submit that if we gained the production that he held as his goal this morning, the fact of these mortgages in the portfolio will prevent the leveling off and the turning down. If we have enough predicates to inflation, we will have inflation.

HOPE AND FAITH

In his testimony, Mr. Gulledge had to resort again to the expression of hope and faith that things will somehow work out. He said, and I quote—

> We believe—

And I underscore his expression of belief—

> that lower rents may be achievable under the 236 program, particularly as we receive new projects which can reflect Section 236 design criteria.

This far along in the interest-subsidy program they are still expressing their hope, and faith, and belief that things may work out. Perhaps it would be better if the FHA could somehow learn to be specific and talk in terms of facts; and let those of us who are professionally religious deal in the realm of faith, and hope, and aspiration.

Gentlemen, we have already established in these hearings that the FHA always works down to the minimum, while section 202 projects rose to new heights of maximum quality consistently. As projects be-

*See Mr. Fullerton's statement, part 1, p. 47.

come fully immersed in FHA property standards, they will be more contemptible in character and location and will cost more in the process.

America's elderly will get less quality for more money.

This Methodist sponsor in Atlanta—whose experience was successful in 202, and he is ready to file another 202 loan application—I would be glad to learn where they should take the papers.

Mr. Gulledge, this morning, admitted that the 202 program is still extant; and, that it was only an administrative decision that they were succeeding so well in handling the applications in 236 that there was, really, no reason to give 202 any attention.

Not Interested in 236

I, and several others, would be happy to move forward with 202, but are not interested in 236. These people, in particular, already have had experience with 236.

Mr. Gulledge called section 236 mortgages "private financing." Does not GNMA and FNMA participation involve public funds? I am sure that 236 involves much more public spending than 202.

Let me posit once again that the success of 202 was caused by nonprofit management to be sure; but, to a greater degree, 202 success springs from nonprofit development of these projects.

The tragic cleavage of production and management in FHA is a greviously negative factor in service to the elderly.

I submit several letters to and from HUD officials for you to use at your discretion. These I will leave with you.*

I remind the committee—and the public—that in March 1970 the Department of Housing and Urban Development issued a list of HUD programs.

At the top of the list is Direct Loan, Section 202. They are still advertising that 202 is the way to go. This was after the time when several witnesses were pushed over to 236.

Interestingly enough, they are continuing emphasis on the limited dividend approach as contrasted with pure nonprofit.

I submit it is a subterfuge; that half-truths have been brought to this committee today, for the press and for the public who seem to cover the issue. I trust that the other half of all of these allegations will be made part of the record.

Mr. Oriol. Mr. Fullerton, you pointed out that Mr. Gulledge said that he thinks that as the economy continues to expand, Congress and the executive branch will be willing to spend these very high figures per year for interest subsidy.

You pointed out the economy could go down conceivably.

Isn't it true that the economy does keep going up and up, a trillion and supertrillion, and they may be willing to pay the kind of direct loans——

Mr. Fullerton. Yes, but his statement was predicated on the notion that none else is going to get poor—that we have all of the poor that we are ever going to have.

* Retained in committee files.

His prediction of section 236 subsidy funds has to do with the existing body of poor people in the country. His notion that an increase in income will bring these payments up to the level where the subsidy is already known to be ridiculous.

Even if the Social Security payments did come up substantially, at the same time the salaries and uitilities and taxes and other costs, incidental to the rents, would also rise—so that the rent would have to rise.

Inflation inflates everything. It doesn't just raise the widow's pension. In fact, I am pretty sure that her increase is proportionally less than the rest of the economy.

In fact, all of his statements—for all practical consideration—were predicated without a major premise, but we must think in terms of all the facts.

If the economy, in fact, does turn down, we, the taxpayers, are stuck with these horrendous mortgages at the present high interest figures,

Mr. ORIOL. Thank you, very much, Mr. Fullerton, and thanks to everyone else who testified, and all those who have listened.

Senator Williams will be conducting one or more days of an additional hearing in the future, but this concludes the present hearings.

The subcommittee is in recess, subject to the call of the Chair.

(Whereupon, at 1:15 p.m., the subcommittee was recessed, to reconvene at the call of the Chair.)

APPENDIXES

Appendix 1

ADDITIONAL MATERIAL FROM WITNESSES

The following material was submitted by Hon. Eugene Gulledge, Commissioner, Federal Housing Administration.

ITEM 1. APPROVED SECTION 202/236 PROJECTS FOR THE ELDERLY AS OF JULY 30, 1971

Project location, applicant/project mailing address [1]	*Number of units*
Arizona:	
Under construction: Phoenix—Arizona Odd Fellow Rebekah Housing, 501 East Osborn Rd., Phoenix, Ariz	182
Funds reserved:	
Phoenix—Kivel Manor, 3040 North 36th St., Phoenix, Ariz	65
Tucson—Tucson Housing Foundation, 3833 East 2d St., Suite 100, Tucson, Ariz	143
California:	
Completed:	
San Francisco—Bethany Center Senior Housing, 580 Capp St., San Francisco, Calif	134
Pleasanton—Pleasanton Gardens, 251 Kottinger Ave., Pleasanton, Calif	40
Oakland—Satellite Senior Homes, Inc., 540 21 St., Oakland, Calif	352
Under construction:	
Oakland—Satellite Senior Homes, 3245 Sheffield Ave., Oakland, Calif	55
Livermore—Interfaith Housing, Inc., Box 1112, Livermore, Calif	55
Belmont—Bonnie Brae Terrace, 3080 Ralston Ave., Belmont, Calif	164
Compton—St. Timothy's Manor, 312 South Oleander Ave., Compton, Calif	114
San Diego—Westminster Manor San Diego, Inc., 320 Date St., San Diego, Calif	156
San Francisco—Rotary Plaza, 1024 Mission Rd., San Francisco, Calif	181
Fresno—Fresno Village, 1031 South Grand Ave., Los Angeles, Calif	180
Santa Rosa—Bethlehem Towers, 190 Hendley St., Santa Rosa, Calif	160
Bakersfield—Bakersfield Christian Towers, 12000 La Mirada Blvd., La Mirada, Calif	118
Los Angeles—Mount Zion Towers, 1300 East 50th St., Los Angeles, Calif	118
Riverside—Riverside First Baptist Homes, Inc., 5550 Allassandro Ave., Riverside, Calif	213
Oceanside—Church of God Homes, Inc., Post Office Box 212, San Diego, Calif	86

See footnote at end of Appendix.

Project location, applicant/project mailing address [1]	*Number of units*
California—Continued	
Under construction—Continued	
Funds reserved:	
San Jose—Hilltop Manor, 198 South 2d St., San Jose, Calif	148
Los Angeles—Good Shepherd Manor, 3303 West Vernon Ave., Los Angeles, Calif	144
Oakland—Satellite Senior Homes (Rockridge United Methodist Church), 5375 Manila Ave., Oakland, Calif	38
Oakland—Satellite Senior Homes (St. Andrew's), 925 Brockhurst St., Oakland, Calif	60
Berkeley—Satellite Senior Homes, University Christian Church, Berkeley, Calif	46
Santa Clara—Santa Clara Methodist Retirement Foundation, 1700 Lincoln St., Santa Clara, Calif	101
Redwood City—First Congregeational Church of Redwood City, 2323 Euclid Ave., Redwood City, Calif	136
Los Angeles—Good Shepherd Manor, 3303 West Vernon Ave., Los Angeles, Calif	144
San Jose—First Presbyterian Church of San Jose, 48 North 3d St., San Jose, Calif	216
Los Angeles—Vista Towers, 760 South Westmoreland, Los Angeles, Calif	230
Long Beach—United Church Retirement Homes First Congregational, 241 Cedar Ave., Long Beach, Calif	196
Long Beach—Park Bixby Towers, Inc., 17250 Francisquito Ave., West Covina, Calif	183
Bellflower—Bellflower Friendship Manor, 9603 East Belmont St., Bellflower, Calif	150
San Leandro—Christ Presbyterian Church, 890 Fargo Ave., San Leandro, Calif	75
Santa Maria—Santa Maria Central Plaza, 117 West Bunny St., Santa Maria, Calif	113
Whittier—Lutherland of the West, 1675 South Catalina St., Los Angeles, Calif	150
Temple City—Temple City Christian Church, 9723 Garibaldi Ave., Temple City, Calif	150
Van Nuys—First Baptist Church, 14800 Sherman Way, Van Nuys, Calif	150
Huntington Park—First Christian Church, 2661 Saturn Ave., Huntington Park, Calif	150
Sunland—Volunteers of America, 1400 East 14th St., Oakland, Calif	163
Los Angeles—Keiro Apartments, 3711 Baldwin St., Los Angeles, Calif	80
Torrance—Mormans, 4505½ Sepulveda Blvd., Sherman Oaks, Calif	150
Los Angeles—Jewish Federation Council, 590 North Vermont, Los Angeles, Calif	200
Hemit—Hospitality Homes, 1255 Val Vista St., Pomona, Calif	150
Oakland—Satellite Senior Homes, (St. Patrick's Church), 1023 Peralta St., Oakland, Calif	63
Lakeside—Lakeside Gardens, 9908 Channel Rd., Lakeside, Calif	85
San Diego—Grace Tower, 3955 Park Blvd., San Diego, Calif	207
San Diego—Wesley Tower, 5380 El Cajon Blvd., San Diego, Calif	160
San Diego—Sorrento Tower, 3421 Tripp Ct., San Diego, Calif	210
Colorado:	
Under construction:	
Denver—Allied Housing, Inc., 400 Kittredge Bldg., Denver, Colo	146
Denver—NEDCO-Elderly, 933 East 24th Ave., Denver, Colo	105
Denver—Denver Metro Village, 1390 Logan St., Denver, Colo	194
Connecticut:	
Under construction	
West Hartford—West Hartford Fellowship Housing, 250 Constitution Plaza, Hartford, Conn	100

See footnote at end of Appendix.

Project location, applicant/project mailing address [1]	*Number of units*
Connecticut—Continued	
Completed:	
Bethel—Augustana Homes, Inc., 850 Norman St., Bridgeport, Conn	101
Funds reserved:	
Waterbury—Waterbury First Church Housing, 222 West Main St., Waterbury, Conn	155
Norwalk—Kings Daughters and Sons Housing, 168 East Ave., Norwalk, Conn	128
Florida:	
Completed:	
Jacksonville—Riverside Presbyterian Apartments, 849 Park St., Jacksonville, Fla	205
Tampa—Haciendas De Ybor, Inc., 1509 8th Ave., Tampa, Fla	99
Under construction:	
St. Petersburg—Menorah Center, Inc., 301 59th St., North, St. Petersburg, Fla	157
Lakeland—Lakeland Presbyterian Apartments, 1035 Arlington Ave., North St. Petersburg, Fla	196
Orlando—Hillcrest-Hampton, Inc., Post Office Box 1313, Orlando, Fla	156
St. Petersburg—Pinellas County Knights Residences, Inc., 333 31st St., North, St. Petersburg, Fla	188
Melbourne—Trinity Towers, Inc., 324 North Interlochen Ave., Winter Park, Fla	156
South Pasadena—Bethany Housing, Inc., 1731 Redwood, Sarasota, Fla	171
Clearwater—Prospect Towers of Clearwater, Inc., 401 South Prospect Ave., Clearwater, Fla	195
Jacksonville—Bapist Towers of Jacksonville, 4001 Hendricks Ave., Jacksonville, Fla	203
Tampa—First United Methodist Church, 1007 Florida Ave., Tampa, Fla	201
Tampa—CTA River Apartments, Inc., 512 East Ellicott, Tampa, Fla	199
Tampa—Presbyterian Homes of South Florida, Inc	210
Funds reserved:	
Sunny Isles—Sunny Isles Towers, Inc., 6301 Biscayne Blvd., Miami, Fla	220
Winter Haven—First Christian Towers, Inc., 20 7th St., SW., Winter Haven, Fla	156
Jacksonville—Mount Carmel Gardens, 3731 Hendricks Ave., Jacksonville, Fla	184
West Palm Beach—Christian Manor, Inc., 215 North Congress Ave., West Palm Beach, Fla	200
Sanford—Cooperating Parishes, Debany Ave. and Clark St., Enterprise, Fla	160
Bradenton—Presbyterian Homes of South Florida, Inc., Post Office Box 356, Lehigh Acres, Fla	210
Winter Park—Winter Park Retirement Center, 225 South Interlocken Ave., Winter Park, Fla	196
Georgia:	
Under construction:	
Decatur—Atlanta Area Presbyterian Homes, Inc., 341 Ponce De Leon Ave., NE., Atlanta, Ga	225
Atlanta—Wesley Homes, Inc., 159 Forest Ave., NE., Atlanta, Ga	432
Funds reserved:	
Savannah—Rose of Sharon, Post Office Box 8789, Savannah, Ga	217
Atlanta—Wheat Street Charitable Foundation, 17 Yonge St., NE., Atlanta, Ga	211
Atlanta—Luther Church of the Redeemer, 4th Peachtree St., NE., Atlanta, Ga	225
Decatur—Decatur Church of Christ, 1677 Scott Blvd., Decatur, Ga	215

See footnote at end of Appendix.

Project location, applicant/project mailing address [1]	*Number of units*
Illinois:	
Funds Reserved: Naperville—Naperville Council of Churches, Martin Ave., and Brom Dr., Naperville, Ill	121
Indiana:	
Completed: Evansville—Horizon Homes, 325 Southeast 9th Street., Evansville, Ind	148
Under construction: Greenwood—Presbyterian Housing Program, Inc., 1100 West 42d St., Indianapolis, Ind	174
Funds reserved: Richmond—Interfaith Housing, NW., 5th and Main Sts., Richmond, Ind	104
Iowa:	
Under construction: Cedar Rapids—Geneva Corp., 3rd St. and 5th Ave., SE., Cedar Rapids, Iowa	192
Funds reserved: Rockwell City—Golden Buckle Home, Inc., 500 East Lake St., Rockwell City, Iowa	48
Kentucky:	
Under construction:	
Lexington—Emerson Center, Inc., Route No. 1, Clays Mill Rd., Lexington, Ky	178
Louisville—Union Labor Housing, Inc., Suite 132, Iroquois Bldg., Louisville, Ky	240
Louisville—Baptist Towers, Inc., 1101 South Third St., Louisville, Ky	199
Louisville—Chapel House, Inc., 942 South 4th St., Louisville, Ky	225
Funds reserved: Covington—Kentucky Senior Citizens Apartments, Inc., 111 Brent Spence Sq., Covington, Ky	147
Louisiana:	
Funds reserved: Baton Rouge—Catholic-Presbyterian Apartments, Post Office Box 2026, Baton Rouge, La	195
Maryland:	
Under construction: Oxon Hill—D.C. Church Homes, Inc., 1725 Kalorama Road, NW., Washington, D.C	192
Funds reserved:	
Baltimore—Basilica Towers, 408 North Charles St., Baltimore, Md	291
Westminster—Westminster Church Homes, Inc., Post Office Box 543, Westminster, Md	100
Massachusetts:	
Completed: Peabody/Salem/Danvers/Beverly—North Side Housing Corp., Inc., 20 Central St., Peabody, Mass	321
Funds reserved:	
Marshfield—Winslow Village, 1937 Ocean St., Marshfield, Mass	65
Quincy—Wollaston Lutheran Church Apartments, Inc., 550 Hancock St., Quincy, Mass	154
Malden—First Church in Malden Homes, Inc., 184 Pleasant St., Malden, Mass	209
Worcester—Worcester Episcopal Housing for Elderly, 390 Main St., Worcester, Mass	149
Boston—Fenway Housing for Elderly, 1 Joy St., Boston, Mass	147
Quincy—Quincy Point Congregational Church Homes, 1000 Southern Artery, Quincy, Mass	201
Worcester—Colony Retirement Homes, 485 Grove St., Worcester, Mass	80
Brighton—Jewish Community Housing for Elderly, 1 Center Plaza, Boston, Mass	256
Melrose—Congregational Retirement Homes II, Inc., 121 West Foster St., Melrose, Mass	114
Michigan:	
Under construction: Centerline—Dunn Family Senior Citizens Home, 1400 Guardian Bldg., Detroit, Mich	108
Funds reserved:	
Livonia—Trinity Baptist Church, 14800 Middlebelt Rd., Livonia, Mich	40

See footnote at end of Appendix.

Project location, applicant/project mailing address [1]	*Number of units*
Michigan—Continued	
Funds reserved—Continued	
Highland Park—LaBelle Towers, 7404 Woodward Ave., Detroit, Mich	225
Royal Oak—Royal Oak Cooperative Homes., 7404 Woodward Ave., Detroit, Mich	249
Trenton—Trenton Cooperative Apartments, 7404 Woodward Ave., Detroit, Mich	220
Minnesota:	
Under construction:	
Austin—St. Mark's Lutheran Home, 14th Ave. and 4th St., SW., Austin, Minn	65
Minneapolis—Volunteers of America Housing, 2825 East Lake St., Minneapolis, Minn	208
Albert Lea—Albert Lea Trades and Labor Assembly, 404 East Main St., Albert Lea, Minn	80
Funds reserved: Duluth—Gateway Tower, Inc., 14th Avenue West and Waterfront St., Duluth, Minn	154
Mississippi:	
Under construction:	
Ocean Springs—Catholic Charities Housing Association, Post Office Box 2248, Jackson, Miss	198
Jackson—Catholic Charities, Inc., Post Office Box 2248, Jackson, Miss	209
Biloxi—Catholic Charities, Inc., Post Office Box 2248, Jackson, Miss	211
Missouri:	
Under construction:	
University City—Parkview Housing Corp., 11001 Schuetz Rd., St. Louis, Mo	195
St. Ann—Santa Ana Apartments, 10449 St. Charles Rock Rd., St. Ann, Mo	195
St. Louis—Franciscan Tertiary, 1458 West 51st St., Chicago, Ill	122
Kansas City—Temple Heights Manor, 2715 Swope Parkway, Kansas City, Mo	149
Montana:	
Completed: Helena—Penkay Eagles Manor, 38 South Last Chance Gulch, Helena, Mont	66
Under Construction: Lewiston—Lewiston Eagles Manor, Washington Baptist Convention Homes, 4337 15th NE., Seattle, Wash	73
Funds reserved:	
Missoula—Missoula Manor Homes, Eagles Lodge No. 32, Missoula, Mont	156
Choteau—Skyline Lodge, Post Office Box 799, Choteau, Mont	60
Nebraska:	
Under construction: Norfolk—Norfolk IOOF Housing, Inc., 1201 Norfolk Ave., Norfolk, Nebr	92
Nevada:	
Funds reserved: Las Vegas—Clark Towers, 68A Sahara Ave., Las Vegas, Nev	191
New Hampshire:	
Funds Reserved: Derry—Nutfield Heights, Inc., Boyd Ave., Derry, N. H	80
New Jersey:	
Funds reserved:	
Atlantic City—Columbus Towers, Inc., 2315 Arctic Ave., Atlantic City N.J	216
Lumberton—Acacia-Lumberton Manor, Inc., c/o R. O. Bernard, 245 Forest Ave., Glen Ridge, N.J	166
Newark—Mt. Carmel Guild, 594 South 7th St., Newark, N.J	156
Trenton—Trenton Lutheran Housing Corp., 189 South Broad St., Trenton, N.J	205

See footnote at end of Appendix.

Project location, applicant/project mailing address [1]	*Number of units*
North Carolina:	
Completed: Asheville—Vanderbilt Apartments, Inc., Buncombe County Committee on Aging, Inc., Court House, Asheville, N.C	158
Funds reserved: Raleigh—Capital Towers, Post Office Box 5635, Raleigh, N.C	208
Ohio:	
Completed:	
Cincinnati—Hillrise Apartments, 1514 Groesbeck Rd., Cincinnati, Ohio	136
Marion—Rotary Club, 357 Brightwood Dr., Marion, Ohio	154
Under construction:	
Tiffin—Kiwanis Club of Tiffin, Post Office Box 525, Tiffin, Ohio	135
Toledo—Madonna Homes, 1933 Spielbusch Ave., Toledo, Ohio	196
Toledo—Ashland Manor, 310–318 West Woodruff Ave., Toledo, Ohio	189
Oklahoma:	
Completed: Tulsa—Pythian Manor, 304 Pythian Bldg., Tulsa, Okla	151
Pennsylvania:	
Under construction:	
Erie—Conrad House, 134 West 7th St., Erie, Pa	133
Wilkes-Barre—Seligman J. Strauss Lodge, Blue Cross Bldg., Wilkes-Barre, Pa	173
Hanover—Greater Hanover Housing Corp., Post Office Box 227, Hanover, Pa	50
Reading—Episcopal House of Reading, 38 North 5th St., Reading, Pa	141
Lebanon—Community Homes of Lebanon Valley, 835 Willow St., Lebanon, Pa	100
Funds reserved:	
Johnstown—Arbutus Park Apartments, Inc., 142 Hostetter Rd., Johnstown, Pa	60
Pittsburgh—Episcopal Residence, Inc., 4001 Penn Ave., Pittsburgh, Pa	203
Philadelphia—Overmont Corp., 4150 City Ave., Philadelphia, Pa	188
Philadelphia—Enon-Taland Apartments, 223 West Penn St., Philadelphia, Pa	67
Scranton—Geneva House, in care of Gann-Dawson Bldg., Scranton, Pa	109
Williamsport—Williamsport (UAW) Housing for the Elderly, 16 Commerce Dr., Cranford, NJ	100
Harrisburg—Senior Citizens Housing, 2 North Market Sq., Harrisburg, Pa	205
Tennessee:	
Under construction:	
Nashville—Senior Citizens, Inc., 1801 Broad St., Nashville, Tenn	240
Memphis—Lutheran Social Services of Tennessee, 704 North Highland St., Memphis, Tenn	196
Funds reserved:	
Nashville—West End Towers, 3814 West End Ave., Nashville, Tenn	130
Memphis—Highland Episcopal Apartments, 692 Poplar Ave. Memphis, Tenn	212
Texas:	
Under construction:	
Dallas—Tyler Street Methodist Church, 927 West 10th St., Dallas, Tex	181
Houston—Woodland Christian Church, 607 East Rogers St., Houston, Tex	127
Virginia:	
Under construction: Roanoke—Shenandoah Homes, Inc., 5125 Hildebrand Rd., Roanoke, Va	144

See footnote at end of Appendix.

