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Housing in metropolitan Washington:
Today and tomorrow. January, 1968.

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HOUSING IN METROPOLITAN WASHINGTON:

Today and Tomorrow

Prepared for the
METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

By
MELVIN F. LEVINE, AIP

January, 1968

The preparation of this report was financed in part through an urban planning grant from the Department of Housing and Urban Development under the provisions of Section 701(g) of the Housing Act of 1954, as amended.

Second Printing

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1960

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CONTENTS

HIGHLIGHTS..... I

INTRODUCTION 1

PURPOSE AND SCOPE OF REPORT.....1

MORE PEOPLE, MORE HOUSING.....2

PROBLEMS, ISSUES, PROGRAMS AND APPROACHES..... 3

SUBSTANDARD HOUSING AND OVERCROWDING.....4

The Problem.....4

The Programs.....5

Code Enforcement.....5

Neighborhood Improvement Programs.....5

The Workable Program for Community Improvement.....6

Urban Renewal.....9

Local Urban Renewal Experience.....10

HOUSING COSTS AND INCOME PROBLEMS.....12

The Problem.....12

Costs and Rents in New Housing.....14

Housing Programs for Families of Low and Moderate
Income.....16

Low-rent Public Housing.....16

Local Example: National Capital Housing Authority.....18

Public Housing Problems and Prospects.....18

Other Housing Programs for Families of Low and
Moderate Income.....20

Rental Housing for Families of Low and Moderate
Income: 221(d)(3).....20

Homes for Low and Moderate Income families:
221(d)(2).....23

Cooperative Housing: 213.....23

Home Ownership for Low Income Families: 221(h).....24

Senior Citizens Housing: 202.....24

Rent Supplements.....24

<u>Future Considerations</u>	25
Expansion of Federal Programs.....	25
Housing Revolving Fund.....	26
Housing Development Corporation.....	27
Closing the Gap Between Housing Costs and Income.....	27
LOCATION OF MULTI-FAMILY HOUSING.....	29
<u>The Issue</u>	29
<u>Facing the Location Issue</u>	30
HOUSING OPPORTUNITIES FOR NONWHITES.....	31
<u>The Issue</u>	31
<u>Approaches to the Issue of Housing Opportunities for</u> <u>Nonwhites</u>	35
President's Executive Order 11063, Equal Opportunity in Housing.....	35
Other Public Action.....	35
Private Efforts.....	36
<u>Prospects for Housing Opportunities for Nonwhites</u>	37

NEXT STEPS.....38

LOCAL ACTIONS38

METROPOLITAN DIMENSIONS39

A POSSIBLE ROLE FOR THE METROPOLITAN WASHINGTON
COUNCIL OF GOVERNMENTS.....40

REFERENCES AND ACKNOWLEDGEMENTS 42

TABLES

I. Problem Housing Units in Metropolitan Washington in 1960.....	13
II. Costs and Rents in New Housing.....	15
III. Income Limits and Rents in Public Housing.....	18
IV. 221(d)(3) BMIR Incomes-Rents-Costs.....	21
V. Monthly Housing Expenses.....	28
VI. Household Incomes in Metropolitan Washington: 1960..	32
VII. Distribution of Households in Metropolitan Washington by Color.....	33

HIGHLIGHTS

1. Metropolitan Washington will grow from 2.5 million people in 1965 to 4.0 million people by 1985. The number of housing units will increase to 1.3 million by 1985. Between 1965 and 1985, 600,000 new housing units will be required for growth and replacement.
2. The principal housing problems are substandard housing and overcrowding, and high housing costs for families of low and moderate income. The principal housing issues are the location of multi-family housing, and housing opportunities for nonwhites.
3. The estimated number of housing units with problems in 1960 in Metropolitan Washington was 150,000; by 1965 it was between 187,000 to 193,000; by 1985 it is likely to be 273,000 to 330,000.
4. To solve these problems by 1985, housing assistance programs would have to be applied cumulatively to from 13,650 to 16,500 housing units a year for 20 years, and to from 4,000 to 6,850 a year thereafter.
5. Substandard and overcrowded housing conditions can be corrected by code enforcement, by neighborhood improvement programs, and by urban renewal. These programs by themselves, however, do not add to the housing supply. To provide housing, housing programs are needed. A prerequisite for these programs is a Workable Program for Community Improvement.
6. Low-rent public housing can provide housing for families in the lowest income ranges. A Local Housing Authority is required. Local authorities can build housing, acquire and rehabilitate housing, lease private housing, buy from "turnkey" developers, and arrange for social services for tenants.
7. The most extensive public housing program in Metropolitan Washington is in the District of Columbia. Other communities with public housing are Alexandria and Rockville.

Montgomery, Prince George's, and Fairfax Counties have Local Housing Authorities. As of January 1968, there were 10,920 public housing units in Metropolitan Washington, most of them in the District of Columbia. Only 10 per cent of eligible occupants are in public housing or on the waiting list in the District of Columbia. More public housing is needed. More funds are required to expand social services. Location of sites is a problem. Sites can be provided at reduced cost through urban renewal.

8. For families of low and moderate income, one of the most promising programs is an FHA program called 221(d)(3) BMIR (below market interest rate). There are approximately 2,100 housing units developed under this program in the District of Columbia, Prince George's County, and Alexandria. The program provides 100 per cent mortgages at 3 per cent interest for up to 40 years. Rents can be 20 per cent to 40 per cent lower than market rate housing. Expert advice is necessary before considering development because of complexity of FHA procedures and probable need for special management approaches.
9. Other programs of limited applicability, or for which there is little or no experience to report are: sales housing for families of low and moderate income, 221(d)(2); Cooperative housing, 213; home ownership for low-income families, 221(h); senior citizens' housing, 202; and rent supplements.
10. Future considerations suggested are: expansion of federal programs (6 million assisted housing units in 10 years called for by President Johnson); housing revolving fund to acquire sites and advance "front money"; expansion of activities of the Housing Development Corporation; reducing housing costs by reducing interest rates and increasing length of mortgage terms; and increasing incomes.
11. Location of multi-family housing is a critical issue. Of 600,000 new units to be provided by 1985, 300,000 could be in multi-family structures. Of these, perhaps 200,000 could be in suburban areas. Likely locations would be near employment centers and planned rapid transit routes. Proper zoning and adequate community services can encourage constructive development. Planned community zoning should be used more fully to encourage large scale development of housing with supporting community services.
12. Housing opportunities for nonwhites is a critical issue. Nonwhites in all income ranges are located disproportionately in the District of Columbia. Income patterns indicate that housing opportunities for nonwhites are constrained by racial attitudes.

Eighty-eight per cent of nonwhite households in Metropolitan Washington were in the District of Columbia compared with 42.6 per cent of all households in Metropolitan Washington in 1960. Forty-four per cent of households in the District of Columbia in 1960 were nonwhite. Between 1965 and 1985, 144,000 nonwhite households will be added to Metropolitan Washington. Under varying assumptions, 80,000 to 180,000 nonwhite households could be absorbed by suburban areas.

13. Factors to be considered include: The President's Executive Order 11063, Equal Opportunity in Housing, which affects federally assisted housing programs; Department of Defense directives in Prince George's County and in Northern Virginia declaring off-limits housing that does not admit nonwhite military personnel; fair housing laws in the District of Columbia, Montgomery County, Rockville, and Prince George's County, and in the State of Maryland (Maryland and Montgomery County laws are being contested in courts); voluntary compliance resolutions in northern Virginia communities; fair housing community relations efforts and listings for nonwhite families by private organizations affiliated with the Metropolitan Washington Fair Housing Council.
14. Programs and approaches for solving problems and resolving issues are in large measure initiated and accomplished by local communities. As Metropolitan Washington grows, local community decisions will have increasing regional significance with respect to housing locations related to employment centers and rapid transit routes. For proper programs and approaches to be undertaken, metropolitan understanding is necessary. This would require sound information about problems, programs, and approaches.
15. The Metropolitan Washington Council of Governments could provide this information. It could:
 - a. maintain a housing inventory and prepare forecasts,
 - b. serve as a clearinghouse for housing program information,
 - c. work with local communities to prepare housing plans and programs.

INTRODUCTION

PURPOSE AND SCOPE OF REPORT

The purpose of this report is to organize and present selected information about housing conditions, housing requirements and housing programs in a form that will be useful to the Metropolitan Washington Council of Governments and its participating governments as they consider regional and local policies and programs to meet the future housing requirements of the people of Metropolitan Washington.