Project location, applicant/project mailing address [1]	*Number of units*
Washington:	
Completed: Tacoma—Harborview Properties, Inc., 919 Fawcett Ave., Tacoma, Wash	198
Under construction:	
Longview—American Baptist Retirement Homes, 2614 Ocean Beach Highway, Longview, Wash	104
Seattle—Northhaven, Inc., 440 Northeast 90th St., Seattle, Wash	198
Funds reserved:	
Seattle—Council House, Inc., 4301 Northeast 70th St., Seattle, Wash	164
Spokane—Spokane Baptist Homes, 5109 Adams, Spokane, Wash	174
Seattle—Central Senior House, 452 Central Bldg., Seattle, Wash	156
West Virginia:	
Funds reserved: Charleston—Unity Housing, Inc., 1624 Kanawha Blvd., Charleston, W. Va	150
Completed: Charlston—West Virginia Homes, Inc., 23 Brooks St., Charleston, W. Va	60
Wisconsin:	
Funds reserved:	
Racine—Lincoln Manor of Racine, 2015 Prospect St., Racine, Wis	120
Oshkosh—Lutheran Development Corp., 225 North Eagle St., Oshkosh, Wis	81

ITEM 2. SUPPLEMENTAL LIST SECTION 202/236 PROJECTS FOR THE ELDERLY AS OF JULY 30, 1971

Region I:	
California:	
Redwood City, Casa de Redwood (funded May 1971)	136
Hanford Seventh-day Adventists	50
San Jose, Willow Glen Methodist	200
San Jose, John XXIII	144
San Mateo, Hillsdale Methodist	100
Santa Cruz, Twin Lakes Baptist	136
Cloverdale, Grace Lutheran (funded July 1971)	95
Beverly Hills, Beverly Hills B'nai Brith	150
Sacramento, Volunteers of America	100
Region II:	
Bloomfield, N.J. Bloomfield Senior Citizens Housing	110
New Brunswick, N.J. Golden Sixty-Two	60
Perth Amboy, N.J. United Auto Workers	100
Westfield, N.J. First Methodist Church	150
Long Branch, N.J. Brith Sholom Foundation	300
Pitman, N.J. Methodist Home (funded June 1971)	94
Newark, N.J. Jewish Community Council	200
Montclair, N.J. United Church Homes	125
Point Pleasant, N.J. Acacia-Lumberton Manor, Inc	166
Atlantic City, N.J. Best of Life Park (funded June 1971)	216
Binghampton, N.Y. ABC Towers (funded May 1971)	144
Region III:	
District of Columbia: Wheaton, Md. Young Israel Shomrai	200
Maryland:	
Annapolis, First Baptist Church	80
Baltimore, Good Shepherd Housing Corp	150
Towson, Kiwanis Valley Club	120
Towson, Tabco Towers	208
Baltimore, Heritage House	195

[1] Address included only for projects completed and under construction. Location and mailing address for projects are not necessarily the same.

Project location, applicant/project mailing address [1]	*Number of units*
Pennsylvania:	
Altoona, St. Luke's Episcopal Church	125
Greensburg, Lutheran Ministry for Aging	75
Erie, Methodist Towers (funded June 1971)	141
Philadelphia, St. George Se. Housing Corp. (funded June 1971)	95
Philadelphia, Clara Baldwin House	56
Bethlehem, Moravian Church	135
Lansdale, Schwenkfelder Church	61
Philadelphia, Ruthenian Greek Catholic Diocese	141
Philadelphia, Casa Fermi	216
Westchester, Sons of Italy	70
Philadelphia, Pennsylvania Society of the Deaf	70
Philadelphia, Schuylkill Dell-Gardens District Council (funded June 1971)	100
Scranton, Allied Services for Handicapped	130
Philadelphia, Brith Sholom (funded July 1971)	80
Delaware: Wilmington, Episcopal Church (funded June 1971)	160
West Virginia: Huntington, Central Church of the Nazarene	100
Region IV:	
Alabama: Huntsville, No. Alabama Presbytery (funded July 1971)	206
Florida:	
Ft. Myers, First Baptist Church	200
Tampa, First Baptist Church (funded June 1971)	240
Georgia: Athens, Wesley Homes (funded May 1971)	151
Kentucky: Louisville, Arshei SFARD Synagogue	200
South Carolina:	
Sumpter, Episcopal Diocese of Sumpter	200
Columbia, Episcopal Diocese	190
Tennessee:	
Knoxville, Church St. Methodist Church	200
Knoxville, First Baptist Church	200
Knoxville, Senior Citizens, Inc	200
Region VI:	
Louisiana:	
New Orleans, Little Sisters of the Poor	100
Lake Charles. First Baptist Church	75
Texas: Houston, St. Mark's Lutheran Church	180
Region VII:	
Missouri: St. Louis, B'nai Brith Ebn. Ezra Lodge (funded June 1971)	200
Region VIII:	
Montana: Miles City, Fraternal Order of Eagles	60
Region X:	
Oregon: Portland, Building and Construction Trades (funded June 1971)	243
Washington: Seattle, Heritage House Manor	180

ITEM 3. Approved section 202 senior projects as of June 1971

Project location, applicant/project mailing address [1]	*Number of units*
Alabama:	
Completed:	
Montgomery—John Knox Manor, Inc., 1877 Llanfair Rd., Montgomery, Ala	155
Birmingham—Birmingham Building Trades Towers, 2520 7th Ave., North Birmingham, Ala	243
Under Construction: Gadsden—Holy Comforter House, Inc., 156 South 9th St., Gadsden, Ala	200
Arizona:	
Completed:	
Phoenix—Citizens Towers, 1405 South 7th Ave., Phoenix, Ariz	153
Phoenix—Kivel Manor, 3040 North 36th St., Phoenix, Ariz	120

Project location, applicant/project mailing address [1]	*Number of units*
Arkansas:	
Completed:	
Little Rock—Parkview Towers, 1200 Commerce St., Little Rock, Ark	136
California:	
Completed:	
Altadena—Friends Retirement Association, 2691 North Lincoln Ave., Altadena, Calif	25
Berkeley—Strawberry Creek Lodge, 1320 Addison St., Berkeley, Calif	150
Compton—St. Timothy Manor, 415 South Oleander, Compton, Calif	21
Fresno—Twilight Haven, 1717 South Winery, Fresno, Calif	32
Menlo Park—Peninsula Volunteer Properties, 817 Partridge Ave., Menlo Park, Calif	30
Norwalk—Soroptimist Village, 12657 Foster Rd., Norwalk, Calif	46
San Diego—St. Paul's Manor, 2635 2d Ave., San Diego, Calif	65
San Diego—Luther Tower, 1455 2d Ave., San Diego, Calif	202
San Francisco—Jones Memorial Homes, Inc., 1640 Steiner St., San Francisco, Calif	32
San Mateo—Pilgrim Plaza, 120 North San Mateo Dr., San Mateo, Calif	56
San Mateo—Park Towers, 700 Laurel Ave., San Mateo, Calif	200
Santa Cruz—Garfield Park Village, 721 Bay St., Santa Cruz, Calif	48
Santa Monica—Santa Monica Christian Towers, 609 Arizona St., Santa Monica, Calif	150
Vallejo—Ascension Arms, 301 Butte St., Vallejo, Calif	75
Pasadena—The Concorn, 275 Condova St., Pasadena, Calif	150
Long Beach—Long Beach Brethen Manor, 3333 Pacific Pl., Long Beach, Calif	297
Palo Alto—Adlai Stevenson House, 455 Charleston Rd., Palo Alto, Calif	120
San Diego—Grace Towers, 3955 Park Blvd., San Diego, Calif	169
San Diego—St. Paul's Manor, 2728 6th Ave., San Diego, Calif	87
Stockton—Casa Manana Inn, 3700 North Shutter St., Stockton, Calif	163
Half Moon Bay—Ocean View Plaza, 1001 Main St., Half Moon Bay, Calif	50
Los Angeles—Pilgrim Tower, 1207 South Vermont Ave., Los Angeles, Calif	112
Oakland—Westlake Christian Terrace, 251 28th St., Oakland, Calif	202
Los Angeles—Fairmount Terrace, 400 East Fairmount St., Los Angeles, Calif	109
Costa Mesa—Bethel Towers of Costa Mesa, 666 West 19th St., Costa Mesa, Calif	270
Santa Monica—Westminster Towers, 1112 Seventh St., Santa Monica, Calif	285
Napa—Rohlff's Memorial Manor, 2400 Fair Dr., Napa, Calif	100
Long Beach—New Hope Home, Inc., 1150 York St., Long Beach, Calif	140
Oakland—Printing Specialties Union Retirement Center, Inc., 2267 Telegraph Ave., Oakland, Calif	201
Los Angeles—Wilshire Christian Towers, 634 South Normandie, Los Angeles, Calif	287
Santa Monica—Santa Monica Christian Towers, 1233 6th St., Santa Monica, Calif	13
Seaside—Seaside Civic League, Inc., Seaside, Calif	80
Los Angeles—Progressive Home for the Elderly, Inc., 1470 West 50th St., Los Angeles, Calif	151
San Diego—Green Manor, 2690 Escondido Ave., San Diego, Calif	151

Project location, applicant/project mailing address[1]	*Number of units*
California—Continued	
Completed—Continued	
San Luis Obispo—Judson Terrace Homes, Post Office Box 162, San Luis Obispo, Calif	107
Los Angeles—E. Victor Villa, 1300 East 50th St., Los Angeles Calif	46
Fresno—Twilight Haven, 1717 South Winery Ave., Fresno, Calif	32
Colorado:	
Completed:	
Arvada—Colorado Lutheran Home, 8001 West 71st Ave., Arvada, Colo	94
Boulder—Golden West Manor, 1055 Adams Circle, Boulder, Colo	115
Canon City—Royal Gorge Manor, 1125 North 15th St., Canon City, Colo	124
Denver—Maltese Cross Manor, 1590 Yates St., Denver, Colo	158
Grand Junction—Monterey Park Apartments, 2120 North 10th, Grand Junction, Colo	54
Pueblo—Park Central Apartments, 1605 Moore Ave., Pueblo, Colo	48
Colorado Springs—Pikes Peak Towers, 1912 East Lake Blvd., Colorado Springs, Colo	145
Loveland—Big Thompson Manor, 224 Monroe Ave., Loveland, Colo	58
Under construction: Boulder—First Christian Manor, Inc., 1055 Adams Circle, Boulder, Colo	104
Connecticut:	
Completed:	
Hartford—Avery House, 705 New Britain Ave., Hartford, Conn	54
Stamford—Pilgrim Tower, 25 Washington Court, Stamford, Conn	74
Hamden—Davenport Residence, Inc., 20 Drazen Dr., North Haven, Conn	217
New Haven—New Haven Jewish Community Council Housing, 1050 Chapel St., New Haven, Conn	217
Delaware: Under Construction: Wilmington—Lutheran Senior Services, Inc., 811 Washington St., Wilmington, Del	204
District of Columbia:	
Completed:	
Washington—Episcopal Church Home, Friendship, Inc., 1515 32d St., NW., Washington, D.C	200
Washington—Second New St. Paul Housing, Inc., 2400 Franklin St., NE., Washington, D.C	100
Florida:	
Completed:	
Lake Worth—Lake Worth Towers, 1500 Lucerne Ave., Lake Worth, Fla	196
Lehigh Acres—Golden Age Village, Post Office Box 615, Lehigh Acres, Fla	48
Lehigh Acres—Sunshine Villas, Post Office Box 356, Lehigh Acres, Fla	168
Miami Beach—Four Freedoms House of Miami Beach, 3800 Collins Ave., Miami Beach, Fla	208
Orlando—Magnolia Towers, 100 East Anderson St., Orlando, Fla	155
Daytona Beach—Louttit Manor, 229 South Ridgewood Ave., Daytona Beach, Fla	177
Jacksonville—Cathedral Towers, 601 North Newnan St., Jacksonville, Fla	251
Miami—CTA Towers, 1809 Brickell Ave., Miami, Fla	272
Orlando—Orlando Central Towers, 350 East Jackson St., Orlando, Florida	198
Sarasota—Jefferson Center, 930 North Tamiami Trail, Sarasota, Fla	211

Project location, applicant/project mailing address [1]	*Number of units*
Florida—Continued	
Completed—Continued	
St. Petersburg—Presbyterian Towers, 430 Bay St., NE., St. Petersburg, Fla	210
St. Petersburg—Lutheran Apartments, 550 1st Avenue South, St. Petersburg, Fla	225
Pompano Beach—St. Elizabeths Gardens, 801 North East 33 St., Pompano Beach, Fla	152
Jacksonville—Campus Towers, 1864 Kings Rd., Jacksonville, Fla	192
Tampa—Florida Gulf Coast Apartments, 816 West Linebaugh Ave., Tampa, Fla	150
Fort Lauderdale—Gateway Terrace, Inc., 1943 Karen Dr., Fort Lauderdale, Fla	256
Orlando—Kinneret, Inc., 515 South Delaney Ave., Orlando, Fla	192
Tampa—Tampa Presbyterian Community, Inc., 2909 Barcelona, Tampa, Fla	210
Melbourne—Trinity Towers, 550 Strawbridge Ave., Melbourne, Fla	156
Orlando—First Baptist Housing, Inc., 414 East Pine St., Orlando, Fla	197
Jacksonville—Cathedral Manor, 333 East Ashley St., Jacksonville, Fla	207
South Pasadena—Luthern Residences of South Pasadena, Inc., 6800 Park St., South, South Pasadena, Fla	180
Ft. Myers—Ft. Myers Presbyterian Community, Inc., 3800 50th Ave., South, St. Petersburg, Fla	180
Deland—Bert Fish Trustees, Inc., Whitehair Bldg., Deland, Fla	198
West Palm Beach—St. Andrew's Residences of the Palm Beaches, Inc., 708 Harvey Bldg., West Palm Beach, Fla	182
Tallahassee—Florida Sunshine Apartments, Inc., Box 998, Tallahassee, Fla	150
Under construction: Bradenton—DeSoto Towers, Inc., 1202 Manatee Ave., Bradenton, Fla	204
Approved: Jacksonville—Riverside Presbyterian Apartments	150
Georgia:	
Completed:	
Americus—Magnolia Manor, Post Office Box 346, Americus, Ga	177
Atlanta—Campbell-Stone Apartments, 2911 Pharr Court, South, NW., Atlanta, Ga	394
Atlanta—Wesley Woods Towers, 1825 Clifton Rd., NE, Atlanta, Ga	202
Waycross—Baptist Village, Post Office Box 1100, Waycross, Ga	65
Atlanta—Calvin Court, 479 East Paces Ferry Rd., NE, Atlanta, Ga	240
Macon—Vinville Christian Towers, Post Office Box 248, Macon Ga	196
Under construction:	
Macon—St. Paul Apartments, Inc., 753 College St., Macon, Ga	216
Americus—South Georgia Methodist Home for Aging, Post Office Box 346, Americus, Ga	78
Hawaii: Completed: Kahului—Hale Mahaolu, care of Old Lihikai School, Kahului, Maui, Hawaii	111
Idaho: Completed: Nampa—Nampa Christian Housing, Inc., 619 12th Ave., South, Nampa, Idaho	65
Illinois:	
Completed:	
Chicago—Self-Help Center, 908 Argyle St., Chicago, Ill	46
Chicago—Drexel Square Apartments, 811 East Ryde Park, Chicago, Ill	104
Evergreen Park—Immanuel Residences for the Elderly, 6201 North Kirkwood Ave., Everpark Park, Ill	24
Oakbrook—Mayslake Village, 1801 West 35th St., Oakbrook, Ill	175

Project location, applicant/project mailing address [1]	*Number of units*
Illinois—Continued	
Completed—Continued	
Peoria—Lutheran Home of Greater Peoria, 7019 North Galena Rd., Peoria, Ill	50
Belvidere—Parkside Manor, 530 South State St., Belvidere, Ill	100
Oak Brook—Franciscan Tertiary Province of the Sacred Heart, Inc., 1458 West 51st St., Chicago, Ill	147
Under construction: Peoria Heights—Galena Park Terrace, 5533 North Galena Rd., Peoria Heights, Ill	168
Indiana:	
Completed:	
Bremen—Bremen Manor, 515 Whitlock St., Bremen, Ind	46
Columbus—Town and Garden Apartments, 428 Pearl St., Columbus, Ind	10
Goshen—Greencroft Central Manor, 2000 South 15th St., Goshen, Ind	86
Terre Haute—Wabash Senior Citizens Housing, Inc., 10 North 6th St., Terre Haute, Ind	25
Iowa:	
Completed:	
Denison—Eventide Lutheran Home for the Aged, c/o Professional Building, Denison, Iowa	51
Eagle Grove—Rotary Ann Home, Box 85, Eagle Grove, Iowa	43
Garner—Prairie View Home, R.R. No. 3, Garner, Iowa	76
Rockwell City—Sunnyview, Rockwell City, Iowa	54
Spencer—Sunset Retirement Home, 111 East 20th St., Spencer, Iowa	51
Walnut—Peace Haven, Box C, Walnut, Iowa	85
West Des Moines—Crestview Acres, 916 Ashworth Rd., West Des Moines, Iowa	100
Des Moines—Plymouth Place, 4111 Ingersoll Ave., Des Moines, Iowa	198
Mason City—Good Shepherd Retirement Apartments, Inc., 302 Second St., NE., Mason City, Iowa	93
Kansas:	
Completed:	
Kansas City—Primrose Village, 2804 Sewell Ave., Kansas City, Kans	50
Topeka—First Christian Church Apartments, Inc., 1880 Gage Blvd., Topeka, Kans	126
Kansas City—Cross-Lines Retirement Center, Inc., 1428 South 32d St., Kansas City, Kans	106
Kentucky:	
Completed: Covington—Panorama Apartments, 110 Brent Spence Square, Covington, Ky	143
Louisiana:	
Completed:	
Shreveport—The Evangeline, 3875 Line Ave., Shreveport, La	62
New Orleans—Monsignor Wynhoven Apartments, 1624 National Bank of Commerce Building, New Orleans, La	201
Under construction: New Orleans—Christopher Homes, Inc., Post Office Box 5132, New Orleans, La	154
Maine:	
Completed:	
Bangor—Sunset Manor, 686 Broadway, Bangor, Maine	48
Rockland—Methodist Conference Home, 39 Summer St., Rockland, Maine	48
Madawaska—Elderly Home, Inc., 512 Maine St., Madawsaka, Maine	48
Maryland:	
Completed:	
Baltimore—St. Mary's Roland View Towers (West), 3938 Roland Ave., Baltimore, Md	149

Project location, applicant/project mailing address [1]	*Number of units*
Maryland—Continued	
Completed—Continued	
Baltimore—St. Mary's Roland View Towers (East), 3939 Roland Ave., Baltimore, Md	210
Silver Spring—Springvale Terrace, 8505 Springvale Rd., Silver Spring, Md	124
Silver Spring—United Church of Christ Home, Inc., 8505 Springvale Rd., Silver Spring, Md	31
Baltimore—Memorial Apartments, 301 McMechen St., Baltimore, Md	283
Havre de Grace—St. John's Towers, 505 Congress Ave., Havre de Grace, Md	68
Rockville—Bethany House, 199 Rollins Ave., Rockville, Md	274
Sandy Spring—Friends House, 17401 Norwood Rd., Sandy Spring, Md	100
Baltimore—St. James Terrace Apartments, 809 North Arlington Ave., Baltimore, Md	151
Baltimore—Concord Apartments, 2500 West Belvedere Ave., Baltimore, Md	233
Baltimore—The Westminster House, 542 North Charles St., Baltimore, Md	302
Takoma Park—Montgomery County Revenue Authority, 8500 Colesville Rd., Silver Spring, Md	187
Massachusetts:	
Completed:	
Malden—Salem Towers, 280 Salem St., Malden, Mass	81
Quincy—Quincy Point Congregational Church Homes, 1000 Southern Artery, Quincy, Mass	444
Melrose—Congregational Retirement Home, 200 West Foster St., Melrose, Mass	109
Worcester—Colony Retirement Homes, 485 Grove St., Worcester, Mass	61
Haverhill—Bethany House, 100 Water St., Haverhill, Mass	150
Fitchburg—First Parish Housing of Fitchburg, Inc., Post Office Box 503, Fitchburg, Mass	168
Falmouth—Cape Cod United Church Homes, Inc., 62 Locust St., Falmouth, Mass	85
Springfield—Springfield Hobby Club Housing, Inc., 128 Derryfield Ave., Springfield, Mass	167
Boston—Jewish Community Housing for the Elderly, 121 Monadnock Rr., Newton, Mass	247
Michigan:	
Completed:	
Ann Arbor—Lurie Terrace, 600 West Huron St., Ann Arbor, Mich.	142
Charlotte—Kiwanihome, 430 South Cochran Ave., Post Office Box 22, Charlotte, Mich	51
Detroit—Rochford Terrace, 3387 Lawton St., Detroit, Mich	26
Detroit—Rochdale Court, 1588 East Lafayette, Detroit, Mich	70
Detroit—Four Freedoms House of Detroit, 1600 Antietam St., Detroit, Mich	320
Wyandotte—Wyandotte Apartments, 2455 Biddle, Wyandotte, Mich	216
Detroit—Independence Hall, 17376 Wyoming Ave., Detroit, Mich	216
Midland—Cleveland Manor, 2200 Cleveland St., Midland, Mich	105
Muskegon—Jefferson Towers, 1077 Jefferson St., Muskegon, Mich	192
Saginaw—Essex Manor, Inc., 2101 Gratiot Ave., Detroit, Mich	96
Owosso—Kiwanis Village of Owosso, Inc., City Club, Owosso, Mich	60
Troy—Bethany Villa Housing Association, 2601 John R, Troy, Mich	119

Project location, applicant/project mailing address [1]	*Number of units*
Michigan—Continued	
Completed—Continued	
Saginaw—Saginaw Westchester Village, Inc., 2101 Gratiot Ave., Detroit, Mich	176
Flint—Flint Retirement Homes, Inc., 814 East Kearsley, Flint, Mich	110
Haslett—Capitol Grange Senior Citizens Housing Corp., 5878 Buena Parkway, Haslett, Mich	100
Clawson—New Life, Inc., Post Office Box 315, Clawson, Mich	266
Detroit—Cathedral Terrace, Inc., 2700 Penobscot Building, Detroit, Mich	238
Flint—Flint Heights Senior Citizens Apartments, 1106 North Dye Rd., Flint, Mich	196
Wyandotte—Cooperative Services, Inc., 7404 Woodward Ave., Detroit, Mich	201
Detroit—Martin Luther King Housing Corp., 1132 Washington Blvd., Detroit, Mich	24
Under construction:	
Inkster—Chateau Cherry Hill, Inc., 2101 Gratiot Ave., Detroit, Mich	192
Oak Park—Federation Apartments, Inc., 1624 Dime Building, Detroit, Mich	169
Approved: Detroit—St. Paul's Housing Corp., Inc	141
Minnesota:	
Completed:	
Austin—Lutheran Retirement Home, 400 15th Ave., SW., Austin, Minn	56
Duluth—"S" Elect Homes, 801 East 2d St., Duluth, Minn	66
Duluth—St. Ann's Home, 330 East 3d St., Duluth, Minn	200
Elk River—Riverview Apartments, 400 Evans Ave., Elk River, Minn	24
Glenwood—Glenwood Retirement Home, 719 Southeast 2d St., Glenwood, Minn	26
Litchfield—Gloria Dei Manor, 218 North Holcombe St., Litchfield, Minn	85
Montevideo—Brookside Manor, 804 Benson Rd., Montevideo, Minn	80
St. Paul—Wilder Residences Apartments, 508 Humboldt, St. Paul, Minn	82
St. Paul—Redeemers Arms, 313 North Dale St., St. Paul, Minn	160
St. Paul—Central Towers, 20 East Exchange St., St. Paul, Minn	283
St. Peter—Estate Apartments, 511 South 5th St., St. Peter, Minn	20
Marshall—Lyon County Retirement Home, 200 South 4th St., Marshall, Minn	53
Thief River Falls—Valley Christian Home Society, Box 525, Thief River Falls, Minn	67
Proctor—Hillside Gardens, 419 7th St., Proctor, Minn	45
Minneapolis—Ebenezer Towers, 2545 Portland Ave., Minneapolis, Minn	200
Mississippi:	
Completed: Tupelo—Traceway Manor, 2530 West Main St., Tupelo, Miss	101
Approved: Jackson—Catholic Charities	201
Missouri:	
Completed:	
Kansas City—Paraclete Manor, 4725 Prospect Ave., Kansas City, Mo.	121
Concordia—Lutheran Good Shepherd Home, 3rd and West Sts., Concordia, Mo	58
St. Louis—Council House, 300 South Grand Blvd., St. Louis, Mo.	603
University City—The Delcrest, 8350 Delcrest, University City, Mo.	144

Project location, applicant/project mailing address [1]	*Number of units*
Missouri—Continued	
Completed—Continued	
Lee's Summit—John Calvin Manor, Inc., 7859 Holmes, Kansas City, Mo	100
St. Louis—Little Sisters of the Poor, North Side, 3225 North Florisant Ave., St. Louis, Mo	161
Montana:	
Completed:	
Glendive—Grandview Apartments, Post Office Box 1388, Glendive, Mont.	45
Plentywood—Montana Pioneer Manors, 120 East 2d Ave., North, Plentywood, Mont	31
Great Falls—Eagles Manor, 9th St. and 15th Ave., South, Great Falls, Mont	141
Great Falls—Soroptimist Village, Inc., 2200 Alder Dr., Great Falls, Mont	60
Billings—Lutheran Retirement Home, 3940 Rimrock Rd., Billings, Mont.	119
Under construction: Plentywood—Montana Pioneer Manor, Inc., Plentywood, Mont	10
Nebraska:	
Completed:	
Lincoln—Lincoln Manor, 2626 North 49th St., Lincoln, Nebr	56
North Platte—North Platte Odd Fellows Housing Corp., Route 4, North Platte, Nebr	120
New Jersey:	
Completed:	
Atlantic City—Elliott House, 1200 North Indiana Ave., Atlantic City, N.J	104
Clifton—Daughters of Miriam Association, 127 Hazel St., Clifton, N.J.	120
Atlantic City—Best-of-Life Park, 129 South Virginia Ave., Atlantic City, N.J	208
Trenton—Trent Center Apartments, 511–527 Greenwood Ave., Trenton, N.J	229
Newark—Wesley Towers, 444 Mount Prospect Ave., Newark, N.J.	299
Paterson—Governor Paterson Towers, 225 20th Ave., Paterson, N.J.	158
East Orange—Copper Gate Apartments, 780 Springdale Ave., East Orange, N.J	127
Jersey City—Grand View Terrace, 23 East Essex Ave., Orange, N.J.	300
Keyport—Bethany Manor, Inc., 2000 Florence Ave., Hazlet, N.J	233
Under construction:	
Wildwood—Lions Center, 305 East Rio Grande Ave., Wildwood, N.J	112
Paterson—The Riese Corp., 225 20th Ave., Paterson, N.J	159
New Mexico:	
Completed:	
Roswell—Sunny Acres Senior Center, 1414 South Union, Roswell, N. Mex	96
Deming—Kingdom of the Sun Retirement Center, 8th and Buckeye, Deming, N. Mex	57
Albuquerque—Community Association for Senior Housing, Inc., 216 3d St. NW., Albuquerque, N. Mex	121
New York:	
Completed:	
Far Rockaway—Seagirt Village, 19–25 Seagirt Blvd., Far Rockaway, N.Y	257

Project location, applicant/project mailing address [1]	*Number of units*
New York—Continued	
Completed—Continued	
New York—Morris Park Apartments, 17 East 124 St., New York, N.Y	97
Hempstead—General Douglas MacArthur Senior Village, 260 Clinton St., Hempstead, N.Y	143
New York—David Podell House, 181 Henry St., New York, N.Y	50
Far Rockaway—Israel Senior Citizens Housing Corp., 19th and Seagirt Blvd., Far Rockaway, N.Y	256
Under construction: Penn Yan—St. Marks Terrace, Inc., 107 Chapel St., Penn Yan, N.Y	110
North Dakota:	
Completed:	
Beach—Golden Valley Manor, Brinton Ave.. and Near St., Beach, N. Dak	54
Fargo—Bethany Towers, 1333 3d Ave. South, Fargo, N. Dak	55
Garrison—McLean Manor, 2d Ave., and 5th St. SE., Garrison, N. Dak	49
Ohio:	
Completed:	
Cleveland Heights—Council Gardens, 2501 Taylor Rd., Cleveland Heights, Ohio	92
Dayton—The Lakewoods, 980 Wilmington Ave., Dayton, Ohio	424
Dayton—Golden Village, 500 Scranton St., Dayton, Ohio	41
Lakewood—The Westerly, 14300 Detroit Ave., Lakewood, Ohio	320
Parma Heights—The Educator, 9275 North Church Dr., Parma Heights, Ohio	130
Perrysburg—Elm House, 230 Elm St., Perrysburg, Ohio	31
Mayfield Heights—Villa Serena, 6800 Mayfield Rd., Mayfield Heights, Ohio	242
Mayfield Heights—Schnurmann House, SOM Center Rd., Mayfield, Ohio	198
Wooster—College Hills Retirement Village, Post Office Box 762, Wooster, Ohio	150
Montpelier—Glenview, Rd. No. 3, Montpelier, Ohio	30
Cuyahoga Falls—Cathedral Apartments, Inc., 2700 State Rd., Cuyahoga Falls, Ohio	202
Toledo—The Westmoor, 1001 North Byrne Rd., Toledo, Ohio	168
Youngstown—Eldercrest Apartments, 8 Ridgeview Lane, Youngstown, Ohio	147
Cleveland—Federation Towers, 22d St. and Scoville Ave., Cleveland, Ohio	278
Sandusky—Sandusky Bay Kiwanis Senior Citizens, Post Office Box 618, Sandusky, Ohio	153
Cleveland—Villa St. Rose, Inc., 10900 Lake Ave., Cleveland, Ohio	202
Mayfield Heights—Luther House, SOM Center Rd., Mayfield Heights, Ohio	119
East Cleveland—Teamsters Housing, Inc., 2070 East 22d St., Cleveland, Ohio	231
Oklahoma:	
Completed:	
Cordell—Cordell Christian Home, 1400 North College St., Cordell, Okla	50
Muskogee—Kate Frank Manor, South 33d St., Muskogee, Okla	96
Oklahoma City—Superbia Senior Citizens Village, 9720 Stacy St., Oklahoma City, Okla	215
Tulsa—Terrace View Apartments, 1729 South Denver, Tulsa, Okla	41
Oregon:	
Completed:	
Corvallis—Samaritan Village, 285 North 35th St., Corvallis, Oreg	84
Portland—Westmoreland's Manor, 6404 Southeast 23d Ave., Portland, Oreg	301
Eugene—Ya-Po-Ah Terrace, 135 East 6th St., Eugene, Oreg	225

Project location, applicant/project mailing address [1]	*Number of units*
Pennsylvania:	
Completed:	
Philadelphia—Guild House, 711 Spring Garden St., Philadelphia, Pa	91
Philadelphia—Casa Enrico Fermi, Inc., 1300 Lombard St., Philaadelphia, Pa	288
Pittsburgh—Auba Senior Citizens Apartments, 2700 Centre Ave., Pittsburgh, Pa	59
Pittsburgh—Riverview Apartments, 234 McKee Pl., Pittsburgh, Pa	108
Harrisburg—Presbyterian Apartments, 322 North 2d St., Harrisburg, Pa	165
Philadelphia—Four Freedoms House of Philadelphia, 6101 North Morris St., Philadelphia, Pa	282
Philadelphia—Philip Murray House, 4 North 11th St., Philadelphia, Pa	308
Philadelphia—Stephen Smith Towers, 1030 Belmont Ave., Philadelphia, Pa	140
Allentown—Episcopal House, 524 Walnut St., Allentown, Pa	210
Philadelphia—Brith Sholom House, 3939 Conshohocken, Philadelphia, Pa	312
Munhall—Parkview Towers Apartments, 111 Caroline St., Munhall, Pa	113
Norristown—Jefferson Apartments, 1514 West Marshall St., Norristown, Pa	164
Philadelphia—Sidney Hillman Apartments for the Elderly, 215 South Broad St., Philadelphia, Pa	278
Philadelphia—Ascension Manor, 911 North Franklin St., Philadelphia, Pa	141
Philadelphia—Marshall L. Shepard Village, 642 North 41st St., Philadelphia, Pa	218
Philadelphia—Fraternal Order of Police Senior Citizens Apartments, 1336 Spring Garden St., Philadelphia, Pa	106
Under construction:	
Allentown—Phoebe Apartments, Inc., 36 South 6th St., Allentown, Pa	131
New Castle—Lawrence County Building Trades, C & A Hall, Frew Mill Rd., New Castle, Pa	127
Approved: Philadelphia—Unico Village, Inc	221
Puerto Rico:	
Completed:	
Nuevo—LaCiudad Del Retiro, Nuevo, P.R	92
Rio Piedras—Altergarten Las Teresas, Rio Piedras, P.R	91
San Juan—Residencias Los Jardines, c/o Banco de San Juan, Ponce de Leon Ave., Stop 17, Santurce, P.R	82
Under construction: Ponce—Clinica Dr. Pila, 1205 Ponce de Leon Ave., Santurce, P.R	96
Rhode Island:	
Completed: East Providence—Trustees of Methodist Health and Welfare Services, Inc., 67 Howland Ave., East Providence, R.I	117
South Carolina:	
Completed: Charleston—Episcopal Diocesan Housing, Inc., 480 East Bay St., Charleston, S.C	204
South Dakota:	
Completed:	
Alcester—Morningside Manor, Alcester, S. Dak	52
Mitchell—Wesley Acres, 1115 West Havens Ave., Mitchell, S. Dak	83
Spearfish—Pioneer Memorial Manor, 930 10th St., Spearfish, S. Dak	23
Tennessee:	
Completed:	
Johnson City—Appalachian Christian Village, 2012 Sherwood Dr., Johnson City, Tenn	72

Project location, applicant/project mailing address [1]	*Number of units*
Tennessee—Continued	
Completed—Continued	
Nashville—Greenhills Apartments, 2209 Abbott Martin Rd., Nashville, Tenn	136
Nashville—Trevecca Towers, 60 Lester Ave., Nashville, Tenn	207
Chattanooga—The Towers, 500 West 9th St., Chattanooga, Tenn	204
Under construction: Johnson City—Christian Home for the Aged	88
Texas:	
Completed:	
Dallas—Blanton Gardens, 4829 West Lawther Dr., Dallas, Tex	105
Denton—Fairhaven, 2400 Bell Ave., Denton, Tex	48
San Angelo—Rio Concho Manor, 401 Rio Concho Dr., San Angelo, Tex	153
San Antonio—Granada Hotel, 311 South St. Mary's St., San Antonio, Tex	250
Dallas—Forest Dale Apartments, 11851 High Dale, Dallas, Tex	207
Dallas—Pythian Manor, 2714 Forest Ave., Dallas, Tex	76
Under construction: San Angelo—Rio Concho Manor	100
Utah:	
Completed:	
Salt Lake City—Wasatch Manor, 525 South 2d, East, Salt City, Utah	198
Ogden—Fellowship Manor, 2334 Monroe Blvd., Ogden, Utah	136
Virginia: Under construction: Reston—Fellowship Square Foundation 2929 Pennsylvania Ave., SE., Washington, D.C.	140
Washington:	
Completed:	
Seattle—Hilltop House, 1005 Terrace St., Seattle, Wash	144
Seattle—Four Freedoms House of Seattle, 747 North 135 St., Seattle, Wash	309
Seattle—Theodora Home, 6559 35th St., NE., Seattle, Wash	115
Wash	170
Vancouver—Smith Towers, 515 Washington St., Vancouver, Wash.	170
Warm Beach—Warm Beach Manor, Route 1, Box 120, Warm Beach, Wash	40
Walla Walla—Mike Foye Home, 7th and Alder St., Walla Walla, Wash	28
Yakima—Yakima First Baptist Homes, 515 East Yakima Ave., Yakima, Wash	153
Wenatchee—Wenatchee Immanuel Baptist Homes, Inc., 512 Terminal St., Wenatchee, Wash	80
West Virginia: Completed: Morgantown—Friendship Homes, Inc., Post Office Box 75, Morgantown, W. Va	62
Wisconsin:	
Completed:	
Milwaukee—Cambridge Apartments, 1831 North Cambridge Ave., Milwaukee, Wis	104
Wisconsin Dells—Dells Housing, Inc., 225 Washington Ave., Wisconsin Dells, Wis	41
Wyoming:	
Completed:	
Cody—Mountainview Manor, 1339 Sunset Blvd., Cody, Wyo	47
Powell—Rocky Mountain Manor, 140 North Cheyenne, Powell, Wyo	78
Thermopolis—Canyon Village Senior Citizens Housing, 103 South D St., Thermopolis, Wyo	50
Casper—Skyline Towers, Inc., 300 East Collins Dr., Casper, Wyo	101
Torrington—Golden Manor, Inc., 20th Ave. and East F St., Torrington, Wyo	26

ITEM 4. STATUS OF SECTION 202 LOAN FUNDS

The following table shows the funding of the Section 202 program and reflects the transition from the direct loan program to the Section 236 mortgage insurance interest assistance program.

No new Section 202 loans are being made although adjustments are being made to previously approved loans.

The plan to "roll-over" Section 202 loan funds by refinancing Section 202 loans under Section 236 was halted as of June 30, 1970. The loan funds recovered from such refinancings were placed in the revolving fund.

SECTION 202 LOAN FUNDS

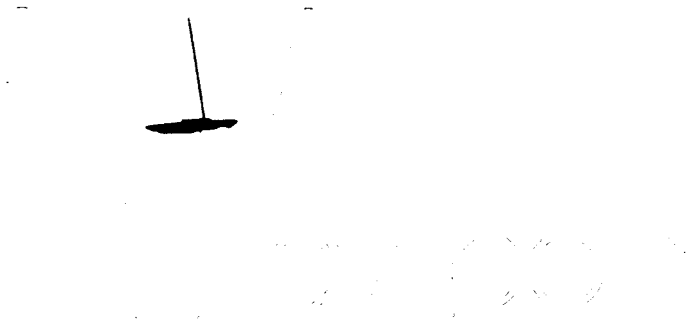
[Dollars in millions]

	Inception through 1968	Fiscal Year— 1969	1970	1971 (as of April 30, 1971)	1972
Authorizations:					
For year	0	0	$150.0	0	
Cumulative	$500.0	$500.0	650.0	$650.0	$650.0
Sources of funds appropriations:					
For year	25.0	25.0	0	[1] 10.0	
Cumulative	430.0	455.0	455.0	465.0	465.0
Participation sales:					
For year	60.0	40.0	0	0	
Cumulative		100.0	100.0	100.0	100.0
Repayments and net income:					
For year	6.7	7.4	[2] 33.2	[2] 13.7	
Cumulative	17.0	24.4	57.7	71.4	
OMB apportionment	85.0	[3] 110.0	[3] 60.0	[4]	[4]
Net reservation made (amount distributed):					
For year	84.0	80.0	24.0	−22.0	
Cumulative	497.0	577.0	601.0	579.0	
Revolving fund balance	.6	2.3	11.1	57.2	

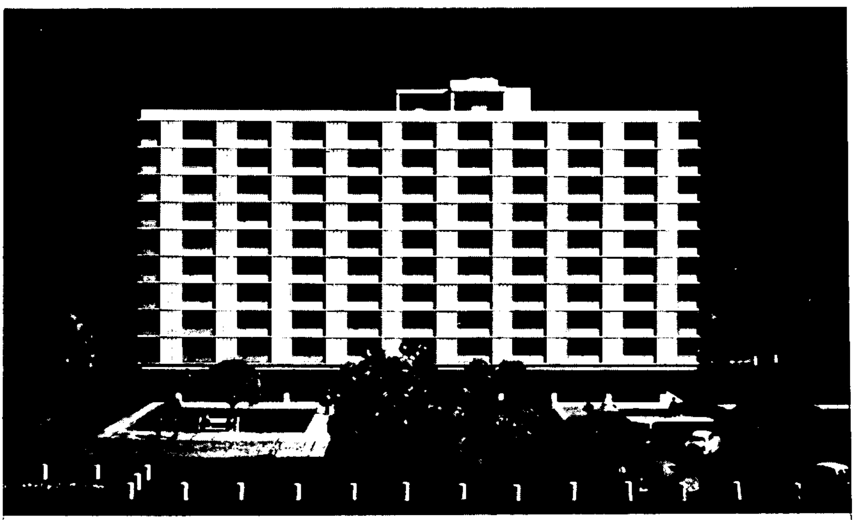
[1] Not made available to HUD and not in the revolving fund.
[2] Includes proceeds from conversions.
[3] Some of this apportionment contingent upon recovery of sec. 202 loan funds by conversion to sec. 236.
[4] No set amount, use available funds for loan increases but no new loans.

Appendix 2

SAMPLE OF SECTION 202 HOUSING FOR THE ELDERLY, SUBMITTED BY WALLACE G. TEARE, THE AMERICAN INSTITUTE OF ARCHITECTS



Not just where to live,
but a way to live . . .
on Sandusky Bay between Wayne
and Hancock Streets
Sandusky, Ohio 44870



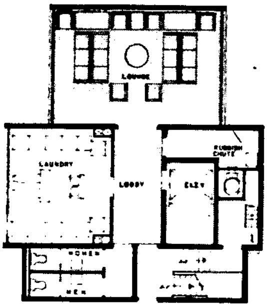
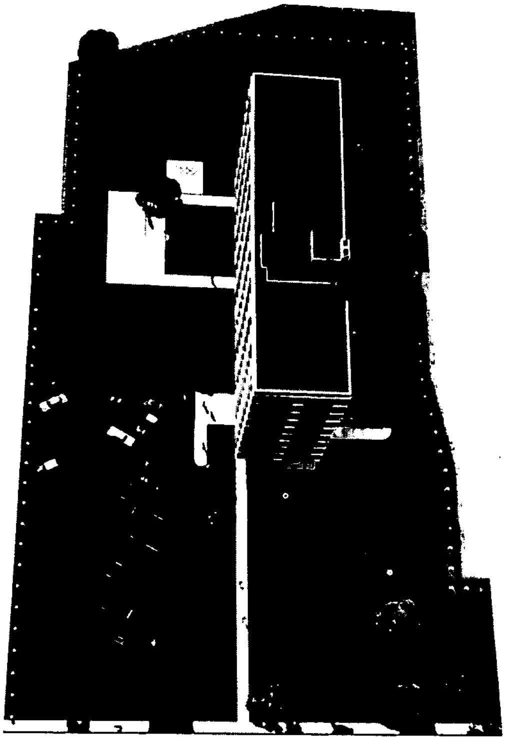


Table-model of Viewpoint, shown in these photographs, is the painstaking work of Walter Opfer, president of Sandusky Bay Kiwanis Senior Citizens, Inc. If you're wondering who'll live in the penthouse atop Viewpoint, the answer is — everybody! There's a spacious, big-window lounge up there *and* a completely-equipped laundry. Yes, a laundry! Why waste your washing time in the basement when you can keep your eye on Sandusky Bay and Lake Erie?