The report contains selected information about population and housing trends; it highlights the principal problems of substandard housing, of overcrowded housing, and of high housing costs for families of low and moderate income; it outlines the issues of the location of multi-family housing and of housing opportunities for nonwhites; it describes programs now in operation that address these problems and issues; and it suggests approaches for local community consideration in working out future policies and programs for housing in Metropolitan Washington.

MORE PEOPLE, MORE HOUSING

Metropolitan Washington is the fastest growing major metropolitan area in the nation. The population of the Washington Metropolitan Area grew from 2.0 million in 1960, to 2.5 million in 1965--a growth rate of 100,000 people a year. By 1985, the population of Metropolitan Washington will reach 4.0 million, growing at a rate of 75,000 people a year. (A)* By 1967, the population reached 2.7 million.

In 1965, the 2.5 million people of Metropolitan Washington occupied approximately 760,000 housing units, at an average of 3.3 persons per housing unit. When the population reaches the 4.0 million mark, assuming an average of 3.1 persons per housing unit, 1.3 million housing units will be required. (C)(A) To meet this requirement, approximately 540,000 additional housing units would have to be provided between 1965 and 1985, an average of 27,000 housing units a year, just to accommodate population growth. Additional housing units would be required to replace obsolete housing, and to replace housing units that will be removed to make way for new private development and for public works such as transit lines, freeways, schools, and playgrounds. The total number of housing units to be provided between 1965 and 1985, therefore, for growth and for replacement, could be as much as 600,000, an average of 30,000 housing units a year. In addition, rehabilitation action would be necessary in several thousand housing units each year in order to create and to maintain adequate living standards in older housing.

This rate of housing production is well within our capacity. Between 1960 and 1965, for example, new housing in Metropolitan Washington was built at an average rate of 31,500 housing units a year. (C) Despite this high rate of housing production, however, housing problems in Metropolitan Washington have not been reduced since 1960. Thousands of families, in all parts of Metropolitan Washington, are living in substandard housing and in overcrowded housing, or are paying excessive proportions of their incomes for housing expenses. In addition, the issues of locations for multi-family housing, and of housing opportunities for nonwhites, are becoming increasingly critical.

*Letters refer to references cited at the back of this report.

PROBLEMS, ISSUES, PROGRAMS AND APPROACHES

If a decent home in a suitable living environment for every family in Metropolitan Washington is a reasonable objective to be achieved by 1985, the problems and issues of housing must be faced in every community. Brief descriptions follow of the principal housing problems and issues in Metropolitan Washington, and of the related programs and approaches available to local communities for improving housing conditions.

SUBSTANDARD HOUSING AND OVERCROWDING (I) (J)

The Problem

In 1960, 59,320 housing units in Metropolitan Washington, 10 per cent of the supply of occupied housing units at that time, were classified in the U. S. Census as "deteriorating," or "lacking some or all facilities," or "dilapidated." Of these substandard housing units, 36,195 were in the District of Columbia (17 per cent of the District's housing supply), 13,450 were in the Maryland suburbs (8 per cent of suburban Maryland's housing supply), and 9,690 were in the Virginia suburbs (7 per cent of suburban Virginia's housing supply). Half of these substandard units were occupied by white families and half were occupied by nonwhite families. (B)

Overcrowding, or occupancy of housing units by too many people compared with the amount of living space available, also was a serious problem. In many cases overcrowding is caused by two or more families living together in a single housing unit in order to reduce their housing costs by sharing the rent. In 1960, 57,477 housing units, almost 10 per cent of the supply of occupied housing units, were classified as overcrowded, with 1.01 or more persons per room. Of these overcrowded housing units, 30,725 were in the District of Columbia (12.2 per cent of the District's housing supply), 15,999 were in the Maryland suburbs (8.5 per cent of suburban Maryland's housing supply), and 10,753 were in the Virginia suburbs (7.4 per cent of suburban Virginia's housing supply). As with substandard housing, approximately half of the overcrowded housing units were occupied by white families and half by nonwhite families. (B)

There was some overlapping in these two problem categories, so that 15,470 housing units were both substandard and overcrowded. The total number of housing units with either or both problem conditions, therefore, was 101,327 or 17.2 per cent of the 590,621 occupied housing units in Metropolitan Washington. (B) This situation has not improved substantially since 1960.

The Programs

Code Enforcement

To begin to face the problems of substandard and overcrowded housing, a community must have:

- . codes and ordinances that establish adequate standards with respect to the construction, maintenance, and occupancy of housing units;
- . competent staff and adequate procedures for inspecting housing in order to identify substandard conditions and overcrowding;
- . legal machinery for obtaining compliance with the standards established by the codes.

By means of adequate codes and inspection and enforcement procedures, substandard housing conditions may be identified and corrected. In cases of physical substandardness, compliance with codes may require repairs or rehabilitation, or condemnation and clearance if conditions are beyond repair. Where owners or tenants with low or moderate incomes are involved, which frequently is the case, the costs of complying with codes may impose severe financial hardships. For home owners, costs may be too high in relation to their incomes, and loans may not be obtainable on reasonable terms. Indeed, loans may not be obtainable at all in locations considered by lending institutions to be high risk areas. As for tenants, the costs of improvements passed on by landlords through rent increases can cause financial strains, and could force some families into even more inadequate housing, or could stimulate overcrowding.

The strict enforcement of housing codes addressed to overcrowding also can create additional housing problems for families of low and moderate incomes. Families and individuals who would be forced to move out of overcrowded quarters would have to seek other housing accommodations, with a low possibility of finding adequate housing at rents that they could afford to pay. Thus, a community that would seek to correct substandard housing conditions and overcrowding by means of code enforcement, also should be prepared to provide housing assistance for families with limited incomes who most likely would be the ones affected by code enforcement action.

Neighborhood Improvement Programs

The existence of substandard housing conditions in definable neighborhoods could be a symptom of housing and environmental problems that would call for a corrective approach broader than that offered by the simple enforcement of codes on a building by building basis. In such locations, areawide code enforcement programs may be warranted, involving cooperative action between private property owners and the community.

The Horners Lane Neighborhood Improvement Program in the City of Rockville, Maryland, provides a good example of areawide code enforcement activities coupled with environmental improvement action. The Horners Lane neighborhood is an area of 370 acres with 1,150 buildings, most of which are single family homes occupied by families of low and moderate income. Many of the houses have minor physical defects. Streets are partially paved or unimproved. Storm drainage is inadequate. And there is insufficient recreation space for this community of 6,000 people with a high percentage of children.

Under the Neighborhood Improvement Program, all housing will be inspected systematically for compliance with the local building and housing codes. Home improvement loans will be available at 3 per cent interest for those who must make repairs or improvements. For qualified families whose incomes are too low to afford low-interest loans, direct grants of up to \$1,500 will be available for home improvement purposes. As the private owners undertake improvements to their homes, the city will improve public property. Storm drainage, gutters, pavement, curbs, sidewalks and landscaping will be provided to improve inadequate streets, and recreation areas will be expanded and improved. Residents of the area all have been contacted by a special office established for the program, and the people are being invited to participate in planning for the improvement of their neighborhood. (N)

The Horners Lane Neighborhood Improvement Program in Rockville is being carried out with the assistance of the U. S. Department of Housing and Urban Development (HUD), under the provisions of a program through which qualified communities can receive funds from HUD to pay for up to 2/3 of the costs of planning and carrying out concentrated code enforcement activities and related public improvement measures. If the population of the community is less than 50,000, the grant in aid may be as much as 3/4 of the costs of the improvement program. Additional financial aid is available to help meet the costs of relocating families which would be displaced as a result of improvement action. In order to participate in such a program, however, a community must have the authority to enforce building and housing codes, and also must have an approved Workable Program for Community Improvement.

The Workable Program for Community Improvement

To qualify for many of the programs of financial and technical assistance available from the Department of Housing and Urban Development (HUD) for the improvement of housing conditions and for increasing the supply of housing, a local community must have a Workable Program for Community Improvement. The seven elements of the Workable Program are as follows:

- (1) Codes and Ordinances Codes and ordinances that establish adequate standards for the construction and for the conditions of occupancy of housing in the community. The basic areas to be covered by codes would be: building, plumbing, and electrical construction; conditions of occupancy for housing; and fire protection and fire prevention.
- (2) Comprehensive Community Plan A long-range comprehensive plan prepared by competent technicians that responds to goals for the future development of a community as expressed by policymakers who speak for the community.