What a view to enjoy — the year 'round!

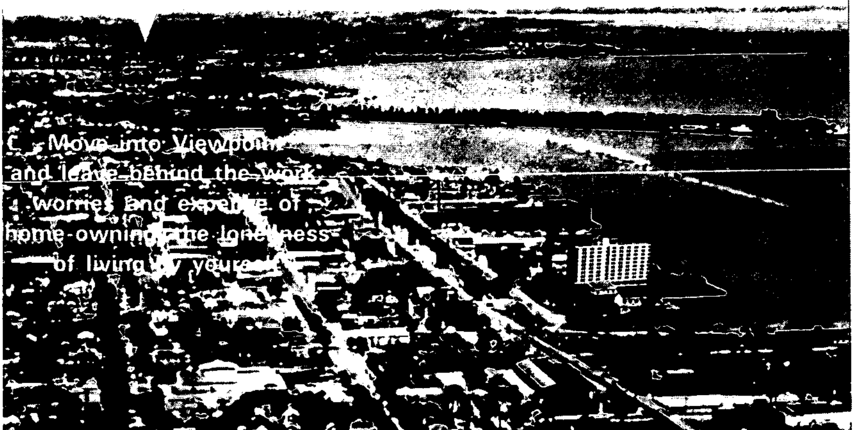
Is there a better location in town? Viewpoint is situated on land that reaches out into the bay. Waves lap on three sides. Your view encompasses much of Ohio's premier vacation territory, commercial vessels and a busy, tree-lined city.

Viewpoint was planned and named with the marvelous view in mind. It's yours 365 days a year!

Viewpoint is in the center of things. Private, yes. Quiet, yes. But so close to downtown stores you can walk back for something you've forgotten. Churches, supermarkets, banks, drug stores, theatres and shops are less than five minutes' worth of strolling away. The Cedar Point ferry, a faithful passerby in summertime, docks a block from Viewpoint.

The bay is about 70 uninterrupted feet from the north end of the building. Grass, trees and shrubs surround you. Landscaping includes 18 newly-planted trees — Russian olives, locusts and American hophornbeams. Shrubs are placed around the circle at the building's entrance — as a windbreak — and as a shield along the driveway on the east side. Flowering crabapple trees parallel the street.

If you choose to have a car, you'll find free parking space not far from the door.



One of the greatest joys and satisfactions for a retired man or woman — or for someone near retirement — is finding a secure, pleasant, private and *interesting* place to live.

Viewpoint can be this welcome kind of place for you. Not a hideaway where nothing ever happens. Certainly not a "home" in the institutional or nursing-care sense of the word. But rather an apartment building designed from the ground up with you and other healthy, 62-plus people in mind. It's planned for men and women who have earned their leisure and intend to use it well.

Viewpoint's site is unsurpassed. Among your neighbors are waves and breezes, sights and sounds from always-changing Sandusky Bay. Cedar Point, Johnson Island, Marblehead, ships, the lighthouse — you'll get to know them well because every Viewpoint suite has a view of the bay.

This handsome, 10-story white glazed brick building has 153 suites: 117 bedroom-alcove apartments and 36 one-bedroom apartments. Viewpoint is not a co-operative apartment. There are no entrance fees, no down payments or special assessments. You simply pay a monthly rent to the nonprofit management, a group sponsored by the Kiwanis Club of Sandusky Bay and called Sandusky Bay Kiwanis Senior Citizens, Inc.

These Kiwanians worked for several years to bring this unique housing opportunity to Sandusky and to persons of mature years and modest income.

Because a non-profit organization has sponsored the building, rents are as low as they possibly can be — without sacrificing the space and facilities you need.

How low? Please check the application form accompanying this folder. If the form is missing, please phone 626-2141 and one will be mailed to you promptly.

But is Viewpoint really the kind of place where you'd like to live? Will you get your money's worth?

Read on . . .

ground floor is like a friendly neighborhood

The gold portion in the plan to the right is what makes Viewpoint twice as enjoyable as an ordinary apartment building. Here, on the air-conditioned ground floor, you'll spend a pleasant portion of each day, using the facilities that other buildings don't have. Or private homes, for that matter.

A vestibule at the canopied entrance protects you and your guests from the weather. One locked door (you'll have a key) leads to the elevator lobby and to your home. Another door opens into Viewpoint's unmatched recreational-social-educational community center. The flooring is blue-black slate.

To the right of the elevator lobby, in the south end of the building, you'll find the receptionist's office, the manager's office, and a special activities room.

Along the west wall of the elevator lobby are the mail boxes. Every resident has a private, locked box.

Now try the door to the left and enter the area planned for social events, fun, hobbies and educational programs. First come the coat room, rest rooms and carpeted lobby. Ahead of you is the gallery, more than 80 feet long, carpeted and lined with windows, comfortable seating, book shelves and pictures. This is Viewpoint's "crossroads"— the place where you'll meet your friends, talk, relax, read. The gallery, with doors opening into four other important rooms, is a gathering-point for participants, not just spectators.

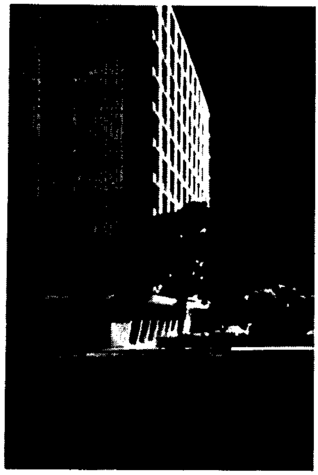
Notice the large, L-shaped multi-purpose room and the kitchen next to it. This combination is just right for parties, special dinners, dances, movies, bridge and meetings. There's a grand piano, waiting for players and listeners.

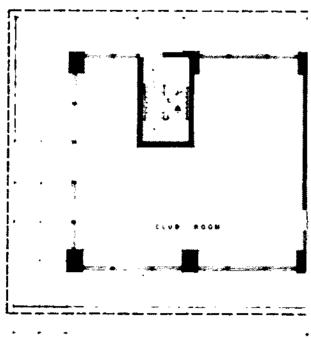
Next are two activities and crafts rooms. Each has a built-in counter and sink. What happens here? Hobbies, ceramics, painting, sewing, woodworking. You decide.

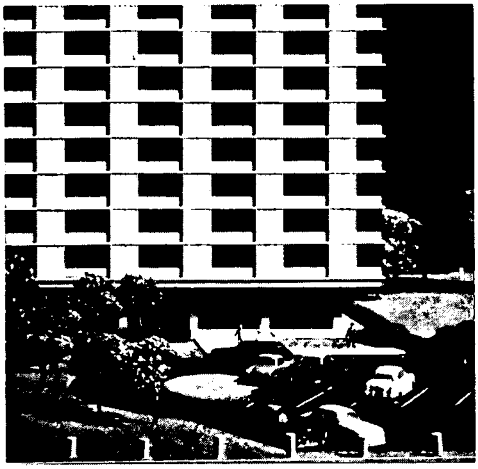
The big room at the north end of the building faces the bay. It's surrounded by windows and sunshine (once in a while, rain or snow) and it's where you'll enjoy yourself with things to do, things to talk about, people to see, games to play. Ever tried billiards? Glass doors open onto a patio, lawn — and the bay!

Viewpoint's ground floor is open to all residents and to men and women of the area, 62 years of age and over. Your friends, even though they do not live at Viewpoint, are welcome here at this senior center.

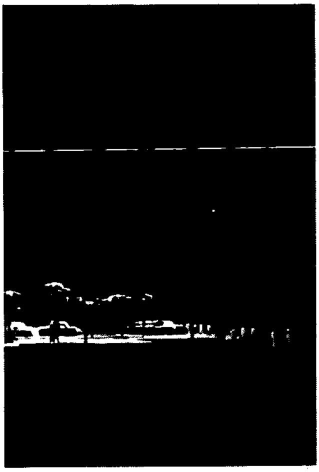
You'll find new friends and new enthusiasms on Viewpoint's ground floor. Your home is not simply within the walls of your own suite. Instead, it is room after room — and several acres outside — of boundless promises of good times.

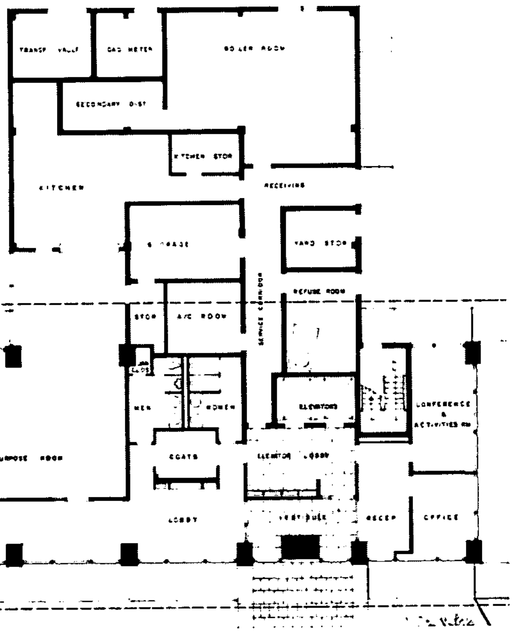
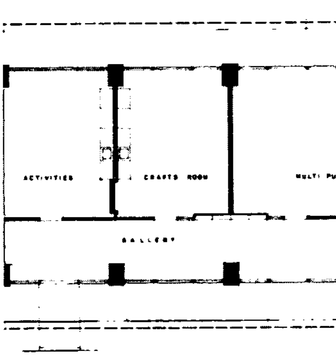


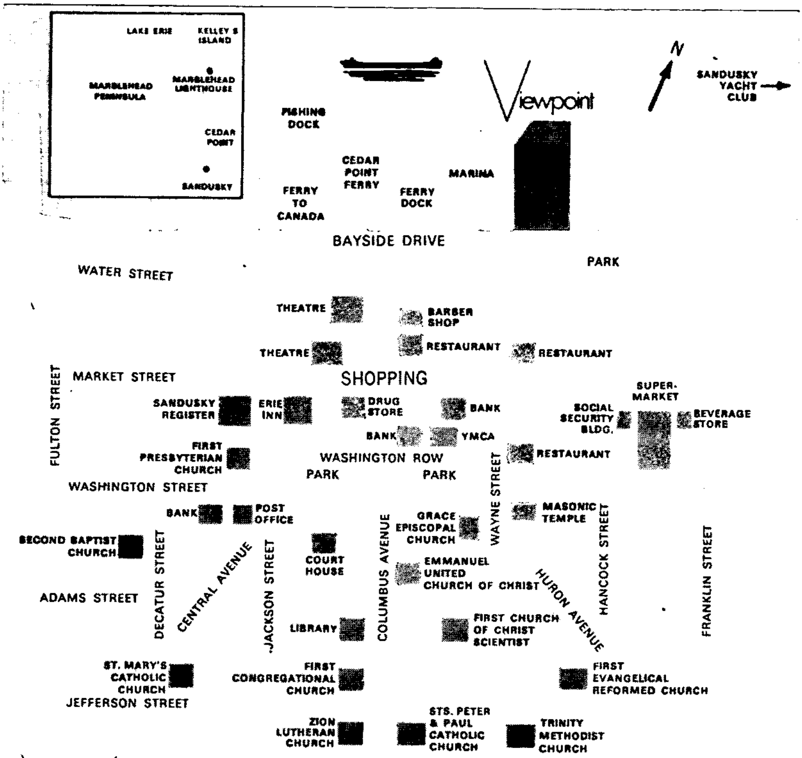




Turn-around at Viewpoint's entrance provides space for visitors to be dropped off and picked up.





Viewpoint offers you companionship, comfort and a happy combination of serenity, scenery and excitement!

You're close to everything that counts — friendly people especially. No other apartment building has as many congenial, considerate men and women with backgrounds and tastes similar to yours. You can join them in a wealth of activities or, when you choose, enjoy Viewpoint's facilities and your own suite by yourself.

Consider all the advantages Viewpoint and its wonderful location can promise you: convenience, privacy, comfort, security, economy, pleasant associations — and the quiet satisfaction of living in the area's most distinctive apartment building!

We hope you'll decide to join us.

Sponsor: Kiwanis Club of Sandusky Bay
Owner: Sandusky Bay Kiwanis Senior Citizens, Inc.
Housing Consultant: Senior Consultants, Inc., Cleveland
Architects: Weinberg, Teare, Fischer and Herman Cleveland

Appendix 3

Study Report, "Housing for the Elderly: Dwelling-Unit Costs in the Public Housing and Section 202 Programs," submitted by Mr. Wallace Teare, American Institute of Architects:

THE AMERICAN INSTITUTE OF ARCHITECTS,
Washington, D.C., August 6, 1971.

DEAR MR. CHAIRMAN: During the testimony on housing for the elderly that Wallace Teare and John Hans Graham presented for the Institute earlier this week, Senator Williams indicated an interest in obtaining additional information on a study undertaken by the Department of Housing and Urban Development regarding cost comparisons between housing built under the Section 202 direct loan program and housing built under the regular public housing program.

The enclosed study is the document which Mr. Teare and Mr. Graham cited during their testimony. I believe that it will provide the Committee with the cost data in which they are interested.

If we can be of further assistance to the Committee, please let me know.

Yours truly,

THOMAS P. BENNETT,
Director, Congressional Relations.

Enclosure.

[Memorandum]

OCTOBER 4, 1968.

To: A. E. Rosfeld, Acting Deputy Assistant Secretary for Housing Assistance.
From: Joseph DeSipio, Task Force on Housing for Elderly.
Subject: Study Report, "Housing for Elderly: Dwelling-Unit Costs in the Public Housing and Section 202 Programs."

The subject report is transmitted herewith. This report has resulted from work done during the past month or so by a task force convened by you on August 20. However, while it may be described as the product of that group's activity, it is not truly the product of the task force itself and does not purport to reflect any concensus in that group. It was drafted (except for the attachment, which in the work of Hector Bonilla) by the chairman and was revised by him after group discussions of a first draft. It would be unfair to the other members of the group to ask them to endorse the report in its present form.

Without undertaking to identify all of the dissenting or qualifying opinions expressed at meetings of the task force, I consider the following particularly worthy of not and would like to bring them to your attention:

1. The opinion that while both programs are socially oriented the public housing program has been able to do more than the 202 program by way of implementing this concern and that this difference in what the programs have actually done has had substantial social benefits in public housing although admittedly contributing to higher costs in that program.

2. The opinion that in each of the two programs we get what we pay for, that we are getting more in public housing than we are in the 202 program, and that we should not opt for substantially less in public housing than we are now getting.

3. The opinion that if the cost gap between the two programs should be narrowed, it should not be assumed that the 202 program is perfect and that changes should be made exclusively in the public housing program.

4. The opinion that the physical standards for public housing should be reexamined, standard by standard, and revised, as revisions may be indicated, and that the density standards, particularly, should be revised in the interest of reducing costs.

5. The opinion that implementation of the recommendations will result (1) in public housing projects of lower quality than we have had in the past, (2) in increased operating and maintenance costs, and (3) in an adverse reaction on the part of local housing authorities.

6. The opinion that if the recommendations contained in the report are adopted they should be implemented on a pilot basis in just one or two regions.

In conclusion, I want you to know that I have invited the members of the task force, individually or in consort. as they choose, to submit their views to you independently. You may very well be hearing from them.

JOSEPH DESIPIO, *Chairman.*

HUD TASK FORCE STUDY

SEPTEMBER, 30, 1968.

Note to Mr. DeCipio.
Re 202 and Low Rent Elderly Summary.

A. A cost account comparison of 86 projects in 202 and Low Rent housing showed that of the total difference between projects in these two programs;

1. Approximately 66% was due to construction and equipment and site improvement costs. A further breakdown of this indicated construction and equipment equaled 26% and site improvement equaled 40%.

2. Approximately 15% was due to land cost.

3. Approximately 19% was due to overhead accounts such as:
Administrative expenses.
Planning services.
Interest on loans.
Relocation costs.
Others.

4. 100% of the total difference between per d.u. costs ranged between $2,500 to $3,000.

B. A further detailed comparison of *construction and design plans* for 18 projects showed the following elements which affected costs in low-rent projects;

1. Construction and Equipment (Approx. 26%)

a. Larger sized kitchen facilities especially in one-bedroom apts.

b. A slightly larger incidence of balconies and porches.

c. Lower density and larger building coverage which resulted in (1) construction of more exterior walls per project, (2) minimum use of common equipment in mechanical and structural systems.

d. Uneconomical relationship between number of dwelling units, number of stories and number of elevators.

NOTE: Factors which increased costs in 202 projects: a.—716 of all units with carpeting in all living areas, b.—773 of all units with air conditioners.

2. Site Improvements: approximately 40%

Of all major elements making up the difference between 202 and low rent project costs, site improvements seems to be the largest single one. The examination of 18 plans showed that low rent projects had a lower density and larger building coverage per project resulting in the following additional costs;
more sidewalks and other hard paved areas
more intervals project roads (streets, curbs, gutters)
more utilities (electric, gas water, sewer)
more grading and excavation

The fact that 202 built more units per high-rise structures, and single, motel-type buildings, for the one and two story projects, seems to have a significant effect on overall costs, especially on site improvements.

3. Land Cost: approximately 15%

Even though no real land data was available for this study the following trends seem to influence the larger land costs of low rent projects;

a. Construction of projects in downtown slum-type sites. (According to a previous study made by Louis Katz. slum-sites average cost is approximately 3 times that of non-slum). Low-rent built 3 out of seven, of the nine projects studies here in slum sites. 202 built only one in a slum site.

b. Not having a maximum cost for land per dwelling unit.

c. The larger amount of open space available. (The relationship between Low density larger building coverage, and multiplicity of buildings per project results in a lower land-use-intensity, and to an extent, in excess land use. The cost of land per d.u. will be affected directly by all these factors.

4. Overhead: approximately 15%

Because a direct comparison of accounts was not possible, a grouping of accounts was used to determine administrative and overhead costs. Some of the differences which make up the higher low rent cost can be attributed to;

a. services of technical personnel in the Local Housing Authority

b. services or facilities allowed by some accounts in low rent which have no comparables in 202.

c. Larger time needed to process and approve projects during development.

d. The cost of relocating tenants.

e. Higher total costs for architectural and engineer services. (low rent averages a lower percent for professional fees than 202, but it is a percentage of a higher total construction equipment and site improvement cost.)

CONCLUSION

A detailed comparison of cost accounts shows that site improvements and land costs account for about one half of the difference between 202 and low rent project costs. The remaining one half is found in various accounts, program, policies, design standards, procedures, etc.

If we accept a total difference of $3,000 as the difference between the d.u. cost of low rent and that of 202, we could, without making extreme changes in the existing low rent elderly procedures, make a substantial reduction of $1,500 by establishing new or revised policies to control;

1. the trend to make low rent elderly housing follow the same construction standards as those for other low rent projects.

2. the use of one story detached buildings, with lower densities, larger bldg. coverage and higher utilities cost.

3. The poor use given to land for development.

The remaining $1,500 difference could account for the basic operational differences of the two programs, unless other revisions in policies are encouraged to further reduce this difference.

HECTOR BONILLA.

HOUSING FOR THE ELDERLY: DWELLING-UNIT COSTS IN THE PUBLIC HOUSING AND SECTION 202 PROGRAMS

CONTENTS

HOUSING ASSISTANCE ADMINISTRATION—OCTOBER, 1968

INTRODUCTION

Cost differences between public housing designed for the elderly and housing for the elderly developed under the Section 202 program were compared for three separate samples.

1. During fiscal 1967 and the first half of fiscal 1968 all units *started* in the two programs compared as follows:

	Units started	Average cost per-unit
Public housing	20,396	$15,715
Section 202	10,038	11,954

These figures indicate, without regard to any contributing factors such as location, size of dwelling units, type of construction, etc., an average difference in estimated total development cost at this stage of over $3,700.

2. During fiscal 1968, annual contributions contract approvals for elderly units in the public housing program compared with loan approvals in the 202 program as follows:

	Units approved	Average cost per unit
Public housing	8,401	$15,616
Section 202	8,038	12,338

The difference in estimated total development cost at this stage, for this sample, is over $3,200, with public housing again being higher.

3. A detailed analysis at the contract award stage was made of nine public housing projects and nine 202 projects in the same localities. For this sample the difference in total development cost was just over $3,000, with public housing again being higher.

In the case of this sample it was possible to distribute the difference among four major categories of cost: structures and equipment, site acquisition, site improvement, and overhead. Public housing was higher in each category by the following percentages and actual amounts:

	Percent higher	Amount higher	Percent of total difference
Structures and equipment	8	$791	26
Site acquisition	36	305	10
Site improvement	350	1,152	38
Overhead	58	768	26
Total development cost	24	3,016	100

PROGRAM DIFFERENCES WHICH AFFECT COSTS—

Nonphysical Differences

Most of the program differences which affect costs are physical differences. Those result, not primarily from differences in physical standards, but for the most part from differences in the application of standards which are not themselves substantially different. However, before physical differences are dealt with in detail, several basic program differences, unrelated to physical standards or their application, need to be mentioned.

Clientele. Local Housing Authority vs. Nonprofit Sponsor. There are differences between local housing authorities and nonprofit sponsors which increase the cost of public housing. While housing authorities are nonprofit organizations they are also public agencies which possess the weaknesses, as well as the strengths, of such institutions. Generally speaking, the services performed by local housing authorities are reimbursed services chargeable to project development cost, whereas in the 202 program contributed services are not uncommon. Similarly, possessing no assets or resources of their own, local housing authorities are not in a position to assume financial responsibility to the same extent 202 sponsors are required to, as, for example, the responsibility for planning costs when the planning does not result in an approved program.

As public agencies, local housing authorities have a responsibility to the public and must respond to public pressures. Some of their actions, notably the selection of sites, are subject to approvals which are sometimes difficult to obtain. Citizens in many neighborhoods are more likely to go along with a church group sponsored facility than with a public housing project. The two programs, in other words, have different images locally, and this difference doubtless has some intangible effect on costs.

There is a common notion that the administration of the 202 program, as compared with the administration of the public housing program, is hardnosed, tough, and uncompromising—that the 202 people "know how to say No and make it stick," while those who work in public housing are too prone to yield to the demands of local housing authorities and their advocates. To the extent that such a difference exists, it doubtless stems, not from any difference between the two groups of Federal personnel involved, but from a difference between the two classes of clientele. Local housing authorities, as compared with nonprofit sponsors, are relatively tough customers, one of the reasons doubtless being their more extensive experience and greater expertise.

Financing. Annual Contributions vs. Loans. The different methods of funding capital costs have a major though not quantifiable impact on costs. Capital costs in the 202 program are paid out of rental income. In public housing they are paid out of the annual contribution and not out of rental income. This means that in order to keep rents down in the 202 program it is necessary to keep costs down, whereas the impact of costs on rents in public housing may be exactly the opposite; i.e., higher costs which reduce maintenance expense may make it possible to achieve lower rents.

Aside from this difference in the relationship between costs and rents, it is to be remembered that the nonprofit sponsor in the 202 program is not getting something for nothing. It is borrowing money, admittedly at a very favorable interest rate, but money which must nonetheless be repaid, and it would serve no purpose to borrow more money than was needed. The local housing authority *is* getting something for nothing. It has no responsibility for meeting any part of the capital cost of its program. This cost is met by the Federal subsidy. Let's face it. When somebody else is paying the bill, one is inclined to be less concerned about costs. But by the same token, when somebody else is paying the bill, it is that somebody else's responsibility to say how big a bill he will pay.

Role of Loan Consultant in 202 Program. In the loan consultant, the 202 Program has a built-in pressure to hold costs within approvable limits. Delays in the development process cost him money, and this includes delays caused by squabbles about costs. In the conventional public housing program there is no motivation to avoid delays comparable to the motivation of the loan consultant.

The Planning Process. Several differences in the planning process have an effect on costs. In both programs certain planning costs are chargeable to total development costs if and when the planning is completed and the project is approved. A major difference is that in the 202 program Federal funds are not available for this purpose until the project is approved, whereas in the public housing program the planning is done with preliminary loan funds which the local housing authority in most instances has no ability to repay if the project is not approved. This arrangement constitutes a pressure on the Department to approve projects which it might have been less likely to approve if Federal funds had not already been invested in them.

A second way in which the planning loan in the public housing program may have an adverse impact on costs is that the approval of such a loan receives local publicity, and this publicity has been known to cause land prices to go up.

Third, the planning process in the 202 program is minimal compared with the process in the public housing program, and this results in savings in that program. One architect with experience in both programs has written, "FHA is a ponderous labyrinth of controls and guidelines, while 202 is a streamlined *criteria-setting* situation. . . . A simple example is pointed out by the *Manual for Architect's Use* prepared by the FHA, which weighs over three and one-half pounds. The interesting part of this particular operation is that the *Index* of that particular document is longer (in pages) than the entire criteria for the design of buildings under the 202 program. This is a very strong indication of what the problems really are."

Another architect with experience in both programs, speaking for himself and his partner, has written, "Our feeling, and that of all those questioned, is that the breakdown in acquiring a good and inexpensive end product for FHA comes from failure to recognize the human factor. Said differently, no matter how capable, well motivated, or imaginative an architect—consultant or others—it is possible to totally *distract* them from the goal of good low-priced housing by forcing them to play a game. If you set up a maze (of regulations, guidelines, reviews) which is intricate enough, even the strongest minded person has his attention diverted to mastering the course. His energies and creative ability are virtually consumed in trying to secure governmental approval rather than in devising the best end product." [1] (It is noted parenthetically that many local housing authorities, depending on staff and experience, issue various standards and requirements of their own.)

[1] In all fairness it must be mentioned that these two quotations represent the views of only two (or counting the partner at most three) people and that their experience with the two programs has all been in the same regional area. It is quite possible that their views reflect the nature of their relationship with the regional office and are not typical.

Administrative Costs. An examination and cross-comparison of 3,688 public housing units and 4,965 Section 202 units disclosed (1) that administrative costs for comparable categories of expense were not substantially different in the two programs, but (2) that the following seven account classifications in the public housing program had no counterparts in the Section 202 program and accounted for about $100.00 per unit of additional cost:

1. Technical Salaries.
2. Employee Benefits.
3. Publications.
4. Membership Dues and Fees.
5. Telephone and Telegraph.
6. Equipment.
7. Sundry.

Statutory Room Cost Limitation in Public Housing Program. The statutory room cost limitation in public housing does not operate as an effective control of cost and may indeed have the opposite effect. It applies exclusively to dwelling construction and equipment costs and not to other costs, which may be substantial. The formula for counting the rooms in a dwelling unit is of administrative not statutory origin and can result in per-unit dwelling construction and equipment costs which may or may not be consistent with the intent of the statutory limitation. It is relatively easy to make high-cost-area findings. Since an efficiency unit counts under the formula as a 3-room unit, the statutory room cost limitation in a high-cost area would be $12,750 for dwelling construction and equipment alone, which does not appear to be a very restrictive limitation. The statutory room cost limitation may imply, or at least has been construed to imply, that any costs less than the maximums should be approved.

Physical Differences

In almost every instance, physical differences between the two programs contribute to the higher cost per unit of public housing. Even in the case of two notable physical amenities which are found more commonly in the 202 program—air conditioning and carpeting—it is difficult to show that these features add to unit costs, and it is quite clear that they are avoided in public housing because they are believed to add to operating and maintenance expense, not because of the capital cost involved.

Density. The 202 program builds to higher densities—that is, puts more dwelling units on a unit of land. This obviously causes the cost of land per unit to be less in that program.

Open Space. The public housing program places greater emphasis on the desirability of open spaces and on landscaping, features which not only increase the cost of land per unit but also add to site improvement costs.

Size of Projects. Public housing projects for the elderly tend to be somewhat smaller than Section 202 projects, a factor which makes for higher unit costs. The 8,401 public housing units referred to on the first page of this report comprise 75 projects, the average size being 112 units; the 8,038 Section 202 units are in 52 projects, the average size being 155 units.

Kitchens. There is a higher incidence of Pullman kitchens in the 202 program than in public housing. Full kitchens require more space.

Clinics. Space for clinics is encouraged in public housing, but not in the 202 program.

Balconies. While the physical standards do not differ in respect to balconies there is apparently a difference in actual practice, with more balconies being found in the public housing program.

Utilities. In public housing a utilities analysis is required, the primary purpose of which is to achieve the mechanical system and energy supply that will produce the lowest fuel and maintenance costs. This frequently produces higher development costs (in some cases as much higher as $600–700 per unit), but helps to keep rents down. Also, in many smaller communities sewage plants or septic tank systems are part of the cost in public housing, whereas these added costs are not found in the 202 program.

Although the policy is now being reexamined, public housing in the past has permitted air conditioning of dwelling units in very few places, whereas its installation in the 202 program has been permitted where warranted by climatic conditions and where the additional development cost did not jeopardize the achievement of appropriate rent levels. There is an important offsetting factor to additional costs caused by the installation of air conditioning in that it permits greater flexibility in design which can be utilized to reduce costs—such as the use of double-loaded corridors with no cross-ventilation.

Site selection criteria for elderly housing are similar in both programs, although public housing is subject to certain constraints which have an adverse effect on costs, notably relocation. Also, sites often have to be approved by city councils after public hearings. Thus, the best site from a cost standpoint may not be made available.

Location of Projects in High-Cost Places. It was thought that part of the difference in cost might be caused by the location of public housing in higher-cost places than 202 projects. This is not so. In fact, the ratio between public housing and 202 housing is smaller in the 28 highest-cost places (fewer than 4 projects to 1) than it is nation-wide (more than 12 to 1).

The standard for parking facilities is 20% of the number of dwelling units in the 202 program, and 25% in public housing.

More carpeting is found in the 202 program than in the public housing program. It cannot be shown that this has any effect on either development or maintenance costs. If the carpeting is laid over under flooring the installation costs may actually be less.

Buy American Act. The "Buy American" Act applies to the public housing program but not to the 202 program and is doubtless the cause of some part of the cost difference in structures and equipment.

Dwelling Unit Space. General criteria for planning dwelling units are similar in the two programs, although supplementing guidelines and recommendations are much more detailed in the public housing program. Furnishings and equipment are itemized for each room. A maximum net area for an efficiency unit is set at 400 square feet, and for a 1-bedroom unit at 525 square feet.

Up to 4% of the units may be 2-bedroom units of up to 700 square feet. Local housing authorities and their architects are inclined to use the maximum space allowable and to design the best units they can under this limitation, although it is admittedly possible to plan units with less space than the maximum. The 202 program requires a minimum (note minimum not maximum as in public housing) of 200 square feet of usable area plus space for kitchen equipment, bath, storage, closets and hallways. An additional 120 square feet is required for 1-bedroom units.

Efficiency vs. Bedroom Units. The 202 program builds a higher percentage of efficiency units, a significant contributing factor to holding down unit costs. The standard in the 202 program is 67% efficiencies. The standard in public housing is 60%, but it is noted that when this standard was announced in May of 1967, the maximum space allowance for an efficiency was simultaneously increased from 360 to 400 square feet. The public housing program not only permits a higher percentage of 1-bedroom units but even permits some units with more than one bedroom. Of over 100,000 single-person elderly families reexamined or admitted to public housing in 1967, fewer than 13% lived in efficiency units, although it should be mentioned that this low figure results largely from the newness of the elderly program and from the common practice of permitting residual members of families to continue to live in the same units.

NOTE: A comparative analysis of the physical facilities and cost accounts of certain specific projects, prepared by Hector Bonilla, HAA Technical Services Division, appears as an attachment to this report.

CONCLUSIONS AND RECOMMENDATIONS

This report has attempted to identify differences between the public housing program for the elderly and the Section 202 program which tend to explain the substantial differences in cost between the two programs. As has been apparent in the presentation it has not been possible, except in a few instances, to quantify the cost impact of specific differences. Data which might have made this approach possible were not readily available.

It is doubtful in any event that such a cost-benefit approach would have been helpful in this case (1) because there is no rationalization that could justify from a public relations point of view a difference in excess of $3000, and (2) because any effort to control specific cost-impact factors (balconies, technical salaries, etc.) would create more problems than it would solve—with no assurance that it would have any effect on the overall difference.

It is therefore believed that the control of public housing costs that will get them closer to, if not down to, costs in the 202 program must be a control of total development cost and that this control should be in terms of comparability to costs in the 202 program. It is further believed that certain built-in features of the public housing program, notably the role of the local housing authority, make some differential inevitable and that it would therefore not be advisable to insist that public housing be held down to 202 levels in every case. It should be possible, however, at least on an experimental basis, to insist that total development cost per unit in the public housing program not exceed the 202 cost by more than a certain percentage or, what would be even simpler, by more than a certain fixed amount, like, say, $1000. This would not be an arbitrary cost limitation but rather a completely justifiable limitation based on comparability.

This approach would automatically make the public housing standards inoperable and bring public projects closer to 202 projects in their physical characteristics, particularly those which have a major effect on costs (density, space per room, rooms per unit, etc.). In fact, the published physical criteria used in the 202 program (Form HUD–4900B dated 12–65, Guides for Project Design) could be used in the public housing program, and it would not be necessary to deal specifically (and controversially) with the revision of the present public housing standard for each and every item. In fact, there is a strong argument against a detailed item-by-item redo of the public housing physical standards. First, they are already too detailed, and to massage them further would only serve to exacerbate the problem. Second, without controlling total development cost there can be no assurance that the control of specific items would narrow the cost gap between the two programs. One beauty of the 202 program is that it does not have a 5-foot shelf of standards, criteria, guidelines, checklists, etc. The architect has maximum flexibility, provided he meets certain cost criteria, and what is recommended here is that this same approach, including the physical criteria of the 202 program, adopted in the public housing program.

In summary, this report recommends:

1. The adoption of the public housing program of the physical criteria used in the Section 202 program.

2. The establishment in the public housing program of a limitation on total development cost per unit, which limitation would be $1,000 higher than the cost at which Section 202 housing was being developed in the same or in a camparable locality.

3. Finally, subject to tentative approval of the above recommendations, the preperation of implementing statements of policy and procedure, and the discussion of these statements, before their issuance, with the regional offices, NAHRO, and possibly the AIA.

A Comparative Analysis of the Physical Facilities and Cost Accounts of Certain Spfcific Public Housing and Section 202 Projects

I. A study of physical differences: 18 projects totaling 2,865 units.

II. A cost account comparison of 86 projects—the above 18 plus 70 additional projects.

III. Summary and conclusions.

Prepared by: Hector Ivan Bonilla-Norat, AIA, Technical Services Division, Housing Assistance Administration

I. A Study of Physical Differences: 18 Projects Totaling 2,865 Units

A. Construction and Equipment

Application and Development Stage

1. Preparation of a Project Development Program.
   Steps involved,
   Processing of Documents,
   Approvals Necessary.
2. Design Criteria for Projects.
   Mandatory Standards,
   Design Guidelines and References,
   Elderly Requirements vs. Other Low Rent Housing.
   (Need for further simplification.)

PRE-CONSTRUCTION (DESIGN STAGE)

1. Average Size of D.U. (net) Including Equipment.
   202=462 sq. ft. net
   Low Rent=462 sq. ft. net
   a. Kitchens
      202=Efficiency, 85% strip; 15% double; 1–ER, 44% strip; 25% double; 31% "L"
      Low Rent=Efficiency, 75% strip, 10% double, 15% "L"; 1–ER, 25% strip, 22% double, 53% "L"
      Remarks: Low Rent built larger sized kitchen facilities.
   b. Balconies
      202=Two projects, having a total of 314 units (20% of total) showed balconies. Two projects, with 218 units (14%) showed porches. Incidence of both not known.
      Low Rent=Two projects, showed 266 balconies, or a 21% incidence. Two projects, showed 180 porches, of a 14% incidence.
   c. Floors (Carpeting)
      202=71% of all units had carpet in living areas and resilient wood or tile floors on the remaining space (29%)
      Low Rent=100% of all space was resilient, wood, or tile floor.
      Remarks: The floor finish in 202 is more expensive than Low Rent. 29% vs. 100% of units, only, had comparable floors, 71% was more.
1. d. Mechanical Equipment (Air Conditioning)
      202=77% of all units had air conditioners ±$196
      Low Rent=None of the units had air conditioners
   e. Quality of Materials
      Remarks: No comparables to determine difference.
   f. Average Size Efficiency (Net)
      202=365 sq. ft.
      Low Rent=373 sq. ft. +8
   g. Average Size 1–BR
      202=515 sq. ft.
      Low Rent=518 sq. ft. +3
   h. Average Size 2–BR
      202=755 sq. ft.
      Low Rent=740 sq. ft. —15
   i. Average Size 3–BR
      202=None
      Low Rent=963 sq. ft.
2. Average Communal Area Per D.U. (Net Areas), Including Equipment.
   202=39.4 sq. ft.
   Low Rent=38.7 sq. ft.
   a. Communal Space
      202=35.2 sq. ft.
      Low Rent=25.3 sq. ft.
   b. Management
      202=2.5 sq. ft.
      Low Rent=7.1 sq. ft.
   c. Maintenance
      202=1.7 sq. ft.
      Low Rent=6.3 sq. ft.
3. Total Usable Area (Net)
   202=501 sq. ft.
   Low Rent=501 sq. ft.
   Remarks: No difference in areas to substantiate cost
4. Total Building Area (Gross)
   202=654 sq. ft.
   Low Rent=672 sq. ft.
   Remarks: +18 sq. ft. difference
   a. Ratio of usable to non-usable space
      202=76.65
      Low Rent=74.55
      Remarks: Low Rent had a 2.6% less efficient use of space

5. Building Relationship
   a. Number of Units (Total)
      202=1,609
      Low Rent=1,256
      Remarks: No significant apartment distribution is shown
      (1) Number of efficiencies
          202=670, 41.6% total
          Low Rental=566, 45.1%
      (2) Number of 1–BR
          202=878, 54.6%
          Low Rent=642, 51.1%
      (3) Number of 2–BR
          202=61, 3.8%
          Low Rent=45, 3.6%
      (4) Number of 3–BR
          202=None
          Low rent=3, 0.2%
   b. Room Ratio
      202=3.33
      Low Rent=3.31
      Remarks: No significant difference
   c. Number of Buildings Per Project
      202=8 projects at 1 bldg.—only 1 project at more than 1 bldg.
      Low Rent=2 projects at 1 bldg.; 7 projects at more than 1 bldg., vary from 2 to 33 per project.
      Remarks: The large amount of building coverage resulting from multiple bldgs. decreases density and increases site improvements
      (1) Density
          202=Average density—61.47 du's/acre
          Low Rent=39.96 du's/acre
   d. Number of Stories Per Building
      202=Over 10–3; Up to 5–5; 5 to 10–1
      Low Rent=Over 10–1; Up to 5–5; 5 to 10–3
      Remarks: 202 built more single high rise bldgs. and made better use of the elevators by maximizing the no. of units/elevator.
   e. Number of elevators
      202=14 elevators for 1,173 units
      Low Rent=12 elevators for 272 units
6. Maximum Cost Limitations
   Total cost in 202.
   Partial cost in Low Rent.
7. Revision and Approval of Plans and Specifications
   a. By Local Housing Authority
      202=None
      Low Rent=More intensive review of plans
      Remarks: Besides review of plans by the local planning agency, the revision by the LHA and later by the RHA and the corrections to be made by the architect, a more substantial amount of time is spent in approving low rent projects.
   b. By Regional Office
      202=Very general review of plans, for compliance with criteria
      Low Rent=A more intensivve review for compliance with criteria and design standards (applies also to LHA review).
8. Delays

CONSTRUCTION

1. Advertisement for Bids
   202=Standard
   Low Rent=Standard
   Remarks: 202 has not incurred in any expenses up to this stage whereas Low Rent has already committed a large amount of money in planning and development. Revision of plans at this stage in 202 are made at no cost to the programs whereas in Low Rent an additional amount will have to be incurred as additional payment to the architect. This tends to make 202 more flexible in controlling bids. 202 offers alternate bids per project as an added element for reducing bid costs.
   a. Acceptance of Bid

b. Rejection of Bids
202=202 has more power to reject bids which are in excess of their maximum dwelling unit cost.
Low Rent=In general the lowest bidder gets the job if within the approved ACC cost.
(1) Re-design of Plans
c. Alternates
2. Supervision of Construction
a. By Architect
202=Standard
Low Rent=Standard
b. By Local Housing Authority
202=None
Low Rent=A substantial amount of supervision is provided to assure uniformity in construction.
c. By Regional Office
202=A limited amount of supervision is provided.
Low Rent=A substantial amount of supervision is provided to assure uniformity in construction.
3. Delays
202=Standard
Remarks: Due to the larger amount of supervision in Low Rent projects it is reasonable to expect a larger number of change orders in the construction. This results in some time delay and a possible added cost by the contractor in estimating his construction cost.
Project Approval
202=Architect, sponsor, regional office, central office?
Low Rent=Architect, LHA, RHA, Central-HAA.