A realistic comprehensive plan should recognize the role that a local community will play as part of a metropolitan community, and should address itself to the following subjects:

- . people - How many people will there be in the community in the future? What kinds of people, in terms of family characteristics and incomes? What will they require in terms of housing and community services such as medical services, education and recreation?
- . the economy - What should be the scope of economic activities in the community--employment opportunities, retail sales and services, business and commerce--with respect to local requirements and metropolitan influences?
- . movement and communications - What will be the requirements for the movement of people, goods, ideas, water, fuel, waste, and power?
- . physical development - What will be required in terms of private buildings, public buildings, roads, transit lines, and utilities to serve the people and the economy, and to provide for adequate movement and communications?
- . design - How should the physical elements of the community be arranged to relate to each other on the ground, and what should they look like?
- . costs and revenues - What will be the costs of accomplishing the proposals of the plan? What revenues will be required to support these costs, and where will the revenues come from?
- . action - What will be required in terms of community organization, zoning, codes and ordinances, capital improvements programs, subdivision regulations, and other programs, over time, to accomplish the plan?

- (3) Neighborhood Analyses Neighborhood analyses to provide a basis for decisions about the kind of treatment to be applied to each section of a community to accomplish the goals for community improvement contained in a comprehensive plan.

Detailed information describing current conditions would be required for each residential neighborhood, and for commercial and industrial areas as well. This would include detailed information about family sizes, incomes, housing conditions, environmental conditions, and adequacy of public services and facilities. A basic question to be asked for each section of a community, following analysis of current conditions and trends, would be: "Should this area be maintained and improved through conservation and rehabilitation action, or should it be prepared for eventual redevelopment to meet new requirements generated by growth and change in the local community and in the metropolitan community?"

- (4) Administrative Organization The legal authority, the organizational structure, and the personnel necessary to administer any programs that might be undertaken, in addition to the normal functions of community government, to improve the community in accordance with a comprehensive plan.
- (5) Financing Adequate financial resources, and proper programming and budget procedures for allocating funds to support the local share of the costs of normal public operations, and of additional community improvement action.
- (6) Housing for Displaced Families Procedures and resources for locating or providing decent housing, in suitable living environments, at reasonable rents or costs, for families of any income level that would be displaced as a result of community improvement action.
- (7) Citizen Participation Involvement of the people to be affected by community improvement action in the planning and accomplishment of such action.

In areas where there would be little or no displacement involved in the accomplishment of community improvement goals, advisory committees composed of area residents may work directly with public officials and technicians in defining goals for area improvements. Where displacement is likely to be substantial, however, the people to be affected should be contacted by public officials well

in advance of improvement action, so that they may be informed properly about forthcoming activities, and so that they may participate in working out practical programs for relocation. If members of minority groups likely to have difficulties in finding suitable relocation housing are involved in a community improvement program, a committee on minority group housing is required to devote special attention to solving relocation problems that may arise because of a lack of housing opportunities for minority group members.

A community with a Workable Program for Community Improvement also may take advantage of the broad variety of benefits available from HUD under the urban renewal program, to correct substandard housing and environmental conditions where neighborhood analyses indicate that problems exist that would not respond to the relatively simple process of code enforcement.

The following communities in Metropolitan Washington had Workable Programs for Community Improvement as of January, 1968: District of Columbia, Fairfax County, Montgomery County, Prince George's County, Alexandria, College Park, and Rockville.

Urban Renewal (E)

In areas where there is a substantial number of structurally substandard houses, where many housing units are overcrowded, where public facilities are inadequate, and where environmental conditions appear to be inhibiting private rehabilitation and development activities, urban renewal procedures would be applicable for communities qualified to undertake such action.

Under urban renewal, a community may obtain from HUD:

- . advances of funds to conduct neighborhood surveys and to prepare urban renewal plans;
- . loans for the purpose of initiating action in accordance with approved urban renewal plans, such as acquisition of substandard properties for rehabilitation or for clearance, and provision of utilities, streets, sidewalks, and other site improvements;
- . grants to pay for up to 2/3 or 3/4 of the net costs of urban renewal project activities, depending on the size of the community;

- . funds to pay for the total costs of relocating families and businesses (subject to maximum limitations), whereas other urban renewal costs are shared by HUD and the local community; and
- . technical assistance throughout the urban renewal process.

In addition: low-interest home improvement loans, and direct grants in some cases, would be available for qualified families; FHA mortgage insurance would be available for residential development to be undertaken by private builders; direct low-interest financing would be available for housing for families of low and moderate income; and business loans, which otherwise might be unobtainable, would be available to private enterprises in the affected area.

Local Urban Renewal Experience

Urban renewal programs are underway in Alexandria, Virginia; College Park, Glen Arden, Rockville, and Montgomery County, Maryland; and the District of Columbia. The experience of the District of Columbia in the Southwest, Northwest No. 1, and Shaw School Urban Renewal Areas, demonstrates how urban renewal activities have been expanded and improved since the passage of the Housing Act of 1949, which first made Federal funds available to local communities to clear slums for urban redevelopment.

Urban redevelopment action was initiated in Southwest Washington in 1953, to clear 560 acres of slum properties within sight of the Capitol, to make way for new development in accordance with an urban redevelopment plan. Records of the D. C. Redevelopment Land Agency (RLA) show substantial evidence of physical blight - 70 per cent of the 5,700 housing units did not have central heating, 44 per cent had no baths, 43 per cent had outside toilets, 27 per cent had outside water supplies, and 21 per cent were without electricity. The RLA provided relocation assistance to more than 4,000 families, of which 1,500 moved into low-rent public housing. Almost 1,000 families moved on their own without assistance. Some of the families were relocated into public housing units in Southwest, adjacent to the urban redevelopment area. At that time, sites for public housing could not be provided within urban redevelopment areas at reduced costs as they now can be provided in urban renewal areas.

As of 1968, Southwest has been rebuilt almost completely. New utilities and streets have been provided. Sites have been made available for schools, playgrounds, and public buildings. And most of the property acquired and cleared by the RLA has been sold or leased at fair market values, established by appraisers, for private development in accordance with an urban redevelopment plan approved by the community. Following completion of development, the estimated tax returns to the District of Columbia will be eight times the amount of tax revenues produced by the area before redevelopment.

The experience of Southwest, and of other urban redevelopment activities throughout the nation, resulted in the modification of the program. In the Housing Act of 1954, the program was renamed urban renewal, and was revised to provide local renewal agencies with more flexible means of approaching the problems of eliminating slums and blighting conditions.

In the Northwest No. 1 Urban Renewal Area for example, an area of 95 acres, public housing is being built within the official renewal area boundaries on a site made available at reduced cost by the RLA. Other new housing is being developed for families of low and moderate income under FHA insured mortgages; and some of the existing houses have been retained, to be rehabilitated with low-interest rate loans and direct grants, for continued occupancy by the present owners.

The most recent urban renewal program undertaken in the District of Columbia, is in the Shaw School Urban Renewal Area, 675 acres located north of Downtown Washington. A principal objective of this urban renewal program is to retain and rehabilitate as much of the existing housing as possible, and to provide new housing at rents and costs within the means of the people now living in the area. Project planning is being undertaken with the participation of area residents through the Model Inner City Community Organization, Inc. (MICCO), an organization working out their own plans for community development. (0)

Thus, as indicated by the section above; (1) substandard physical conditions and overcrowding in existing housing can be corrected by the enforcement of building codes and housing codes; (2) substandard housing conditions and poor environmental conditions can be corrected on an areawide basis by neighborhood improvement programs, with assistance from HUD, if a community has a Workable Program for Community Improvement; and (3) serious conditions of substandard housing and environmental blight can be corrected through urban renewal action, with assistance from HUD. In all of these circumstances, however, the problems of families in substandard and overcrowded housing usually are complicated by the difficulties these families face in finding housing at rents or costs that they can afford to pay. Code enforcement programs and urban renewal can address the problems of substandard housing conditions directly, but cannot by themselves address the related problems of obtaining funds to repair existing housing, or of obtaining money to pay for housing at reasonable costs and rents for families forced to relocate because of housing improvement action. Estimates of the magnitude of the housing problem faced by families of low and moderate income in Metropolitan Washington and descriptions of programs now available to cope with this problem follow.

HOUSING COSTS AND INCOME PROBLEMS (I)(J)

The Problem

The Federal Housing Administration suggests that families in low income ranges should not pay more than 25 per cent of their gross incomes for rent, and that the cost of sales housing for these families, assuming a reasonable down payment, should not exceed 2.5 to 2.7 times gross income, with the higher ratio applying to the lower incomes. (F) Using these ratios as guides, a sense of the magnitude of housing costs and income problems may be obtained from the 1960 Census of Housing. Occupants of 100,683 rental housing units in Metropolitan Washington in 1960, reported that they were paying more than 25 per cent of their incomes for rent. Of these, 55,601 reported that they were paying more than 35 per cent of their incomes for rent.

Of households paying in excess of 25 per cent of incomes for rent: 65,124 were in the District of Columbia (37 per cent of the renter households in the District), and 35,559 were in the Maryland and Virginia suburbs (28 per cent of the renter households in the suburban areas); 64,092 households in this category were white, and 36,591 were nonwhite. (B)

Turning to households paying in excess of 35 per cent of incomes for rent: 38,385 were in the District of Columbia, and 17,216 were in suburban Maryland and Virginia; 33,712 households in this category were white, and 21,889 were nonwhite. (B)

Owner occupants of sales housing units paying excessive amounts for housing with respect to incomes also may be considered problem households. The number of households in this category is difficult to determine, however, because of the different equity amounts each household has with respect to the price of its house, and the difference between the actual cost of the house to the occupant and the value claimed at the time of the 1960 Census. In 1960, for example, 86,923 owner-occupied housing units (30 per cent of all owner-occupied units) were reported with value-to-income ratios of more than 2.5. Of these, 56,398 indicated value-to-income ratios of more than 3.0, and 31,666 had value-to-income ratios of more than 4.0. (B)

Since the basic problem of families in substandard housing units and in overcrowded housing units essentially is a lack of sufficient income to be able to afford the cost of adequate housing, the problem category of housing for families of low and moderate income would include most families in substandard and overcrowded housing. In arriving at an order of magnitude estimate of problem households for this report, overlapping among the several problem categories has been eliminated. Also, because incomes usually are understated in the Census, the ratio of 35 per cent of income for rent, rather than 25 per cent of income for rent has been selected as a problem indicator. And, since housing values claimed in 1960 probably were higher in most cases than actual original costs, and incomes were understated, the value-to-income ratio of 4.0 has been selected as a problem indicator rather than 2.5. The total estimated number of housing units with problems in Metropolitan Washington in 1960, therefore, was as follows:

TABLE I: Problem Housing Units in Metropolitan Washington in 1960^(B)

<u>Problem Category</u>	<u>Number of Units</u>	<u>Per cent of All Units</u>
Substandard	59,320	10.0
Overcrowded in sound condition	42,007	7.1
Rent more than 35% of income and sound	43,341	7.3
Value-to-income more than 4.0 and sound	28,966	4.9
<hr/>		
Total Problem Housing Units	173,634	29.3
Total Occupied Housing Units	590,621	100.0

By the criteria indicated above, there were 173,634 housing units with problems in Metropolitan Washington in 1960. Detailed examination of the "value-to-income" data reveals such improbable relationships between some of the reported values and reported incomes, however, that the problem figure shown is probably an overstatement. For example, 10,843 housing units with values in excess of \$10,000 (of which 6,208 had values above \$15,000) had occupants with incomes reported at less than \$2,000. For the purposes of this report, therefore, 150,000 problem housing units will be used as an order of magnitude figure for 1960. (B)

If there were as many problem housing units in 1965 in proportion to the total housing supply as there were in 1960, out of the 760,000 occupied housing units in Metropolitan Washington at that time, approximately 193,000 would have had problems in 1965. And if the same proportion would hold in the future, out of the 1.3 million housing units forecast for 1985, 330,000 would have problems. To the extent that incomes in Metropolitan Washington would increase so that there would be fewer households in the lower income ranges, the number of problem housing units would tend to decrease. Under this assumption, using income forecasts prepared for the District of Columbia Community Renewal Program, for example, the number of housing units with problems in 1965 would have been 187,000, and by 1985 the number of housing units with problems would be 273,000. (H)

On the basis of the high estimates shown above of 193,000 housing units with problems in 1965, and 330,000 housing units with problems in 1985, if the problems of substandardness, overcrowding, and excessive housing costs are to be solved by 1985, housing assistance programs would have to be applied cumulatively to an average of 16,500 housing units a year between 1965 and 1985. After that period, the rate of application of housing assistance programs would drop to an annual level of 6,850 a year, cumulatively, to accommodate the annual increase in the number of housing units with problems. On the basis of the low estimates, the annual rate between 1965 and 1985 would be 13,650 a year, and after 1985, the annual rate would decrease to about 4,000 a year.

Costs and Rents in New Housing

On the basis of the FHA guidelines of 25 per cent of gross income for rent, and 2.5 times gross income as a measure of cost for sales housing, the following income, rent, and cost figures would result:

TABLE II: Costs and Rents in New Housing

<u>Gross Income</u>	<u>Monthly Rent</u>	<u>Cost of House</u>
\$ 4,000	\$ 83.50	\$ 10,000
6,000	125.00	15,000
8,000	166.50	20,000
10,000	208.00	25,000

From these rough figures, it is apparent that few families with incomes of less than \$6,000 a year can afford to buy or to rent new housing in Metropolitan Washington. As for large families, the income requirements for new housing would be \$8,000 to \$10,000 a year. An FHA survey of new subdivisions with five or more housing units completed in 1964 and 1965, for example, showed that only 38 houses were produced at sales prices below \$17,500, out of the 16,672 houses completed in these subdivisions during those two years. Similarly, examination of the real estate sections in the newspapers of Metropolitan Washington discloses few, if any, new apartments, with 2 bedrooms or more, for rents below \$125 a month. The principal source of supply of housing for families of low and moderate income up to \$10,000 a year for large families, therefore, is older housing no longer found desirable by families of higher incomes.

It can be demonstrated numerically that if all new housing units produced each year in Metropolitan Washington were occupied by families with high incomes, enough older housing would be vacated to trickle-down to accommodate the increase in the number of families of low and moderate income. Actually, however, many of the housing units left to trickle-down are not of the right sizes or in the right locations to meet the needs of lower income families with different household characteristics and locational requirements. Two other factors inhibit the effectiveness of the trickle-down process in Metropolitan Washington as well: vacancy rates have not been high enough in recent years to create a buyer's market which would produce lower rents and prices; and in areas such as Georgetown and Capitol Hill in the District of Columbia, for example, a trickle-up process has occurred, as older housing has been removed from the low-rent housing supply through restoration efforts.

In addressing the problems of providing housing for families of low and moderate income therefore, approaches to be considered should include: the production of new housing units; the rehabilitation of existing substandard housing units; and assistance to permit continued occupancy of existing housing by families of low and moderate income paying excessive proportions of their incomes for housing expenses.

Housing Programs for Families of Low and Moderate Income

The principal programs that local communities can consider to help solve the problems of housing for families of low and moderate income are:

- . Low-rent public housing;
- . Federal Housing Administration (FHA) programs for families of low and moderate income, 221(d)(3), 221(d)(2), 213, 221(h);
- . Senior citizens' housing, 202; and
- . Rent supplements.

Low-rent Public Housing (E)

For low-rent public housing to be made available in a community, the community must have a local Housing Authority, which usually is a public corporation established by a local government in accordance with enabling legislation of its State. The State of Maryland and the Commonwealth of Virginia have enabling legislation which permits localities to establish Housing Authorities. The District of Columbia derives its authority from a Federal statute.

The following communities in Metropolitan Washington have Local Housing Authorities: District of Columbia, Alexandria, Rockville, Montgomery County, Prince George's County and Fairfax County.

Federal guarantees are available through Local Housing Authorities to communities to cover the capital costs of providing housing for qualified families of low income. Operating costs for low-rent public housing activities must be met out of rental income, however, except for certain special allowances. The local contribution to a low-rent public housing program is made in the form of tax exemptions, although part of this contribution

is returned in the form of payments in lieu of taxes made by the Local Housing Authority. Additional local contributions may be made by donating publicly owned land for sites, and by providing supporting community services and facilities.

A Local Housing Authority can do the following:

- (1) It can acquire land and construct new housing which it then can rent to qualified families of low-income at rents scaled to family incomes.
- (2) It can purchase existing housing, rehabilitate the buildings to meet appropriate standards, and then rent the housing to low-income families.
- (3) It can contract to purchase from private developers suitable new housing or rehabilitated housing, to be developed privately and then sold to the Local Housing Authority on a "turnkey" basis.
- (4) It can lease housing units in private buildings, for occupancy by low-income families. The private landlord receives the full rent for such housing units either directly from the Housing Authority, or from the tenant, if arrangements have been made for the Housing Authority to furnish the tenant the public contribution necessary to make up the full rent payment.
- (5) It can develop housing designed especially to meet the needs of elderly persons and handicapped persons of low-income.
- (6) And it can make available for sale to qualified families, detached or semi-detached units built originally as low-rent public housing.
- (7) In addition to building, purchasing, managing, and leasing housing for occupancy by low-income families, Local Housing Authorities also can arrange for social services and social programs related to housing developments, such as: homemaking education, baby-clinics, day-care centers for children of working mothers, adult education and literacy classes, credit unions, health centers, and employment counseling.
- (8) Local Housing Authorities also can assist low-income tenants in developing initiative and social responsibility by encouraging the formation of tenant associations to cooperate with the Authority in social programs and in management activities.