POST CONSTRUCTION

1. Tenant Selection
2. Project Management and Maintenance
Low Rent=Based on the experience of HAA maintenance personnel, Low Rent projects are built-in with more materials having lower maintenance costs through the life of the project. Also heavier duty hardware is provided to limit vandalism or abuse.
Remarks: It is reasonable to assume that elderly tenants are not as abusive with the furnishings as regular Low Rent tenants would be. A reconsideration in the specifications of these heavy-duty type materials for the elderly should be made.
3. Project Facilities for Tenants and Non Tenants
4. Effect of Tenants' Income Level on Maintenance of Projects

B. SITE IMPROVEMENTS

1. Soil Condition
2. Abnormal Building Foundations
Low Rent=Included in the Low Rent Housing Manual, and permitted as a site improvement cost in the project.
3. Utilities and Streets within Project
a. Off-site (not part of du/cost)
Low Rent=Larger for Low Rent projects as a result of lower densities and larger bldg. coverage
b. Internal Roads, Drives and Parking Areas
202=Limited roads. Larger parking areas.
Low Rent=Larger for Low Rent except for parking area
4. Building Area Coverage
a. Density du/area
(1) Number of stories
(2) Number of buildings
(a) Social Implications
(3) Utilities
5. Percent Parking Provided
202=76.1% of Total Units
Low Rent=46.9% of the Total Units
6. Landscaping
a. Sidewalks

b. Outdoor Recreation Areas
    (1) Social Aspects
c. Open Space
d. Intensity of Land Use
e. Reduction of Land Needed/Provided

C. LAND COST

1. Project Location
    Remarks: Based on Louis Katz's study of land cost in these two areas a difference of $385 in low rent over 202 was found. This is approximately the total difference indicated in our cost comparison study. The validity of this first figure should be weighed against the other factors involved here.
    a. Slum Area
        202=Out of 7–1 slum
        Low Rent=Out of 7–3 slum
    b. Non-slum Area
        202=Out of 7–6 non-slum
        Low Rent=Out of 7–4 non-slum
    c. Percent in-town vs. Percent in suburbs
    d. Size of town/city where project is located
    e. Accessibility to shopping areas, transportation, etc.
2. Vacant, or Occupied Land
    a. Demolition
    b. Existing Utilities to be Removed; to Remain
3. Density of Project
4. Purchasing Procedure (disclosure by agency/group)
    a. Delays in purchasing
5. Maximum Cost Limitation

D. OVERHEAD

General
1. Program Objective
2. Project Application by Housing Authority of Non-Profit Organization
    a. Steps followed to secure project funds
    b. Approval of funds
    c. Commitment of agency
3. Role of Loan Consultant vs. Local Housing Authority

Specific
1. Administrative

202=Legal and administrative expenses	$194
Loan advisors's fee	23
Preliminary expense	11
	228
Low Rent=Administration	309
Initial Operating Deficit	25
	334

Remarks: See summary sheet for Cost Comparison Studies of 18 projects and 70 projects.*

2. Professional Services (architectural/engineering)

202=Architectural and engineering services	678
Low Rent=Planning	914

3. Interests

202=Interest during construction	245
Interest during development	179
	424
Low Rent=Interest	383

4. Other

Low Rent=Relocation	23
Other	

*NOTE: Numbers taken from a cost comparison of 3,688 Low Rent units and 4,712,202 units.

II. A Cost Account Comparison of 86 Projects—the Above 18 Plus 70 Additional Projects

Average DU costs for: 1,609 units in 202 (9 projects); 1,256 units in low rent elderly (9 projects)—Having comparable location, type of structure, building height.

2,865 UNITS STUDY

	202		Low rent				
	202	Percent of T.C.	Low rent	Percent of T.C.	Difference	Percent of total difference	Percent of total difference[1]
1. Construction and equipment	9,294	79.9	9,909	70.5	615	25.4	23.5
2. Site improvement	355	3.1	1,334	9.5	979	40.4	37.4
3. Land cost	827	7.1	1,153	8.2	326	13.5	12.5
4. Overhead	1,147	9.9	1,650	11.8	503	20.7	19.2
Subtotal cost	11,623	100.0	14,046	100.0	2,423	100.0	
Contingency	77		271		194		7.4
Total cost	11,700		14,317	100.0	2,617		100.0

[1] Including contingency.

Average DU costs for: 3,688 units in low rent elderly (36 projects=selected to compare with projects in same locality); 4,712 units in 202 elderly (34 projects=all approved and completed projects in program since July 1965 to July 1968)

8,400 UNIT STUDY

	202		Low rent			
	Account	Cost	Account	Cost	Difference	Percent of difference
Construction and equipment.	Building construction and equipment.	$10,161	Dwelling and nondwelling construction and equipment.	$10,695	534	24.8
Site improvements	Site improvements and utility connections.	244	Site improvements and utility connections.	1,171	927	43.1
Land cost	Land and rights of way	831		1,197	366	17.0
Overhead	Legal and administrative	194	Administration	309		
	Loan advisor's fee	23				
	Preliminary expense	11	Initial operating deficit	25		
	Architect and engineering service.	678	Planning	914		
	Interest during construction.	245	Interest	383		
	Interest during development.	179	Relocation	23		
Total, overhead		1,330		1,654	324	15.1
Subtotal of comparables.		12,566		14,717	2,151	100.0
Contingency		87		362	275	
Total		12,653		15,079	2,426	

III. Summary and Conclusions

Development of Housing and Urban Development,
Chicago, Ill., June 5, 1968.

Professor Robert D. Katz,
106 Architecture Building, University of Illinois, Urbana, Ill.

Dear Bob: As you requested, I am enclosing for your information and use a copy of sampling costs experienced for 202, Turnkey, and Conventional housing projects.

In my opinion, the cost sampling is sufficient to highlight the "problem" and warrant an appropriate study to determine the reasons for cost differentials.

I appreciate your continuous efforts and professional guidance in our behalf.

Warmest personal regards.

Sincerely yours,

Wm. E. Bergeron,
Assistant Regional Administrator for Housing Assistance.

COST COMPARISON

Program type	Locality	Project number	Number of units	Room ratio	Total development cost per D.U.	Construction started
Detroit area:						
202	Detroit	MICH-21	216	3.42	$14,000	April 1968.
Conventional	Wayne	MICH-29-2	36	3.5	16,630	October 1967.
Do	St. Clair	MICH-52-1	62	3.53	16,590	September 1967.
Do	East Detroit	MICH-44-1	65	3.5	16,625	July 1967.
Turnkey	Royal Oak	MICH-33-2	48	5.1	16,000	August 1967.
Youngstown area:						
202	Youngstown	OH-14	147	3.2	12,000	August 1966.
Conventional	Warren	OH-8-5	152	3.15	16,975	October 1967.
Do	do	OH-8-4	200	4.83	17,470	August 1967.
Cleveland area:						
202	Guyahoga Falls	OH-15	202	3.25	12,100	November 1966.
202	Lakewood	OH-23	160	3.2	13,800	April 1968.
Conventional	Cleveland	OH-3-18	[1] 693	4.42	[2] 26,500	Rejected.
Do	do	OH-3-23	12	6.0	[2] 26,000	Do.
Minnesota area:						
202	Marshall	MINN-23	53	3.20	11,700	October 1966.
Turnkey	Redwood Falls	MINN-36-1	60	3.18	14,994	April 1968.
202	St. Peter	MINN-24	20	3.2	11,700	August 1966.
Conventional	North Monkato	MINN-19-1	76	3.2	15,359	February 1968.

[1] 479 Eld.
[2] If awarded.

Average DU costs for: 3,688 units in low rent elderly (36 projects=selected to compare with projects in same locality); 4,712 units in 202 elderly (34 projects=all approved and completed projects in program since July 1965 to July 1968)

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Subtotal cost	11,623	100.0	14,046	100.0	2,423	100.0	
Contingency	77		271		194		7.4
Total cost	11,700		14,317	100.0	2,617		100.0

[1] Including contingency.

REGION III STUDY

MAY 8, 1968.

Edward H. Baxter, Regional Administrator, Region III.
Attention James W. Mills, Assistant Regional Administrator for Housing Assistance, Region III
A. E. Rosfeld, Housing Assistance Administration

COST STUDIES

This will refer to Mr. Mills' memorandum of April 25, 1969, on the above subject.

You will be interested to know that we have given the cost disparity between the Public Housing and Section 202 Programs considerable thought.

Attached is a copy of a study completed in October of 1968 on the subject. The recommendations, however, have not yet been fully implemented.

We will be pleased to have your comments on the Study.

A. E. ROSFELD,
Acting Deputy Assistant Secretary.

Memorandum

APRIL 23, 1969.

To: James W. Mills.
From: John F. Lyle.
Subject: Comparative Costs—HAA Conventional and 202 Housing for the Elderly.

The Cost Section of the Technical Review Branch has completed a study of the subject costs, considering elevator apartments only and using data furnished by Mr. Morris for six current 202 Elderly projects, compared with data from files on nine conventional public housing elderly projects.

All projects were placed under construction in 1968 and 1969. The average room ratios for 202 and HAA projects were found to be virtually identical, and the gross areas of dwelling and non-dwelling space per D.U. was found to differ between the 202 and HAA projects by an average of less than one-half of one percent.

The percentage relationship to overall cost was determined for Legal and Administrative; interest; planning; site acquisition; and construction and equipment. The variation between 202 and HAA was found to be nine-tenths of one percent or less for each of these. The one significant difference is that the construction and equipment for the HAA projects averaged 19.6 percent more costly than the 202 projects. This alone appears to account for the greater cost of the HAA projects.

(Some of this overrun is attributable to actions by the Central Office contrary to the advice of the Regional Office. If, for instance, Project Miami, Fla.–5–25, approved by the CO at $19,025 per D.U. were not included among the HAA projects, the average overrun would be reduced to 16.4 percent.

Some of the overrun is undoubtedly due to insufficient HAO control over the timing of bid invitations. Four of the nine HAA projects considered attracted three or fewer bidders each and the average cost of these projects exceeded the average of those having four or more bidders by $1,840 per D.U. or 2.4 Percent. This variance in cost was to be expected, as statistical data kept by the Cost Section beginning in 1966 indicate a very consistent inverse relationship between number of bidders and cost of project. An analysis of this relationship and suggested means of control was made in January, 1967, and, as it still appears to be fully pertinent, a facsimile is attached hereto.

While bidding and market conditions appear to account for a part of the HAA overrun, there can be little doubt that the only way HAA can bring costs down to the level of 202 housing is to exert an equal amount of control over the basic design of the structures. The following brief discussion of a project currently in for review will illustrate this.

Plans for low-rent Project Athens, Ga–3–9 were discussed in detail with Mr. Morris. These plans involve the construction of a nine-story building built around an open court, roofed over with a clerestory structure a full story in height and spanning 56 feet. The entire first floor, an area of more than 13,000 square feet is, with the exception of a two bedroom apartment for the manager, devoted to non-dwelling space. Mr. Morris pointed out many costly features of construction which would be either wholly unacceptable in 202 housing, or would be included only as deductive alternates. He further stated that the basic plan would if submitted by a developer of 202 housing, be returned for complete redesign using double loaded corridors. (This is possible since 202 projects are air-conditioned.)

The Technical Review Branch is aware of the difficulties inherent in adopting a radically different approach to the control of project design, and realizes that LHA's and Architects will not accept such a change silently. Nevertheless, it is our belief that, without effective control of design we must be prepared to continue to pay a premium for our projects.

JOHN F. LYLE,
Chief, Technical Review Branch.

[Memorandum]

JANUARY 17, 1967.

To: Erman R. Williams, Development Director.
From: Daniel B. Alexander, Technical, Costs.
Subject: Analysis of Contract Bid Amounts vs. Number of Bids Received.

A cost study, recently completed by the Cost Unit, Technical Section of HAO, Region III, relates bids received to pre-bid estimates, for 61 Projects placed under contract in calendar 1966, within the Region, (copy attached).

The purpose of the study was to reveal any significant difference in cost between projects where competition was minimal, and those having more intense competition among the bidders.

Estimated contingency allowances have been disregarded, as have changes in contract cost, negotiated prior to execution of the contract.

The projects were divided into two groups, those in which bidders numbered three or less, and those having four or more bids. It is considered very significant that the average of the 26 projects which had three or fewer bidders was 11.2% in excess of the pre-bid estimate, while the average of the 35 projects which had four or more bidders, exceeded the pre-bid estimates by only 0.7%. This strongly indicates a loss in excess of two and a half million dollars, due to insufficient bidding competition on the twenty six projects having three or fewer bidders. The fact that the bid amounts are here compared to pre-bid estimates, which normally contain allowances for such variables as geographical location, number of D.U. per project, average room ratio and building type, would seem to eliminate all factors other than the number of interested bidders at the time the project is put out for bidders. This conclusion is further borne out by the fact that the uniform pattern of high bids, where competition was deficient, is apparent in tabulations by individual states, as well as in the average for all states.

It is respectfully suggested that the waste of Housing Assistance funds, here apparent, may be minimized only by action on the part of the Regional Office. As it is the Federal Government, in the final analysis, who picks up the tab, little if any help in cost reduction may be expected from the LHA's or their architects.

The key to solution of the problem may quite well be an expansion of the role of the Regional Office beyond the participation required by the LRHM. This Manual requires the Regional Office to furnish names and addresses of interested contractors (Para. 212.1, 5.), and to assist in establishing a date for bid opening.

The file of interested contractors, now available in the Regional Office, probably satisfies the first requirement, but a bid date assuring the greatest likelihood of competitive bidding can only be established after an on-the-spot analysis of the local construction market.

The ineffectiveness of our efforts to attract bidders seems to be strongly suggested by the fact that more than 42% of housing projects within the Region attracted three bidders or less, (these figures *not* including these bid openings in which the bidding process completely broke down, when it was found that only one or no bids had been received.) In the absence of a better explanation it may be reasonably concluded that the difficulty stems from the fact that detailed arrangements for bidding are made by the LHA, *which has no actual financial interest in the cost of the project, whereas the Federal Government, which must make up any shortage of funds, if the project is to be built, merely urges the LHA to get all the bidders possible, and, in some cases, furnishes lists of contractors who may be interested.*

It is suggested that the situation will not improve until the Regional Office takes positive steps to increase bidder interest in HAA projects. Any action taken will more than pay for itself, if the large annual loss, now being incurred, is reduced by even a small percentage.

A program which might accomplish a substantial reduction is outlined below, for your consideration:

1. It should first be established that, among the continuing functions of the Regional Office, will be the maintenance of our relations with the construction industry, at optimum level, and analysis of those factors within the industry, and the local economy, which affect the desirability of bidding HAA work.

2. These functions will require:

(a) Guidance and advice from the Regional Office as to timing of bids. This may involve independent analysis of local construction markets by the RO, and, on occasion, mandatory designation of bid dates.

(b) Continuous contact with contractors and contractors' organizations, with the purpose of selling them on the desirability of bidding on low rent housing. Many questions regarding procedures, Davis-Bacon Act requirements, specifications, etc. would be answered immediately, in the field. Other questions or complaints would be noted, and explained by letter at the earliest opportunity.

The prime objective of all contacts would be to determine the reasons for the current lack of enthusiasm for our projects, among contractors, and remedy it, if possible. If some of our standard procedures are found to be at fault, a strong case would be made for changing them, at the Washington level, if necessary. In those cases where our maximum effort failed to attract bidders, we would at least know that it was not because of our failure to stress the necessity of obtaining competitive bids.

It is suggested that the objective will be accomplished only if responsibility for action is assigned to an individual who, in addition to being energetic and articulate, has sufficient background in the construction industry to speak the language and understand the problems.

The large losses here indicated would seem to call for strong remedial action. While I certainly do not labor under the illusion that I have come up with the final answer as the *what* action, it is my hope that, from what I have set forth here, you may be able to select one or two thoughts that will be of help in reaching your own conclusions regarding the rather startling statistics which we have developed.

DANIAL B. ALEXANDER,
Architect, Estimates.

REGION V. STUDY

MARCH 24, 1969.

T. H. Callahan, Assistant Regional Administrator for Housing Assistance.
J. Preston Edwards, Housing Assistance Office, Region V.
A. P. Cameron, Jr., Housing Assistance Office, Region V.

ELDERLY PROJECT COSTS—LOW-RENT VERSUS SECTION 202

Acting on your request of several weeks ago, we have visited several Section 202 projects and produced cost comparisons of appropriate Low-Rent and Section 202 projects with the help of Gene Roberston and Howard Sumerlin of Technical Review Branch. On the basis of similarities in location and type, we paired the following projects:

Low-Rent	*Section 202*
Columbia, MO–7–4 (highrise)	Kansas City, Mo., SH–MO–07 (highrise)
Lee's Summit, MO–30–1 (low rise)	Lee's Summit, SH–MO–09 (low rise)
Topeka, KANS–2–2 (highrise)	Topeka, SH–KANS–04 (highrise)
Denver, COLO–1–15 (highrise)	Denver, SH–COLO–10 (highrise)
Las Cruces, NM–3–1 (low rise)	Deming, SH–NM–02 (low rise)
Haltom City, TEX–M–152–2 (low rise)	Denton, SH–TEX–09 (low rise)
Dallas, TEX–9–13 (highrise)	Dallas, SH–TEX–17 (highrise) (to be bid this year)

The bid dates of these projects range from 1963 to 1968. Several are under construction at this time, and the Dallas Section 202 project is approaching bid date.

The cost breakdown worksheets provide data for the following summary comparison based on the averages of the seven projects listed for each program:

Average cost per DU	Low rent	Section 202	Percentage low rent is higher
TDC	$13,995	$11,560	21.0
Land	951	661	44.0
Construction contract	11,020	9,481	16.2
Site improvements	999	364	174.0

The total structures cost per square foot, adjusted for location and for bid date of September 1968, shows the following comparison:

	Per square foot
Low-Rent	$16.01
Section 202	14.74

The following interesting facts are afforded by the worksheet comparisons:

1. Overhead and administrative costs are higher for Low-Rent by approximately $500–$600 per dwelling unit. We feel that this difference is probably due to the average efficiency of a housing authority and to the fact that Section 202 sponsor may absorb part of the overhead and administrative costs of that type project.
2. The Section 202 projects have a lower land cost per dwelling unit. This seems to be partly due to the higher density to which most of the 202 projects were designed, but also due to the fact that the 202 sponsor can acquire land with greater ease and at lower cost because of the private nature of the operation.
3. Site improvements costs are higher in Low-Rent because of lower density which permits more amenities, such as sidewalks, other paving, landscaping, recreational facilities, and which require longer utilities extensions.
4. There is some evidence that Section 202 units are smaller on the average than comparable Low-Rent units. We found a small variation in the net areas as follows:

[Amounts in square feet]

	Low rent	Section 202
0-BR	389	386
1-BR	570	531
2-BR	660	680

We found nondwelling space at a rate of 47 square feet per unit for Low-Rent and 48 square feet per unit for Section 202.

5. The Section 202 projects have an average bedroom distribution of 56 percent O-Bk (efficiencies) compared to 44 percent for Low-Rent. While the higher percentage reduces average per dwelling unit costs for Section 202, it also increases the cost per square foot. Therefore, the real difference in cost per square foot is greater than the difference mentioned above, \$14.74 versus \$16.01.

6. The construction contract costs per dwelling unit range as follows:

Low-Rent	\$8,450 to \$14,170
Section 202	9,200 to 11,196

7. The costs per square foot for structures range as follows (adjusted):

Low-Rent	\$13.84 (Denver) to \$18.75 (Dallas)
Section 202	12.15 (Denver) to 20.05 (Topeka)

The following are our comments on paired comparisons of projects which we have inspected:

I. *Columbia, Missouri, Project MO-7-4 versus Kansas City, Missouri, Project SH-MO-07.* For the higher cost, the Columbia project, \$12,040 per dwelling unit, has a larger site, more site improvements, more nondwelling space, more durable interior finished materials, hot water heat, and air conditioning in nondwelling space only. In our opinion, this elderly project is one of the most appropriately designed and executed in our Region, representing the highest level of aesthetic appeal and durability commensurate with limited budget. The pluses for the Kansas City Section 202 project which cost \$9,264 per dwelling unit are very few other than total air conditioning and obviously the low cost. The plainness of exterior and interiors and the lack of outdoor recreation facilities make this project a very limited and depressing environment.

II. *Lee's Summit Project MO-31-1 versus Lee's Summit Project SH-MO-09.* Accurate cost comparison is difficult because the Low-Rent project has mixed occupancy (family and elderly). The land costs and construction contract costs per dwelling unit (adjusted) compare as follows:

	Low rent	Section 202
Land	\$404	\$814
Site improvements	1,797	168
All structures	11,147	8,924
Total	13,348	9,888

Detailed research and study would be required to find all the reasons for the diversity in cost for these two projects. What seems significant upon visual comparison is that the Low-Rent job is of fairly ordinary design and appearance whereas the Section 202 is outstanding in design and appearance and worthy of entry in the HUD Design Competition.

When the Section 202 project in Dallas is bid, comparison of that project to the latest Dallas Low-Rent project should provide additional data of interest and significance. At this time a comparison of the contract cost figures for the Low-Rent Project THX-9-13 and the estimated figures for the Section 202 Project SH-TEX-17 are as follows:

	Low rent	Section 202 (estimated)
Land	\$1,103	\$1,826
Site improvements	900	348
Structures only	[1] 13,270	[2] 9,088

[1] \$18.75 per square foot.
[2] \$14.09 per square foot.

The same architect (an HAO design consultant) designed both projects. The bids on the Low-Rent project were 8¼ percent over the pre-bid estimate.

During the course of our study, the results of Central Office study made last year were received. The Central Office study, based on comparisons of a greater number of projects across the country, is probably more accurate than that afforded by our limited sampling. We find that we agree with Central Office findings in nearly all respects but perhaps to different degrees. We find the following Central Office conclusions generally valid and add our comment:

1. The total difference in cost per dwelling unit (TDC) is between $2,500 and $3,000. Our sampling shows an average difference of $2,435.
2. Land cost for Low-Rent is 32 percent higher than for Section 202. Our sampling shows Low-Rent 44 percent higher.
3. Construction contract costs, including site improvements, for Low-Rent is 10.6 percent higher than for Section 202. Our sampling shows Low-Rent 16.2 percent higher.
4. Cost of site improvements for Low-Rent is 270 percent higher than for Section 202. Our sampling shows Low-Rent 174 percent higher.

Conclusions—The conclusions stated in the Central Office report seem appropriate: "Site improvements and land costs account for about one half the difference in Low-Rent and Section 202 project costs. The remaining half is found in various accounts, programs, design standards, procedures, etc."

We concur in the Central Office opinion that appropriate savings should be made to reduce Low-Rent elderly costs and that appropriate changes in Section 202 should be accomplished to provide more money per dwelling unit for design, land costs, and site improvements.

Recommendation—For conventional Low-Rent, revise procedures to place on the architect the responsibility for maintaining construction contract costs within the original Development Program budget, with only certain specified increases as approved by HAO.