Local Example: National Capital Housing Authority (L)

The most extensive program of low-rent housing in Metropolitan Washington is operated by the National Capital Housing Authority (NCHA) in the District of Columbia. As of January 1968, the NCHA had 9,912 housing units under management, and a waiting list of 3,098 applicants. Of the applicants, 1,196 (39 per cent) were waiting for units to become available in housing for elderly persons, 1,254 (40 per cent) were large families waiting for housing units with three or more bedrooms, and 648 (21 per cent) for one and two bedroom apartments. The income limits and related rents for low rent public housing in the District of Columbia are illustrated by the following table of selected examples:

TABLE III: Income Limits and Rents in Public Housing

<u>Number in Family</u>	<u>Maximum Income for Admission</u>	<u>Maximum Income for Continued Occupancy</u>	<u>Maximum Rent</u>
1	\$3,200	\$ 4,000	\$ 76
4	3,900	4,900	94
8	4,700	5,900	112
10 or more	5,100	6,400	120

The incomes shown in this table are net incomes arrived at by deducting \$100 from gross family income for each child less than 25 years old. There is no minimum income limit.

Public Housing Problems and Prospects

The total of 13,010 households occupying or on the waiting list for low-rent public housing in the District of Columbia represents about 10 per cent of the number of families who would be eligible for occupancy on the basis of incomes alone. Although definitive attitude studies are not available, some reasons that have been suggested to account for the difference between low-rent housing needs, indicated by the number of low-income families in the District of Columbia, and low-rent housing demand, demonstrated by the 13,010 figure, are as follows:

- . unwillingness to be subject to regulations,
- . negative feelings about public housing,
- . lack of hope,
- . pride,
- . lack of knowledge of public housing availability.

If the housing problems of more people in the lowest income ranges are to be met by the low-rent public housing program which is directed most closely to their incomes, action would be required to stimulate demand among these families as well as to increase the supply of housing.

The high proportion of large families in low-rent public housing and on the waiting list, indicates that large families of low income have more difficulties finding housing in the private market than do small families, for the proportions of large families and of small families among all families of low-income are almost equal. The high proportion of large families also makes housing project development and management more difficult, and generates disproportionate demands for community services in adjacent areas. One of the approaches being tried out in the District of Columbia to resolve some of these problems, is the leasing of large housing units in private buildings on a scattered location basis. This approach also tends to reduce some of the psychological problems associated with the stigma of public housing, both on the part of the occupants and the neighbors of public housing.

Another problem is the requirement for families to move out of public housing units if their incomes exceed the maximum limit for continued occupancy. Proposals have been made from time to time that families in public housing be permitted to remain there for an extended period after their incomes exceed the maximum limits, for two reasons : (a) if families move out immediately after their incomes exceed the limit, they rarely are able to find private housing at anywhere near the quality of public housing for rents that they can afford to pay; and (b) if families with the ability to improve themselves remain in public housing for extended periods of time, they might, by example, serve as inspirations to encourage other occupants of public housing to emulate their efforts. In order to permit a change of this kind to take place, the Federal statute establishing the income limitation provision would have to be changed, and the supply of public housing would have to be increased to make room both for those with increased incomes as well as for those of low income.

Finding suitable sites at acceptable costs is a continuing problem for public housing agencies. In most areas that would provide good environmental conditions for families in low-rent public housing units, land costs may be beyond the maximum limits for public housing development established by HUD, or local zoning limitations may prevent the achievement of reasonable housing densities, or prospective neighbors may object to the location of such housing in their area. In the past, therefore, much public housing has been built in areas which do not offer many positive environmental features, but which do not resist the development of public housing either. To some extent, the problems of suitable locations and acceptable costs can be met with the assistance of the urban renewal program, for sites can be made available in urban renewal areas at reduced costs for public housing. Also, the leasing program, for which participating families are carefully selected, and the "turnkey" approach, which has been used so far only for housing for the elderly, offer hopes for improvements.

Finally, the increased emphasis on educational programs, tenant counseling, and tenant involvement in housing management, to serve the social needs of the people whose physical needs are met by the buildings, is expected to improve both the substance and the image of the public housing experience. For these programs of social services to be truly effective, however, additional financial support would be required from HUD and from other sources, for Local Housing Authorities to be able to provide necessary staff and facilities.

Other Housing Programs for Families of Low and Moderate Incomes

Several other programs of housing assistance, in addition to the low-rent public housing program, are available through HUD, for families of low and moderate income. The program which presently is being utilized to the greatest extent is the 221(d)(3) below-market-interest-rate program offered by the Federal Housing Administration of HUD. This program is described below at length and brief descriptions are provided for other programs which have limited application to the problem, or which have not yet provided any experience to report.

Rental Housing for Families of Low and Moderate Incomes: 221(d)(3)

A mortgage insurance program which seems to hold a great deal of promise for addressing the problem of housing for families of low and moderate income is Section 221(d)(3), below-

market-interest-rate (BMIR). This program is aimed at stimulating the production of housing for families whose incomes are too high for public housing eligibility, and too low to pay the going rates for standard privately supplied housing. Under the 221(d)(3) BMIR program, a nonprofit organization can construct, or can purchase and rehabilitate, multi-family housing for which occupancy priorities must be given to families displaced by government action such as urban renewal or public works construction. The financing arrangements provide essentially for a 100 per cent mortgage for a term of up to 40 years at an interest rate of 3 per cent, from which is derived the "below-market-interest-rate" title. As a result of the low-interest long-term financing, housing units can be made available at rents from 20 per cent to 40 per cent lower than in housing of comparable quality financed under market interest rate programs. Even though 221(d)(3) housing is provided and managed by private groups, tenants must have incomes between specified limits for admission and continued occupancy. Under certain circumstances, it also is possible for a local public housing authority to lease units in 221(d)(3) development for occupancy by families who are eligible for public housing. (D)(E)(G)

TABLE IV: 221(d)(3) BMIR Income-Rents-Costs (M)

<u>Number of Persons in Family</u>	<u>Income at Admission</u>	<u>Maximum Income for Continued Occupancy</u>	<u>Gross Rent</u>	<u>Construction Cost Limits per Unit (Including Land)</u>
1	\$ 4,700	\$ 5,900	\$ 98	\$ 9,850
2	5,700	7,150	119	14,050
3 & 4	6,700	8,400	140	16,850
5 & 6	7,700	9,650	160	21,100
7 & more	8,700	10,900	181	23,900

In order to initiate a 221(d)(3) BMIR development, a prospective sponsor must have sufficient "front money." "Front money" is used to acquire or to obtain an option on a suitable site, and to pay for architectural drawings, engineering tests, and other procedural items necessary before construction can begin. After development is completed, and the final closing occurs, however, eligible expenditures made to initiate development are recap-urable under the 100 per cent mortgage. During the development

stage, the required funds would be obtained from a private lending institution at the market interest rate. At final closing, the Federal National Mortgage Association (FNMA) purchases the market rate mortgage from the lending institution and the interest rate for future mortgage payments is reduced to 3 per cent.

221(d)(3) Experience in Metropolitan Washington

As of June 1967, there were more than 2,000 units of 221(d)(3) below-market-interest rate housing in Metropolitan Washington, of which 1,968 units were in the District of Columbia, 84 units in Prince George's County, Maryland, and 69 units in Alexandria, Virginia. Another 1,405 units were in the application stage, and another thousand or more units were being discussed informally with FHA. (P)

The 221(d)(3) development in Alexandria, Virginia, called Jefferson Village, is an excellent example of the application of this program. Jefferson Village consists of 69 housing units, townhouses and garden apartments, on a 2 1/2 acre site adjacent to a school-recreation complex near the center of the City of Alexandria. The City of Alexandria provided the initiative for the development of Jefferson Village, by preparing a development plan and by providing a piece of city-owned land for the site through a competitive bidding process, for development in accordance with the objectives of the plan. (T) Other 221(d)(3) developments that merit attention are the Park Southern and Linda Pollin Memorial Apartments in Southeast Washington, D. C.