Chief, Construction Branch.
ALBERT P. CAMERON, Jr.,
Acting Deputy Assistant Regional Administrator.

Appendix 4

LETTERS FROM INDIVIDUALS AND ORGANIZATIONS

LETTER FROM IRA H. GORDON, PRESIDENT, NATIONAL ASSOCIATION OF BUILDING MANUFACTURERS, WASHINGTON, D.C., TO SENATOR HARRISON WILLIAMS, SEPTEMBER 3, 1971.

NATIONAL ASSOCIATION OF BUILDING MANUFACTURERS,
Washington, D.C. September 3, 1971.

DEAR SENATOR WILLIAMS: I am writing this letter on behalf of the National Association of Building Manufacturers, an organization of over 400 producers of industrialized housing and suppliers to the industry who collectively account for over 50 percent of the factory produced housing of this country. We are writing you in regard to the hearings you recently conducted on the Section 202 program and respectfully request that this letter become part of the record thereof.

First, NABM wishes to commend you for the attention you have given to the housing plight of our senior citizens—in many ways the most forgotten of Americans. Only through efforts such as yours can this problem be recognized and remedied. In this regard, we take special pleasure in the increasing number of industrialized units being utilized for elderly housing.

On the question of whether Section 236 was meant to or should replace Section 202, NABM takes a neutral position. Our examination of both the legislative history and relevant policy question reveals solid arguments that can be made on both sides of this issue. We do wish to reiterate our strong support of the Section 236 program and urge its expansion. By the end of this fiscal year, Section 236 will have produced in less than four years almost 400,000 starts, a most significant effort to house low- and moderate-income Americans, including many elderly. To our knowledge, very few charges of abuse have been raised against this program, and none to this date have been proven. The overall cause of federal housing is ill served by bolstering one program by unjust criticism of another.

Thank you for your attention in this matter.

Sincerely yours,

IRA H. GORDON,
President.

Appendix 5

ADDITIONAL STATEMENT OF ROBERT L. SHIRER, EXECUTIVE DIRECTOR, PRESBYTERIAN SOCIAL MINISTRIES, INC.[1]

Honorable Harrison Williams, on Wednesday, August 4, 1971, I requested to appear before your Subcommittee on Aging of the United States Senate after reading certain articles in the public press; namely, Jack Anderson on Monday, August 2 (before hearings actually started) and the local St. Petersburg and Tampa papers. My testimony was specifically stated as interim since no prepared statement nor detailed questioning was available. This statement constitutes an addendum to those remarks. I have waited these three weeks since the hearings to allow the air to clear before making this statement.

My statement on August 4 stated:

(1) I supported the "202" program;

(2) There was no essential conflict between the "202" and "236" programs;

(3) A comprehensive philosophy and resultant housing program needs to be developed for the elderly;

(4) I refuted the charge of favoritism in contractor originated projects with naive non-profit sponsors, shoddy workmanship and improper handling of applications charges, all levelled at the Heritage Presbyterian Housing project in Seminole, Florida.

I will not elaborate further on items 1, 2, & 3 above.

First, in regard to Heritage Presbyterian Housing, this project was started in response to the need for housing for elderly persons in Pinellas County who were to be displaced by the route of I–75. Over 50% of the persons displaced were 62 years of age or over with incomes of under $5,000. The local state road department relocation officer requested our assistance in this matter.

Dr. Phillip Benjamin (Jewish), Gerald Curley (Catholic) and myself (Protestant), housing advisors to RUAC (Religious United Action Committee) agreed that the Presbyterians had the best track record in the field and should proceed immediately to provide housing since federal funds for I–75 would be withheld until some tangible housing could be produced.

Mr. Curley, local realtor and housing consultant, whom I have known for six years, introduced me to Mr. Michael Glantz of Vanguard Construction of Tampa, Florida, in December, 1969. I requested Mr. Curley to be consultant, selected the attorney and architect.

Early in 1970 an application was presented to the Tampa Federal Housing Administration by Vanguard Mortgage Co. of Miami,—*NO* connection to Vanguard Construction.

In mid-1970 (June) I was informed that Tampa Presbyterian Village (140 units of "236" family apartments) was #1 and Heritage Presbyterian Housing (400 units for the elderly) was #2 on the Tampa FHA list. At that time the directive came from Washington that no elderly projects were to be funded from the fiscal 1971 budget. I met with the Tampa FHA Director and Mr. Albright of the Atlanta Regional Office and requested if that directive applied to 1970 "recaptured funds". The Washington office's response was that it did not. I therefore requested the local office to make the Heritage project No. 1 and Tampa Presbyterian Village No. 2 since we were the sponsors of both. This was done and the commitment to Heritage was made in August from 1970 funds.

Plans for the project were processed in normal fashion according to the Southern Building Code and the FHA Standards.

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[1] See statement, p. 171.

At no point did Mr. George Fay communicate his distress to the owners. Mr. Fay was distressed that routing through county office was incorrect (not improper) and appeared reluctant to issuing permits because of that. I went to Mr. Fay to discuss the cause of the difficulty and found his objections to be twofold:

(1) He objected to the flooring specifications and I contacted the architect to work with him to resolve the problem.

(2) He objected to the fee being paid to the architect. I responded that this was set by the FHA.

In the course of the conversation he said he considered all church groups to be naive in this field and felt he must protect them against unscrupulous people. I thanked him for his concern and requested him to contact me if he thought our interests were being compromised. He has never done so. I have requested of him (on the basis of his testimony) a detailed list of his objections.

The per unit cost on Heritage will be approximately $11,000 for a carpeted, air-conditioned apartment renting for $104.00 per month, including utilities. The project includes a large community building and many services for the elderly. This is in contrast to the following "202" projects:

	Per unit
Prebyterian Towers (210 units, St. Petersburg, Fla., 4 years in operation)	—$13,000
Tampa Presbyterian Community (210 units, Tampa, Fla., 3 years in operation)	+13,000
Fort Myers Presbyterian Community (180 units, Fort Myers, Fla., 1 year in operation)	13,500
Lakeland Presbyterian Apartments (196 units, Lakeland, Fla., in operation since May 1971)	17,000

My second objection is to the limited nature of the experts which your committee selected to appear before it. I cannot help but wonder why a representative of the National Association of Non-profit Housing, the "202" organization across the nation, was not called to testify, Presbyterian Social Ministries, of which I am Executive Director, the largest single "202" management agency in the nation was not aware of these hearings.

The latter oversight became apparent when you know the following facts:

Southeastern Housing Consultants of St. Petersburg was selected as the one authoritative voice and representatives from Tampa, Trenton, and Mississippi are all their clients.

In February 1970, when the Presbytery of West Florida approved the Presbyterian Heritage Housing Project, Mr. Robert Chapman of Southeastern Consultants stated to me that, since they were not the consulting firm, he would see that it was not funded, a threat to which I did not respond. He threatened to have me fired as P.S.M. Director and contacted the Presbytery to achieve his purpose. When invited to appear before a committee of the Presbytery to hear his views, he failed to appear.

In March 1970, in Washington, he stated to my assistant that he had been appointed to approve all housing projects in the southeast, a statement so outlandish as to require no retort.

In April 1970 he made allegations of dishonesty by me to the Tampa FHA office. I met with the Tampa Assistant Director and requested an investigation. The Federal Compliance Division did so and completely cleared me and P.S.M. Mr. Chapman withdrew his remarks by stating they were made in haste and without foundation.

Mr. Chapman's frustrations in not being named consultant on Heritage are increased when he has neglected to work with the FHA processing procedure and instead, whenever he does not immediately get affirmative response to his requests at a local level, goes immediately to Atlanta. This obviously does not endear him to local offices. Mr. Chapman is presently searching for a site for a 400-unit project in the St. Petersburg area. His appearance before this subcommittee will undoubtedly be used with local officials as evidence of his power and influence.

This habit, however, comes naturally. In the "202" program one man made the decisions on which project would be approved and where. Mr. Chapman mastered that system quite well and wishes to see it reinstated.

Mr. Richard Fullerton of Georgia was the consultant on Presbyterian Towers. He was so ineffective that the Board of Directors, of which I was a member at the time, authorized me to have a hearing and discharge him as consultant. Only because of the intervention of the Atlanta office was this action not carried out.

Eighteen months ago Mr. Fullerton abruptly left Florida and relocated in Georgia. He negotiated with Southeastern Housing Consultants to take over some fifteen projects in which he was involved. The Tampa project in Ybor City was one of his projects and its difficulties stem not from FHA procedures but from poor consulting advice from the beginning.

Presbyterian Social Ministries' severing of relationship with Southeastern Housing Consultants came because they were unresponsive to any project except elderly (with the exception of Tampa Presbyterian Village) and to the sponsor-consultant relationship in which the consultants made all the decisions.

All of this is to document the fact that the single voice which appeared to plead the "202" cause used this committee hearing as a form for personal attacks.

So much for answering of charges and innuendos. I support the movement to have FHA develop special guidelines to be applied in the case of "elderly" projects, guidelines which are different from those on family projects. The "202" project was an excellent experiment in this regard.

I appreciate the opportunity of presenting testimony to this Committee and stand ready, at any time, to assist further in its work.

Appendix 6

LETTER AND MEMORANDUM SUBMITTED FOR VANGUARD CONSTRUCTION CO., BY MARVIN L. SCHECHTER, ATTORNEY [1]

WOOLWORTH BUILDING,
New York, N.Y., September 3, 1971.

HON. HARRISON WILLIAMS: Enclosed, herewith, is a Memorandum submitted in behalf of Vanguard Construction Company, Inc. in response to charges brought against Vanguard Construction by certain witnesses appearing before your Committee.

In this Memorandum, we have attempted to answer in a factual manner those charges which can be refuted by "hard facts". Since we have not been appraised of the scope of the investigation we can only address ourselves to those accusations which were made at the hearing or which appeared in the news media. In this regard, we have limited the scope of this Memorandum to answering the following accusations:

1. Vanguard obtained its mortgage commitments instantly and in an improper manner; and
2. Vanguard used inferior and illegal material and performed shoddy construction in the housing it builds for the elderly.

It is our hope that your investigation together with the data contained herein will totally clear Vanguard Construction Company, Inc. of the accusations leveled at it. However, if any questions raised before the Committee still remain unanswered we respectfully request the opportunity to discuss them with the Committee and prepare supplementary documentation if it in fact becomes necessary.

Please feel free to call on either the writer or any member of Vanguard Construction Company's staff for any further information you need.

Very truly yours,

MARVIN SCHECHTER,
Attorney for Vanguard Construction Co., Inc.

[Enclosure.]

MEMORANDUM IN SUPPORT OF VANGUARD CONSTRUCTION CO., INC., IN RESPONSE TO QUESTIONS RAISED IN THE HEARINGS HELD ON AUGUST 2, 3, AND 4, 1971, BY THE SUBCOMMITTEE ON HOUSING OF THE ELDERLY OF THE SPECIAL COMMITTEE ON AGING OF THE U.S. SENATE

STATEMENT

On August 2, 1971, Vanguard Construction Company, Inc., of Tampa, Florida, first became aware of the fact that the Senate Committee on Aging thru its Subcommittee on Housing of the Elderly was conducting an investigation of Vanguard Construction Company in connection with its investigation of the Federal Housing Administration, Section 236 interest subsidy program of housing for the elderly. Knowledge first came to Vanguard when its name was mentioned in Jack Anderson's nationally syndicated column for August 2, 1971 (See Exhibit No. 1 annexed hereto [2]). Thereafter, on August 3, 4, 5 and 6, 1971 (See Exhibit Nos. 2, 3, 4 and 5 [2]) a series of articles printed in the St. Petersburg Times appeared to level the following accusations at Vanguard Construction Company, Inc.

1. Vanguard obtained its mortgage commitments instantly and in an improper manner; and

[1] See statement by Ronald Stewart, Jr., president, Vanguard Construction Co., p. 177.
[2] List of exhibits appears on p. 242, exhibits retained in committee files.

2. Vanguard used inferior and illegal material and performed shoddy construction in the housing it builds for the elderly.

The accusations appeared to stem from the Heritage Presbyterian Housing, Inc. Project in which Vanguard was the general contractor. The project was sponsored and owned by the Presbyterian Social Ministries, Inc., a non-profit corporation of the West Florida Presbytery United Presbyterian Church.

At the close of business on August 2, 1971 an investigator for the Special Committee on Aging visited Vanguard Construction in Tampa and subpoened the company's records for review by the committee. For several hours thereafter, Ronald Stewart, President, and Stanley Poole, Vice President of Vanguard spoke freely to the investigator answering whatever questions were posed. They agreed to cooperate fully with the committee and to do anything necessary to clear the Vanguard name. They took the position that Vanguard had performed its work properly, had not included materials which were either inferior or illegal nor had Vanguard performed its work in a shoddy manner. They stated that they were proud of the construction project and invited an inspection of the construction. They further refuted any charges of impropriety in the obtaining of any commitments for their projects and offered their full cooperation to the committee.

Mr. Stewart asked that he be permitted to come to Washington to testify before the Committee in order "to set the record straight". This permission was granted and on August 4, 1971 Mr. Stewart appeared and testified before the Committee.

Prior to Mr. Stewart's statement Reverend Robert L. Shirer Executive Director of the Presbyterian Social Ministries, Inc. owner of Presbyterian Housing also asked to testify before the committee and made a preliminary statement. His statement supported Vanguard's position that the commitment for the project was not obtained in an improper manner and that to his knowledge there was nothing wrong with the construction.

The following is offered to refute the accusation leveled at Vanguard by certain of the witnesses who testified before the Committee and to disprove the allegations which appeared in the press as a result of this testimony. Since the full scope of the investigation is not known by Vanguard, the following is intended to be limited to those areas which have been brought to Vanguard's attention. If there are other areas which remain unclarified to the Committee, Vanguard respectfully requests an opportunity to answer in detail any remaining unanswered questions.

POINT NO. 1. VANGUARD CONSTRUCTION CO., INC., HAS NOT USED INFERIOR OR ILLEGAL MATERIALS AND HAS CONSTRUCTED ITS PROJECTS IN A PROPER WORKMANLIKE MANNER

The charges against Vanguard in connection with the allegations of shoddy workmanship and inferior and illegal material apparently originated from statements made by George Fay, Director of the Pinellas County Building Department. At a meeting held on August 19, 1971 between representatives of Heritage Presbyterian Housing, Vanguard Construction Company, Robert Friedman, Architect for the project, the Federal Housing Administration, George Fay of the Pinellas County Building Department and Lowell C. Wikoff, County Administrator for Pinellas County, the subject of Vanguard's workmanship and materials used in the Heritage Project was fully discussed. As a result of this meeting, a joint news release was prepared by Mr. Wikoff and initialled by all parties (See Exhibit No. 6 [3]).

At this meeting, Mr. Fay cleared Vanguard Construction Company of the charges of shoddy workmanship and using inferior or illegal materials. The full explanation of the misunderstanding created by Mr. Fay's testimony before the Committee appeared in the St. Petersburg Times of August 21, 1971 (See Exhibit No. 7 [3]) which stated in part as follows:

"Later Fay told The Times that there was 'nothing unusual' about the construction problems of the Heritage project. He added that there were neither more nor fewer corrections to be made than in most other projects of similar size and type."

It further stated:

"Fay said 'garbled' court transcripts were responsible for the discrepancy between his comment Thursday that there were no problems and his reported

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[3] See list of exhibits p. 242, exhibits retained in committee files.

subcommittee testimony that the construction was so shoddy that it wouldn't last the life of the 40-year mortgage. His Washington statement, he said, had been made in the context of a comparison with construction near Biloxi, Miss., designed to withstand 180-mile-an-hour hurricane winds.

"Referring to 'certain things not done as they should be.' Fay blamed a 'breakdown in communications between the construction staff and the principals. I think they (the principals) didn't know these things'."

However, in order that the Committee be fully apprised of the actual construction conditions and judge for itself the quality of the project the following is offered for your review:

1. Location

Heritage Presbyterian Housing is located midway between St. Petersburg and Clearwater, three (3) blocks east of Alt. U.S. 19, which is presently under re-construction as a six lane major highway (See Exhibit No. 8—Picture No. 1—A map of the area). There are a wide variety of stores all along U.S. A–19, but, in particular, there is a Pantry Pride Supermarket, 5 & 10¢ Store, drugstore and a 60-minute dry cleaning store in the shopping center at U.S. A–19 and 119th Avenue No., three (3) blocks from the site. Picture No. 3 is a view of the shopping center. Picture No. 2 shows a general aerial view of the site which is bounded by Lake Seminole and a well maintained development of private homes.

The Seminole Shopping Mall, one of the largest in the State, is located within 4 miles of the site at 74th Avenue No. and U.S. A-19. Also located near the Mall is a United States Post Office as shown in Picture No. 4. Pictures Nos. 5, 6, 7 and 8 show various views of the Seminole Shopping Mall.

The Dot Bus Company, which runs buses from Clearwater to St. Petersburg, has agreed to run two buses daily directly into the site to accommodate the residents. In addition, the Heritage Presbyterian Housing, Inc. has purchased its own mini-bus for supplementary transportation of the residents. A new mall has been planned on the west side of U.S. A–19 within one-half mile of the site.

2. The project

Pictures Nos. 9, 10, 11, 12, 13, and 14 show the front view of the apartments and the inner courtyards as it appeared on August 21, 1971 during construction. The completed project will have appropriate walks and landscaping.

Pictures No. 15 and 16 show two views of the typical kitchen and Pictures No. 17 and 18 show a general view of the living room area with access to the patio and the bedroom area. The air conditioning unit as testified to at the hearings appears at the right hand side of Picture No. 17 and the extension into the bedroom appears on the left hand side of the Picture No. 18. Please note that it is a General Electric heating and air conditioning console with sufficient capacity to heat and cool two (2) rooms.

Picture No. 19 is a view of a typical bathroom. Please note that an emergency call system has been installed for use by the residents.

Picture No. 20 shows a typical walk-in closet which like the other rooms in the apartment is carpeted.

3. Construction and safety

While the accusations of shoddy workmanship and inferior or illegal materials have all been refuted and denied by George Fay, Director of the Pinellas County Building Department, Pictures Nos. 21 thru 31 are offered to clear up any remaining misunderstanding that may have been raised at the Committee hearings. Pictures Nos. 21, 22 and 23 depict the fire blocking installed where the four (4) unit buildings adjoin as follows:

Picture No. 21.—Shows fire blocking in the air space at first floor ceiling. This picture shows the air space between the walls where four (4) unit buildings adjoin, sealed at the bottom of the ceiling joists bearing plate with sheet rock.

Picture No. 22.—Depicts fire blocking on the party wall between each four (4) unit building. This picture shows where gypsum fire code board has been nailed up between the trusses to seal off the 1 inch space between walls from the attic space.

Picture No. 23.—Shows the sealing off of the one inch space between the party walls between each of four (4) unit buildings. This picture is taken looking up between the two walls thru the one inch space. It shows the bottom of the truss placed immediately over the one inch space with sheet rock nailed to both sides of the truss adequately sealing off this space from the attic.

Picture No. 24.—Depicts the electrical conduit to the second floor. This picture shows that the space between the two (2) studs that the electrical conduit serves to the second floor has been formed up and poured full with concrete grout to adequately seal up the metal sleeves that the electrician has installed.

At the hearing a question was raised as to the structural stability of the project in view of the fact that the top perimeter double plating of the frame structure had been cut. Pictures Nos. 25, 26 and 28 show the location where the cut has been made in order to accommodate the plumbing stack to the second floor. In each instance metal straps were installed to tie the plates together and double 2 x 10 blocking was installed to brace the exterior wall where the plates were cut. Mr. Fay stated at the August 19, 1971 meeting that this is standard construction practice when this condition exists and that he recently determined that these proper procedures had been performed by Vanguard all along, and the project was in fact structurally sound. This can be seen in the following:

Picture No. 25.—Indicates reinforcement of the double plate at the first floor level where it was cut to accommodate the plumbing stack. Please note the metal straps nailed to the plate to reinforce it.

Picture No. 26.—Shows the reinforcement of the double plate at the first floor level to accommodate the plumbing stack. This is another view showing the double 2 x 10 blocking installed to brace the exterior wall where the plates were cut. Please also note the metal strapping installed to tie the plates together.

Picture No. 28.—Shows reinforcing of the double plate at the first floor level where the plate has been cut for the plumbing stack. This picture shows two 2 x 10 blocking plates between the first floor double plate and the first adjoining 2 x 10 joist to brace the exterior wall where the plates were cut for the plumbing stack. Please also note the metal strapping connecting the plates.

It should be noted that all of this work was performed from the inception of the project and had been approved by the various inspectors who visited the site (See Exhibit No. 9). Mr. Fay has acknowledged this fact and has agreed that the method used was normal building practice.

The question of the installation of the windows was taken up at the hearing and Picture No. 27 is offered to show the actual window installation. The picture shows how a typical window is nailed to the exterior wall by first nailing at each of the four corners of the window thru the window flange directly into the wood stud thru the ½ inch sheathing. Then a 2 x 2 brick stop is nailed directly over the flange from the top of the building to the bottom with 16d galvanized nails at 24 inches on center. The window thereby becomes an integral part of the structure. The testimony as to only four nails being used thru the window was premature in that the observation made upon which the testimony was based, was at a stage in construction before the balance of the nailing was performed. The window is installed in a typical acceptable construction method.

The question of insulation between the studs where the 4 unit buildings connect is clarified by Pictures No. 29 and 30.

Picture No. 29.—Shows the batt insulation installed between the studs in the double bearing wall where two 4-unit buildings connect.

Picture No. 30.—Shows the installation of insulation batt on the opposite side of the wall from that shown in Picture No. 29. This is the double staggard stud bearing walls where the 4-unit buildings connect.