221(d)(3) Problems and Prospects (G)(M)(Q)

The following observations have been drawn from the experience of several organizations with the 221(d)(3) process in Metropolitan Washington:

1. To be financially feasible, 221(d)(3) developments now should have at least 100 to 150 units, in walk-up apartments or row houses. Under the maximum mortgage allowance of \$12.5 million, the maximum development size would be in the order of 800 units. Desirable land costs are \$900 to \$1,000 a unit, but sites at these costs are not readily available in desirable locations.

2. It is advisable to consider in the planning stage, the probable need for management to become involved in programs of social services similar to those provided in public housing development, as well as in tenant participation activities, in order to produce housing that will be successful in social as well as in physical terms. Such activities will affect housing development design and management costs. An agency that provides consulting assistance for such programs is the Washington Planning and Housing Association.

3. Because of the complexities of the FHA application process, and the social content of the management program, it is advisable to consult with people and organizations with experience in 221(d)(3) development, before beginning plans for such development. Special management techniques have been found necessary in some areas in order to forestall potential vandalism and to encourage cooperative tenant attitudes.

4. Careful study of the supply of older apartment houses in Metropolitan Washington may reveal a sizeable number of units which could be purchased and rehabilitated under the 221(d)(3) program within acceptable cost limits, to become useful components of the housing inventory of Metropolitan Washington for families of low and moderate income.

Homes for Low and Moderate Income Families: 221(d)(2) (D)(E)(I)

FHA will insure 100 per cent mortgages, at 6 per cent (plus 1/2 of 1 per cent mortgage insurance premium), for terms of up to 40 years, for the construction or purchase and rehabilitation of homes for families displaced by government action such as urban renewal or public works. The unit cost limit is only \$12,500, however, with up to \$15,000 a unit allowed in high cost areas. The minimum cash requirement for a participating family, for certain prepaid costs, is \$200.

For other than displaced families, the cash requirement would be 3 per cent of the total cost for acquiring the housing unit.

Although the cost allowances are low, a number of housing units have been acquired and rehabilitated for low and moderate income families in the District of Columbia under this program. It may have wider applicability in some suburban areas where detached housing units are available at low costs.

Cooperative Housing: 213 (D)(E)

FHA will insure 97 per cent mortgages, at 5 1/4 per cent (plus 1/2 of 1 per cent mortgage insurance premium), for terms of up to 40 years, for the development of multi-family cooperative housing--either the construction of new buildings, or the acquisition and rehabilitation of existing buildings. If land costs and construction costs can be kept to reasonable limits, the low down-payment feature and long term financing would make this program useful for low and moderate income families. The problems of organizing cooperatives are extremely complex, however, and should be undertaken only with skilled professional guidance.

A notable local cooperative developed under this program is River Park, in the Southwest Urban Renewal Area in the District of Columbia. When this 518 unit project (a high-rise elevator building with 384 apartments, and 134 townhouses) was occupied in 1963, for example, three-bedroom townhouses were available for down-payments of \$1,500, and monthly housing expenses of about \$210 (allowing for tax deductions for interest and real estate tax). The tenants' cooperative organization has since changed the rules, however, so that down-payments now are determined by the market (prices of \$7,000 to \$10,000 are usual).

The 5 1/4 per cent interest limit makes this program unusable in the current high-interest market.

Home Ownership for Low Income Families: 221(h) (D) (E)

FHA mortgage insurance and below-market-interest rate financing are available to non-profit corporations to finance the purchase and rehabilitation of substandard housing for resale to families which meet the income eligibility requirements of low-rent public housing. The minimum down payment for a prospective purchaser would be \$200. The allowable amount for the mortgage would be based on the family size and income of the prospective purchaser. For a family of 8 persons with an annual income of \$5,900, for example, allowing 25 per cent of income for housing expenses, the allowable mortgage works out to \$13,750, based on an interest rate of 3 per cent for a term of 30 years. This program could be applied most advantageously in areas where groups of substandard detached, semi-detached, or row houses of similar construction characteristics could be obtained, so that rehabilitation work could be undertaken on a large scale basis in order to minimize its costs, for the low cost allowances appear to be a deterrent to extensive development.

Senior Citizens' Housing: 202 (E)

Direct loans, at 3 per cent interest, for terms of up to 50 years, are available to non-profit corporations from HUD, to finance 100 per cent of the cost of housing for senior citizens (over age 62), whose incomes are too high to qualify for low-rent public housing for the elderly, but who cannot afford to pay the rents in available private housing.

Rent Supplements: (D) (E)

The most recent addition to the array of programs designed to address the problems of housing for families of low and moderate income is the rent supplement program for low-income families, administered through the FHA. Under this program, it is possible for a private developer to obtain a 100 per cent mortgage for a term of up to 40 years, under the 221(d) (3)

program, but at the market interest rate, to provide housing for families of low-income. Under the financing contract with the housing owner, the FHA will make rent supplement payments for the difference between what the families can afford to pay (25 per cent of income), and the economic rent required for the units occupied. Housing owners may be nonprofit, limited-dividend, or cooperative organizations. The cost limitations, rent ranges, and observations with respect to planning, location, management, and need for experienced professional advice during planning, cited under the discussion of the 221(d)(3) BMIR program, are also applicable for the rent supplement program.

Future Considerations

In addition to specific prospects for the future cited under the preceding program headings, the following general prospects are presented for future consideration:

- . Expansion of Federal Programs,
- . Housing Revolving Fund,
- . Housing Development Corporation,
- . Reducing Housing Costs,
- . Increasing Incomes.

Expansion of Federal Programs

The key consideration for the future, to help solve the problems of housing for families of low and moderate income, of course, would be the expansion of the existing housing assistance programs available from the Department of Housing and Urban Development. Projection of the 1960 Housing Census figures would place the number of families with housing problems in Metropolitan Washington today in the 150,000 to 200,000 range, and forecasts indicate that the number of families with housing problems could increase at the rate of 4,000 to 7,000 a year. Compared with this, as of January 1968, there were only 10,920 units of low-rent public housing and 2,121 housing units produced under the 221(d)(3) below-market-interest-rate program available for families of low and moderate income in Metropolitan Washington, a total of 13,041 housing units. (C)

In order for there to be a sizeable increase in the number of housing units for families of low and moderate income at the local community level, there will have to be a massive increase in the amount of assistance available at the Federal level. The housing production goal of HUD for the current fiscal year (July 1, 1967 to June 30, 1968) is for 106,500 assisted housing units to be placed under construction in the entire country:

Public Housing	55,000
FHA 221(d)(3) BMIR	29,000
Rent Supplement	15,000
Housing for the Elderly	7,500
	<hr/>
	106,500

As for the future, President Johnson announced in January 1968, that he will seek goals of 300,000 assisted housing units in the next fiscal year (July 1, 1968 to June 30, 1969), and 6 million assisted housing units over the following ten years (1969 to 1979). (R) If the Congress follows through in support of this proposal, and if local communities follow through by undertaking appropriate action, it should be possible to make a sizeable reduction in the problem of housing for families of low and moderate income in Metropolitan Washington by 1985.

Housing Revolving Fund

High land costs, and requirements for initial working capital to get housing development started, are two key constraints at the local level on existing programs for providing housing for families of low and moderate income. An approach for consideration to relieve these constraints would be the establishment under private or public auspices of housing revolving funds. Revolving fund money could be used to purchase vacant land in advance of demand, and to bank the land for future use as sites for housing for families of low and moderate income, and "front money" could be advanced from the fund to qualified organizations seeking to develop housing under programs such as 221(d)(3), 221(h), and 202. In both cases, the money advanced could be returned to the revolving fund with reasonable interest, for re-use in other housing development operations. In addition to these functions, a housing revolving fund organization could provide technical assistance to prospective housing developers, and could itself act as a sponsor for housing development.

An example of this kind of an organization is ACTION Housing Inc., in Pittsburgh, Pennsylvania. ACTION Housing, Inc. provides technical advice for housing development; it maintains a land-bank, much of the land acquired by purchase of tax delinquent properties from the city of Pittsburgh; it acts as a sponsor for housing development for city agencies; and it administers the Pittsburgh Development Fund, which furnishes equity capital, or "front money" to developers for short periods of time to start development of 221(d)(3) and other projects. The Pittsburgh Development Fund was created through subscriptions from 30 industrial firms. The subscribers receive 4 per cent return on their investments, and the Fund receives 6 per cent interest on its short term loans. Administrative costs are covered by the difference in these interest rates. (S)

Housing Development Corporation (M)

The Housing Development Corporation (HDC) formed in March 1967, is proceeding to develop in a manner similar to ACTION Housing, Inc. in Pittsburgh, although it does not yet have the advantage of a development fund. HDC received its initial operating funds from the Office of Economic Opportunity and from the Low Income Housing Demonstration Office of the Department of Housing and Urban Development. It is chartered in the District of Columbia but can work in all parts of Metropolitan Washington.