The question of two (2) different types of insulation board was brought up at the hearing and Picture No. 31 shows this exterior ½ inch insulation board. Please note that this picture shows that in some instances there is a difference in the insulation board color. This resulted from the specified insulation board being purchased from two (2) different manufacturers, thus the difference in color. However, both boards meet the specifications of the project and only the color is different.

The question of a 2 inch pipe being connected to the fire hydrant was raised during the testimony. There was in fact a 2 inch temporary pipe connected to the fire hydrant *specifically to be used for temporary water.* At no time was it ever planned to use a 2 inch line for fire fighting purposes and at the proper stage in construction when the fire line was connected it was the proper size. Here again the party testifying has led to this misunderstanding as to the actual purpose of the 2 inch line. The final connections to the first hydrant are all of the proper size and have passed inspection by the Pinellas County Fire Marshal. This was discussed by the parties at the August 19, 1971 meeting and there is now no question that the proper fire line has been connected and that the 2 inch line was for temporary water and that it was never intended to use an undersized line for fire fighting.

The question of the sewer system was discussed at the August 19, 1971 meeting and it was agreed by all parties that prior to the August 2nd hearing a change had been made as an extra to the contract. It was agreed that there were no problems in regard to the sewer system.

4. Building permits and inspection

Annexed hereto as Exhibit No. 9 are forty-two (42) separate building permits issued in connection with various structures within the project. Please note that each of the building permits were issued after inspection of the plans and specifications for the structures had been reviewed by the Pinellas County Building Department. Each of the permits contains place for an inspection "Check-off" for the "Building", "Electrical" and "Plumbing" inspectors. Throughout the course of the project, as can be seen by reviewing the "check offs" on the permits all of which have been dated, the inspectors for the Pinellas County Building Department have reviewed each phase of the project and passed each phase without any derogatory comment.

By letter dated August 4, 1971 (See Exhibit No. 10) Reverend Shirer in behalf of Heritage Presbyterian Housing, Inc. wrote to the Pinellas County Building Department to indicate that they had never received any notification of any violations to the building code of inferior construction. The response to this letter was given at the August 19, 1971 meeting the substance of which can be seen in the news release of August 19, 1971 (See Exhibit No. 6) and the news article of August 21, 1971 (See Exhibit No. 7).

5. Conclusion

It should be noted that any complaints concerning the project previously voiced by Mr. Fay that were not withdrawn by Mr. Fay have previously been satisfied by change orders to the plans and specifications. At no time was the quality of the work or the ability of Vanguard to construct the project in question. The changes required were changes to the architectural plans and were not made as a result of inferior and illegal materials or shoddy construction.

As stated by Mr. Fay to the St. Petersburg Times (See Exhibit No. 7) there was "nothing unusual about the construction problems of the Heritage Project.... There were neither more nor fewer corrections to be made than most other projects of similar size and type."

POINT NO. II. THE MORTGAGE COMMITMENTS WERE OBTAINED IN A PROPER MANNER

The charges against Vanguard in connection with the allegations that it obtained mortgage commitments instantly and in an improper manner apparently arose from accusation made by Messrs. Robert Renfrow and Richard Fullerton. The thrust of the accusations against Vanguard Construction (see Exhibit No. 1—The Jack Anderson Column of August 12, 1971) was that Vanguard—

"* * * seems to be able to get its government cash commitments instantly while others wait months, even years."

While the main thrust of the accusations appear to be leveled at the Heritage Presbyterian Housing Project in St. Petersburg, the following is offered as the background events leading up to all three of the Vanguard projects, i.e. Heritage Presbyterian Housing, St. Johns Village I and St. Johns Village II, and to dispel these accusations and establish for the Committee the true chronology of events leading up to the three (3) projects in which Vanguard is currently engaged in constructing.

1. Heritage Presbyterian Housing

Reverend Robert L. Shirer, Director of Presbyterian Social Ministries, Inc., owner of Heritage Presbyterian Housing, has previously informed the Committee of his understanding of the events leading up to the allocation of subsidy funds for the project. Reverend Shirer has stated:

"* * * this project was started in response to the need for housing for elderly persons in Pinellas County who were to be displaced by the route of I-75. Over 50% of the persons displaced were 62 years of age or over with incomes of under

$5,000. The local state road department relocation officer requested our assistance in this matter.

"Dr. Phillip Benjamin (Jewish), Gerald Curley (Catholic) and myself (Protestant), housing advisers to RUAC (Religious United Action Committee) agreed that the Presbyterians had the best track record in the field and should proceed immediately to provide housing since federal funds for I–75 would be withheld until some tangible housing could be produced.

"Mr. Curley, local realtor and housing consultant, whom I have known for six years, introduced me to Mr. Michael Glantz of Vanguard Construction of Tampa, Florida, in December, 1969. I requested Mr. Curley to be consultant, selected the attorney and architect.

"Early in 1970 an application was presented to the Tampa Federal Housing Administration by Vanguard Mortgage Co. of Miami—*NO* connection to Vanguard Construction.

"In mid-1970 (June) I was informed that Tampa Presbyterian Village (140 units of '236' family apartments) was No. 1 and Heritage Presbyterian Housing (400 units for the elderly) was No. 2 on the Tampa FHA list. At that time the directive came from Washington that no elderly projects were to be funded from the fiscal 1971 budget. I met with the Tampa FHA Director and Mr. Albright of the Atlanta Regional Office and requested if that directive applied to 1970 'recaptured funds.' The Washington office's response was that it did not. I therefore requested the local office to make the Heritage Project No. 1 and Tampa Presbyterian Village No. 2 since we were the sponsors of both. This was done and the commitment to Heritage was made in August from 1970 funds.

"Plans for the project were processed in normal fashion according to the Southern Building Code and the FHA Standards."

2. *Chronology*

On December 23, 1969 Gerald J. Curley who at that time was a member of the Pinellas County Housing Authority as well as a representative of the Catholic Church to the Religious United Action Committee an organization composed of Protestant, Catholic and Jewish denominations known as RUAC, introduced Michael Glantz of Vanguard Construction to Reverend Robert L. Shirer, Executive Director of the Presbyterian Social Ministries, Inc. RUAC had taken an active roll to find living quarters for those residents about to be dislocated due to the construction of the I–75 highway thru Pinellas County. I–75 is part of the interstate highway program funded by the Federal Government. Annexed hereto as Exhibit No. 11 is a portion of a report issued by the St. Petersburg Planning Department showing the effect of I–75 on the residents located within the right of way and the relocation problems.

The Presbytery was selected to provide housing because of its experience and the collective ability of its organization in this field. Mr. Curley introduced Reverend Shirer to Michael Glantz of Vanguard Construction Company as a possible contractor for the development of this needed housing. Mr. Glantz had previously taken an option on the property on the west shore of Lake Seminole in Pinellas County, later to be the property used in Heritage Presbyterian Housing. Vanguard had planned to use this property for a privately financed condominium apartment project. After meeting with Reverend Shirer and Mr. Curley it was decided that the property would also be suited for a 236 co-op project to be used for the housing of the elderly. The site was subsequently reviewed by the FHA and found to be an acceptable location for the type of project that was intended.

The project was initially processed as a 236 co-op in order to enable the non-profit sponsor Heritage Presbyterian Housing, Inc. to initiate immediate processing of the project which was originally planned for 600 units. As will be seen subsequently, this was later changed to a 236 rent supplement project because Heritage Presbyterian Housing re-evaluated its own position in regard to management of a co-op and determined that it could best serve the interests of the tenants if the project was changed to a regular rental housing project.

By letter dated January 13, 1970 (See Exhibit No. 12) the Presbyterian Social Ministries officially informed the FHA of its interest in the project.

On January 21, 1970, Heritage Presbyterian Housing, Inc. thru their mortgagee Vanguard *Mortgage* Company (of similar name but having no connection with Vanguard *Construction* Company, Inc. (See Exhibit No. 13) filed a request for feasibility "on a 600 unit-garden type complex" . . . "under Section 236 Co-op (non-profit)".

Also on January 21, 1970 FHA Form 3201 (See Exhibit No. 14) "Application for Mortgage Insurance" was filed. Please note that Page 3 of this document indicates that Robert Renfrow would be the attorney for Heritage Presbyterian Housing. This is the same Robert Renfrow who subsequently inferred in the testimony before the Committee that the project was first submitted in July of 1970. Later in February, 1970, Mr. Renfrow requested that he be permitted not to be the attorney of record and gave his reason that the project had created a bad relationship between the Presbyterian Social Ministries and Southeastern Housing Consultants.

On January 29, 1970 (See Exhibit No. 15) the Presbyterian Social Ministries in writing to the FHA went on record as to the need for funding of the project:

"We have a long waiting list at each of our projects. John Knox, alone, has 1,000 applicants, Presbyterian Towers has 400; the I–75 route will dislocate 4,000 persons, 30% in minorities. These figures should show, as well as our past performance of 100% occupancy at opening, that there is no doubt that the above projects will be fully leased at opening."

On January 30, 1970 (See Exhibit No. 16) the FHA responded to the letter of January 29, 1970 and stated the following:

"The staff of the Area Regional Administrator for FHA is currently reviewing all projects in the Regions Insuring Offices, which will result, I am sure, *in recapture of 236 funds.* This also applies to the other Regional Offices. Hence, my suggestion that requests for site determination and feasibility be submitted as promptly as possible." [Italic added.]

This letter shows that as early as January 30, 1970 the subject of *recaptured funds* for use in the Presbyterian Social Ministries, Inc. projects was under discussion. Clearly, Vanguard Construction Corporation was not the moving influence in determining which projects should or should not become funded.

On February 6, 1970 (See Exhibit No. 17) Vanguard *Mortgage Company*, in writing to Robert P. Cunningham, then Director-Project Review Division for the FHA in Atlanta, citing the Heritage Project as well as Christian Village and St. Johns Projects stated the following:

"Reference is made to the above-captioned projects which are filed in the Tampa Insuring Office, and this letter is to confirm our conversation that the Sponsors, Builders, Architects, Mortgagee, and all others who are actively engaged in each project are ready, willing and able to proceed under the program which you outlined to the writer.

"As of this date, everyone concerned in these projects has immediately proceeded to complete their part in each project, and the writer wishes to confirm again that *a minimum of 150 (one hundred and fifty) or more units can be started in each project within 30 days.*

"*The Sponsors, and our professional group realize that we are proceeding* to completion for each of these groups of units *at our own monetary risk,* but feel so strongly that the need is so desperate for the type housing we can provide that we are willing to gamble that the necessary supplemental funds will be made available to each project, as they become available from H.U.D.

"Also, please give to the writer all necessary details concerning the F.H.A. acquired property you discussed, (located in Daytona, Florida) and you can rest assured that all efforts will be made by our Sponsoring groups, and others to put the project to the very best available use.

"We have re-filed as of this date new applications to the local F.H.A. office on the above-captioned projects along with other relevant data which will substantiate our concern in providing the housing requested by H.U.D.

"May the writer state at this time that it is the strong desire of all of the Sponsors to complete the above captioned Projects as expeditionsly as possible for the *total* number of units as filed for originally, and your cooperation on behalf of H.U.D. is earnestly requested; and that supplemental funds be made available to all of these units, as soon as they come to hand either *by recapture of existing funds, or under new allocations.*" [Italic added.]

On February 10, 1970 (See Exhibit No. 18) Vanguard *Mortgage* Company submitted revised applications for the three projects now seeking a lesser number of units in order to accommodate the possibility of having the projects funded by either recapture funds or allocations which it was believed at this time would permit only smaller number of units per project. It should be noted that the revised "Application For Mortgage Insurance" dated February 9, 1970 (See Exhibit No. 19) still contained Robert Renfrow as the sponsor's attorney.

On February 16, 1970 (See Exhibit No. 20) the FHA in writing to Vanguard *Mortgage* Company stated the following:

"This is to acknowledge receipt of the applications under the Section 236 co-operative program. The applications are Heritage Presbyterian Housing, Inc., Lake Seminole, Florida; Christian Village, Sanford, Florida; and St. Johns Manor, Seminole County, Florida.

"Our office has commenced feasibility processing on all three applications. As you know, feasibility letters cannot be issued until Section 236 funds becom available. However, we will be pleased to keep you informed as to the progress of the three projects in our office."

It should be noted that the St. Johns Project as well as the Heritage Project was being processed for feasibility although funds were not yet available. At this same time, the Sponsors, Builders, Architects and Mortgagee were all busily engaged in performing their respective work, *at their own risk*, in order to be in a position to move forward very rapidly when and if funds became available. This can clearly be seen in the Vanguard *Mortgage* Company letter of February 24, 1970 (See Exhibit No. 21) to the FHA in which the following was stated:

"Enclosed, please find preliminary plans, site layout and other relevant architectural information on the above caption project.

"Please be informed that the architect is continuing to work on the final plans and specifications to be submitted to you for firm commitment as per my letter to Mr. Cunningham of your Atlanta office, dated February 6, 1970."

By letter dated March 31, 1970 (See Exhibit No. 22) Vanguard *Mortgage* Company in writing to the FHA in regard to the Heritage Project submitted supplementary documentation which had been assembled by the parties.

A status report was also sent by Vanguard *Mortgage* Company to the FHA on March 31, 1970 (see Exhibit No. 23). Please note the following commitments that were made to the FHA by Vanguard *Mortgage* Company:

"1. Completion of complete working plans and specifications for each project will be completed within 30 days from this date.

"2. Income and expense figures are being worked systematically with the different heads of departments in your office. This will keep each phase of processing in a position that agreement is preliminarily reached through each stage of processing to firm commitment.

"3. With advanced preliminary plans and specifications the General Contractor is getting bid prices on each project—these will substantiate the Contractor's cost breakdown to be given on each project.

"4. The General Contractor will be ready to start construction on each project, for any number of units within 30 to 60 days of this date."

Between the beginning of April and the end of June, 1970 Heritage Presbyterian Housing was awaiting funding. During this period the Presbyterian Social Ministries, Inc. decided that there was no feasible way in which they could lend their name to a co-op project because of the possibility that the owners could arbitrarily remove them as managing agents which would defeat the overall programs they had established. Therefore, on July 9, 1970 (See Exhibit No. 24) the Project Mortgage Insurance Application for the Heritage Project was submitted. (See Exhibit No. 24). The application for Heritage Presbyterian Housing still requested 600 units.

It should also be noted that on or about July 17, 1970 a memo was issued by the FHA in Washington which indicated that no interest supplement funds *from the 1971 budget* would be available for Section 236 projects for the elderly. However, the non-profit sponsor of Heritage Presbyterian Housing was informed that recaptured funds *from the 1970 budget* might become available. On July 22, 1970 (See Exhibit No. 25) Reverend Shirer in writing to the FHA director in Tampa confirmed a meeting in which he had requested that Heritage Presbyterian Housing be placed in front of another Presbyterian Social Ministries, Inc. project "Tampa Presbyterian Village" on the priority listing established by the local FHA office. It should be noted that the "Tampa Presbyterian Village" Project was a family project which could be funded out of the new budget in contrast with the Heritage Project which could not.

Subsequently, the Presbyterian Social Ministries were informed that recaptured funds would be available and on July 24, 1970 (See Exhibit No. 26) a new application for "Project Mortgage Insurance" for 432 units was submitted in expectation of being funded by the recaptured funds from the 1970 budget.

On August 20, 1970 (See Exhibit No. 27) the feasibility letter for the Heritage project was issued by the FHA.

The application for a Firm Commitment for 400 units was submitted by Vanguard *Mortgage* Company on October 13, 1971 (See Exhibit No. 28). The project was subsequently closed on November 24, 1970 within 90 days of the issuance of the feasibility letter. Construction was started before the end of the year.

From the preceding it can be seen that Vanguard *Construction* Company played only a minor role in the acquisition of the mortgage commitment. The main thrust to obtain funding for the project came directly from the non-profit sponsor, The Presbyterian Social Ministries, Inc. and the mortgagee Vanguard *Mortgage* Company. Perhaps there was confusion in the minds of the Committee's witnesses when they attempted to draw an identity of interest between the Vanguard *Mortgage* Company and Vanguard *Construction* Company, Inc. The facts are that there is not now and has never been an identity of interest between the two and that the similarity in names may have caused the confusion in the minds of the witnesses.

Clearly, the stimulus for the Heritage Project was the need created by I–75. The inception of the project took place in December of 1969 and what has been alleged as instant mortgage commitments in fact took until August, 1970 for the project to be funded and then only because of the availability of recaptured funds.

All that Vanguard Construction Company, in cooperation with the non-profit sponsor, the mortgagee and architect did was to accelerate the procedures at its own risk in order to be in a position to utilize recaptured or supplementary funds when and if they became available.

3. St. Johns Village I

The history of the submission and funding of St. Johns Village I coincides with the processing for the Heritage Project as can be seen in the previous letters. This project however was funded in April 1970 from recaptured funds with the FHA seeking to close before the end of the fiscal year June 30, 1970 in order to utilize these recaptured funds. Because all of the filing procedures had been accelerated and the documentation submitted early in 1970 this project was selected for the recaptured funds. St. Johns I closed on June 24, 1970, and was in construction prior to June 30, 1970.

4. St. Johns Village II

The St. Johns Project was originally submitted as 350 units and the FHA processing was all submitted for this number of units. However, in order to utilize the availability of limited recaptured funds the project was split into two parts, St. Johns Village I having 176 units as a project for the elderly and St. Johns Village II having 176 one and two bedroom units for families. In early December, 1970 the local Tampa office again received recaptured funds; and with the proviso that the project be closed expeditiously St. Johns Village II was selected to receive a portion of these recaptured funds. It is believed that in both instances of St. Johns Village I and II that only a portion of the recaptured funds were used for these projects and that other projects were similarly funded at the same time.

St. Johns Village II closed on January 19, 1971 within 31 days of the issuance of the feasibility letter. This was possible for the same reasons that it was one of the projects selected to receive these recaptured funds, i.e. all of the processing had been completed and preliminary plans and specifications had been submitted, all of the site engineering work had been accomplished and St. Johns Village II was in fact in a position to close.

Also, in all three projects the same mortgagee, Vanguard *Mortgage* Company; contractor Vanguard *Construction* Company, Inc. and the same architect had been employed. They were able to work as a team not only to prepare the documentation in accordance with the FHA requirements but to move quickly and expeditiously thru the closing stages into construction.

5. Conclusion

Vanguard Construction Company, Inc. has thus shown the allegations that it received mortgage commitments in an improper manner to be unfounded and clearly the allegations of instant commitments are unfounded when viewed in the context of the preceding.

Apparently, the major reason why Vanguard Construction Company, Inc. has been singled out for criticism by certain of the witnesses appearing before the Committee was because of its ability to accelerate the processing of documents.

However, this ability results only from their knowledge of costs, local ordinances and past experience in the private apartment development and construction field, coupled with a lot of hard work.

An inaccurate assumption was made by their accusers that Vanguard had enjoyed some form of special favors, influence and employed improper pressures in expediting the commitments. Vanguard Construction Company, Inc. in assisting in accelerating the procedures for processing merely followed the Accelerated Multi-Family Procedures established by the FHA. These procedures were in fact issued in hand book form and are available to all parties interested in expending the additional effort required. Vanguard Construction's ability to follow the accelerated procedures for processing coupled by the opportunity for the project to be funded by recaptured funds apparently created the illusion to the witnesses that some form of improper pressures were at work. The preceding clearly indicates that this was not the case.

SUMMARY

The documentation herein is offered to the Committee for their review and to highlight the chronological sequence involved with the Heritage and St. Johns Projects. The Vanguard files and the full cooperation of its principals is respectfully extended to the Committee.

INDEX TO EXHIBITS [4]

EXHIBIT NO. AND DESCRIPTION

1. Jack Andersons Column of August 2, 1971.
2. St. Petersburg Times of August 3, 1971.
3. St. Petersburg Times of August 4, 1971.
4. St. Petersburg Times of August 5, 1971.
5. St. Petersburg Times of August 6, 1971.
6. News Release of August 19, 1971.
7. St. Petersburg Times of August 21, 1971.
8. Thirty-One (31) Pictures of Heritage Project.
9. Forty-Two (42) Building Permits for Heritage Project.
10. Letter dated August 4, 1971—Reverend L. Shirer to George Fay.
11. I-75 Relocation Summary.
12. Letter dated January 13, 1970—Reverend Shirer to FHA.
13. Letter dated January 21, 1970—Vanguard *Mortgage* to FHA.
14. Application for Mortgage Insurance dated January 21, 1970.
15. Letter dated January 29, 1970—Reverend Shirer to FHA.
16. Letter dated January 30, 1970—FHA to Reverend Shirer.
17. Letter dated February 6, 1970—Vanguard *Mortgage* to FHA.
18. Letter dated February 10, 1970—Vanguard *Mortgage* to FHA.
19. Application for Mortgage Insurance dated February 9, 1970.
20. Letter dated February 16, 1970—FHA to Vanguard *Mortgage*.
21. Letter dated February 24, 1970—Vanguard *Mortgage* to FHA.
22. Letter dated March 31, 1970—Vanguard *Mortgage* to FHA.
23. Letter dated March 31, 1970—Vanguard *Mortgage* to FHA.
24. Application for Project Mortgage Insurance, Dated July 9, 1970.
25. Letter dated July 22, 1970—Reverend Shirer to FHA.
26. Application for Project Mortgage Insurance, Dated July 24, 1970.
27. Letter dated August 20, 1970—FHA to Heritage Presbyterian Housing.
28. Letter dated October 13, 1970—Vanguard *Mortgage* to FHA with Application Project Mortgage Insurance dated October 12, 1970 and the cost breakdown dated October 9, 1970.

[4] Exhibits retained in committee files.

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