HDC is equipped to provide technical assistance to sponsors of housing for families of low and moderate income; it can sponsor development; it can manage housing developments; and it can train management personnel. At present it is engaged in rehabilitating Clifton Terrace, a 280-unit apartment development in the District of Columbia, under the 221(d)(3) BMIR program. In addition, HDC is involved with developers in planning for more than 1,000 units of housing for families of low and moderate income at several locations in the District of Columbia, in suburban Maryland, and in suburban Virginia.

Closing the Gap Between Housing Costs and Incomes

Two principal approaches to consider, in addition to expanding the existing programs of housing assistance, to reduce the problems of housing for families of low and moderate income, would be:

- a) efforts to reduce the cost of housing; and
- b) programs to increase incomes, which would in turn reduce requirements for housing assistance.

Reducing Housing Costs

The housing expenses cited in the discussion of the 221(h) program provide a basis for examining the possibilities for reducing housing costs. In this example, monthly housing expenses are shown for a housing unit that would cost \$13,950 (say \$1,000 for land and \$12,950 for the building). Assuming a \$200 down payment, the amount of the mortgage required would be \$13,750. If this housing unit were financed at the market rate--say 6 per cent for 30 years--the distribution of monthly housing expenses would be as follows:

TABLE V: Monthly Housing Expenses (M)

Fuel	\$20.00	
Maintenance	9.00	
Electricity	8.50	
Water	3.16	
<u>Insurance</u>	<u>3.00</u>	
Total operating costs	\$43.66	28.6%
Tax	21.16	14.4%
Debt service (6%/30 yrs.)	<u>82.50</u>	<u>56.0%</u>
	\$147.32	100.0%

In examining the elements of housing expenses, it does not appear likely that there could be an appreciable reduction in the monthly operating costs. As for taxes, some reduction in monthly housing costs could be achieved if a local community would grant tax abatements for qualified housing developments for families of low and moderate income. In this case, for example, if taxes were abated, the monthly housing expense would be reduced by \$21.16, to \$126.16 a month, a reduction of 14.4 per cent.

In the area of debt service, however, dramatic reductions can be effected by changes in the terms of financing. If the interest rate is reduced to 3 per cent, as in the 221(h) illustration, for example, the debt service would be reduced to \$58.10, and the monthly housing expense would be reduced from the original \$147.32 to \$122.92 a month, a reduction of 16.5 per cent. Additional reductions could be achieved by decreasing the interest rate even further, or by increasing the length of the mortgage term, say to 40 years or even to 50 years.

From time to time, new approaches have been suggested that would reduce the costs of housing through mass production processes, for example, or through various methods of prefabrication. Such approaches certainly should be encouraged, as should any approach which would seek to make adequate housing available at lower costs. It is apparent from the examples shown above, however, that the greatest possible reductions in housing costs may be obtained by reducing mortgage interest rates and by lengthening the terms of mortgages.

Increasing Incomes

The basic problem that families of low and moderate income have with respect to housing is a lack of money. Another approach to be considered in seeking solutions to the problem of housing for families of low and moderate income, therefore, would be the initiation of programs designed to increase family incomes. These would include: economic development programs to increase employment opportunities; training programs to provide improved skills for low-income people in order to increase their earning power; and improved education throughout Metropolitan Washington to produce school graduates capable of filling many of the well-paying positions in private organizations and in public agencies which now must be filled by people who move to Metropolitan Washington from other areas.

Although programs of this nature are not directly within the purview of housing studies, it might be revealing to compare the costs and efforts that would be involved in programs designed to increase incomes and thereby decrease the need for housing assistance, with the costs and efforts directed only at the housing assistance side of the problem.

LOCATION OF MULTI-FAMILY HOUSING

The Issue

In 1960, 249,826 housing units out of a total of 618,152 in Metropolitan Washington (40.4 per cent) were in multi-family structures with two or more units each. By 1965, the number of housing units in multi-family structures had increased to 353,800, 44.2 per cent of the estimated total of 792,800 housing units in Metropolitan Washington. In 1960, approximately 37 per cent of the housing units in multi-family structures in Metropolitan Washington were in the Maryland and Virginia suburbs. By 1965, approximately 50 per cent of the housing units in multi-family structures in Metropolitan Washington were in the Maryland and Virginia Suburbs. Between 1960 and 1965, 103,974 housing units in multi-family structures were built in Metropolitan Washington, and 82,834 of these units (80 per cent) were located in suburban Maryland and Virginia. (B)

These trends reflect two conditions: a shortage of sites for multi-family housing in the District of Columbia; and an increase in employment opportunities in the suburban areas which attract individuals and families who tend to occupy rental housing in multi-family structures. Almost all of the multi-family housing demand is for rental units.

Of the estimated 600,000 new housing units to be developed in Metropolitan Washington between 1965 and 1985, 50 per cent, or 300,000 could be in multi-family housing structures. And of these, perhaps 200,000 could be located in suburban Maryland and Virginia.

Locations for multi-family housing structures will be critical issues in many suburban areas as well as in parts of the District of Columbia. In some areas, in the past, local residents have opposed multi-family housing for reasons such as those that follow:

- . multi-family housing in single-family areas destroys the character of the neighborhood, making it a less desirable place to live;
- . multi-family housing generates traffic and creates parking problems which are injurious to neighborhood character and to public safety;
- . multi-family housing generates increased demands for community services such as schools and recreation areas, the costs of which are reflected in increases in the local tax rates.

Facing the Location Issue

Multi-family housing usually is developed in two basic ways: small apartments in high-rise elevator structures, to be occupied essentially but not exclusively by households without children; and larger apartments in walk-up structures and row houses, in which there would be many households with children. The impact of high-rise structures would be felt primarily in terms of aesthetics, traffic generation, and parking demand. The impact of walk-up structures would be felt in terms of aesthetics, traffic generation, parking demand, and increased demand for community services, such as schools and recreation space, in adjacent areas.

Proper community planning policies, to be reflected in zoning practices and in the provision of utilities, streets, schools, and playgrounds, should place areas for multi-family residential development in locations which would be accessible to nearby employment centers and to mass transit routes, in order to minimize traffic intrusions in other residential areas. In fact, the planned regional rail rapid transit system, which would have approximately 40 stations in suburban Maryland and Virginia, and about 25 stations in residential sections of the District of Columbia, could provide a useful organizing device for planning for the future distribution of multi-family residential development in Metropolitan Washington.

To minimize the impact of parking demand in areas adjacent to multi-family structures, specific provisions should be included in zoning regulations for adequate off-street parking to be provided in multi-family development. To encourage attractive site design and building design, as well as to provide amenities for the occupants, provisions also may be included in zoning regulations to regulate building heights, coverage of the ground, setbacks from the street and from other structures, and to require adequate usable open space for occupants on the ground and in the structures. Finally, consideration also might be given to fuller use of planned community zones in which the development of large areas could be encouraged, to include a mixture of residential building types and compatible non-residential uses such as shopping centers. By encouraging large-scale planned community development, it also would be possible to include within or adjacent to such development areas, new schools and other facilities to help meet the demands for community services that would be generated by the increased population. Such zoning classifications already are enacted in jurisdictions such as Rockville, Montgomery County and Fairfax County.

HOUSING OPPORTUNITIES FOR NONWHITES

The Issue

In 1960, nonwhite households in all income ranges in Metropolitan Washington were located disproportionately in the District of Columbia, compared with whites in the same income categories, as shown by the following table:

TABLE VI: Household Incomes in Metropolitan Washington, 1960 (B)

<u>Income Range</u>	<u>% Nonwhite Households in D. C.</u>	<u>% White Households in D. C.</u>	<u>% All Households in D. C.</u>
less than \$3,999	87.5	48.2	64.7
\$4,000 to \$5,999	87.1	38.4	51.4
\$6,000 to \$9,999	87.5	23.8	33.3
\$10,000 and over	89.0	22.8	27.6
<hr/>	<hr/>	<hr/>	<hr/>
All	88.0	30.4	42.6

This table indicates clearly the constraints imposed on housing opportunities for nonwhite households in Metropolitan Washington because of attitudes related to race. The table shows that as incomes increase, white households tend to locate increasingly in the suburbs, yet nonwhite households tend to remain in the central city. If there were no constraints on housing opportunities for nonwhites, the distribution of nonwhite households by income ranges should be similar to that of white households, for surveys have shown that attitudes and aspirations among nonwhites about housing locations and environmental conditions are the same as those of whites in the same income classes. (K) There still would be some differences in distribution of whites and nonwhites, however. This would be because: (1) proportionately more nonwhites than whites have jobs in the central city, (2) proportionately more whites than nonwhites have jobs in the suburbs, and (3) there are higher proportions of more-than-one-wage-earner households among nonwhites. This latter point is important because in many cases mortgage lenders rely on the earning power of only one worker in determining ability to buy housing. Thus, the distribution of nonwhite households certainly would not show all income ranges in the District of Columbia in equal proportions or in the 80 per cent to 90 per cent range.

A sense of the way in which nonwhite and white households might have been distributed in Metropolitan Washington in 1960, if there were no constraints on housing opportunities for nonwhites because of attitudes related to race, may be obtained by distributing households by income ranges in accordance with the overall average for all households, which is between the distribution pattern for nonwhites and the pattern for whites shown in the 1960 Census. The following table compares the distribution of households shown in the 1960 Census with an adjusted distribution of nonwhite and white households based on the pattern for all households (the figures have been rounded):

TABLE VII:

Distribution of Households in Metropolitan Washington by Color (B)

	<u>1960 Census</u>		<u>Adjusted</u>		<u>Change</u>
	<u>D.C.</u>	<u>%</u>	<u>D.C.</u>	<u>%</u>	
Nonwhite	111,000	44	65,000	26	-46,000
White	141,000	56	187,000	74	+46,000
Total	<u>252,000</u>	<u>100</u>	<u>252,000</u>	<u>100</u>	
	<u>Suburbs</u>	<u>%</u>	<u>Suburbs</u>	<u>%</u>	
Nonwhite	16,000	5	62,000	18	+46,000
White	323,000	95	277,000	82	-46,000
Total	<u>339,000</u>	<u>100</u>	<u>339,000</u>	<u>100</u>	

Metropolitan Washington

Nonwhite	127,000	21.5
White	464,000	78.5
Total	<u>591,000</u>	<u>100.0</u>

This example indicates that if both white and nonwhite households had been distributed between the central city and the suburbs by incomes in the same proportion as all households were distributed in 1960, there would have been a net change of 46,000 nonwhite households from the District of Columbia to suburban areas, and of 46,000 white households from suburban areas into the District of Columbia. This would assume also that there are many white households in the suburban areas who would prefer to live in the central city under appropriate conditions.

This example certainly cannot be used for accurate forecasting purposes, but it does provide guidance when considering the extent of the issue of housing opportunities for nonwhites in the future. By 1965, the number of households in Metropolitan Washington had increased to approximately 760,000 of whom 171,000 (22.5 per cent) were nonwhite and 589,000 (77.5 per cent) were white, but there had been no significant change in the distribution of nonwhite and white households between central city and suburbs. By 1985, there could be 1.3 million households, of which an estimated 315,000 (24 per cent) might be nonwhite, and 985,000 (76 per cent) might be white. If the population of the District of Columbia were to increase to 1.0 million people by 1985 (which is the current high estimate of the National Capital Planning Commission), there would be an estimated total of 350,000 housing units in the District of Columbia, a net increase of approximately 65,000 units from 1965. And if the total net increase in Metropolitan Washington were 540,000 housing units between 1965 and 1985, there would be 475,000 housing units added in the suburban areas.

Between 1965 and 1985, approximately 144,000 nonwhite households and 396,000 white households are likely to be added to Metropolitan Washington. Now, if by 1985, housing opportunities were opened to nonwhite households so that population distribution adjustments would occur along the lines indicated in the numerical example described earlier (Table VII), and, let us say, 30 per cent of the 350,000 households in the District of Columbia were nonwhite, then the total number of nonwhite households to be located in the suburban areas would be approximately 180,000 (144,000 new, plus, say, 36,000 from the District of Columbia). If the proportion of nonwhite households to total households in the District of Columbia were to remain the same in 1985 as at present (approximately 50 per cent), then the number of nonwhite households added in the suburban areas would be approximately 110,000. And, if all new households added in the District of Columbia were nonwhite, the number of nonwhite households to be added in the suburban areas by 1985 would be approximately 80,000. The sheer magnitude of the population growth expected by 1985 makes it apparent that a wide range of housing opportunities for nonwhites should be opened up in Metropolitan Washington by 1985.

Approaches to the Issue of Housing Opportunities for Nonwhites (I)

The principal programs and approaches addressing the issue of housing opportunities for nonwhites in Metropolitan Washington at Federal, state and local levels, public and private, are as follows:

President's Executive Order 11063, Equal Opportunity in Housing

On November 20, 1962, President John F. Kennedy signed Executive Order 11063, directing "all departments and agencies in the executive branch of the Federal Government, insofar as their functions relate to the provision, rehabilitation, or operation of housing and related facilities, to take all action necessary and appropriate to prevent discrimination because of race, color, creed, or national origin - ...". This order applies specifically to the programs for code enforcement, urban renewal, public housing, and FHA insured housing for families of low and moderate income, described earlier in this report, that currently hold the most potential for solving the housing problems of Metropolitan Washington.

This approach would be especially significant because a high proportion of nonwhite households are in the various housing problem categories. In 1960, for example, of 127,003 nonwhite households in Metropolitan Washington, 61,685 (49 per cent) were in substandard housing, or in overcrowded housing, or were paying in excess of 35 per cent of their incomes for rent. (B)

Other Public Action

Recent actions by the Department of Defense (DOD) provide examples of ways by which Federal agencies other than the Department of Housing and Urban Development may address the issue of housing opportunities for nonwhites. In June 1967, DOD issued a directive declaring that all apartments and trailer courts within a 3-1/2 mile radius of Andrews Air Force Base in Prince George's County that would not provide housing to qualified nonwhite military personnel would be off-limits to all military personnel. This was followed by a similar directive in January 1968, that would affect all apartment houses within a 3 mile radius of the Pentagon, in Northern Virginia.

Action at state and local levels has occurred as follows:

- The District of Columbia adopted a Fair Housing Ordinance on January 20, 1964, establishing a Council of Human Relations with responsibility for investigating and, where possible, conciliating complaints about housing discrimination, with enforcement powers assigned to the Corporation Counsel of the District of Columbia. This regulation applies to the sale or rental of all houses and apartments except

(a) unlicensed rooming houses, tenements, or apartment houses in which the owner is a resident, and (b) residential properties owned by and used for the purposes of religious or fraternal organizations.

- . The State of Maryland adopted an open occupancy law in the spring of 1967, that would prohibit discrimination in the sale or rental of homes and apartments built under building permits issued since June 1, 1967. However, it has been petitioned to referendum.
- . Montgomery County adopted a fair housing law in June 1967, similar in coverage to the District of Columbia Fair Housing Ordinance. However, it has been held invalid by the Maryland Court of Appeals by reason of a mistake in the procedures by which it was enacted.
- . The City of Rockville, Maryland, adopted an open housing law in the summer of 1967, similar in scope to that of Montgomery County.
- . And Prince George's County adopted a fair housing law in November 1967, excluding individual homes sold or rented without the aid of a professional broker, or owners who specify in writing that they do not wish to sell or rent on an open occupancy basis, and excluding owner-occupied, small rooming-houses and apartment houses with four or fewer housing units.
- . In Virginia, several jurisdictions have passed resolutions calling for the voluntary accomplishment of open housing objectives. The issue of fair housing laws was a subject for public discussion during January 1968, in the City of Alexandria, and in Arlington and Fairfax Counties.

Private Efforts

A number of private organizations have been working to promote fair housing practices in order to open housing opportunities to nonwhite families in all parts of Metropolitan Washington. Groups such as Suburban Maryland Fair Housing, Prince George's County Fair Housing, Northern Virginia Fair Housing, the Northwest Fair Housing Associations in the District of Columbia, and Neighbors, Inc., in northwest Washington, all affiliated with the Metropolitan Washington Fair Housing Council, have been working for a number of years, in education and community relations efforts, to create a positive climate for open occupancy practices, and in obtaining listings for housing available for nonwhite occupancy.

Prospects for Housing Opportunities for Nonwhites

Of the approaches described, all of which are making contributions to the resolution of this issue, the Executive Order affecting housing programs could effect substantial progress in local communities undertaking public programs to improve housing conditions and encouraging private participation in such programs. With the establishment of employment centers and rapid transit accessibility in extensive areas open for new development, for example, planned communities might be created which would include housing for families of low and moderate income to be available on an open occupancy basis in accordance with the Executive Order. Meaningful open occupancy objectives might be readily achieved in such new development areas which would not be as subject to resistant local attitudes as would development proposed in built-up areas.

Also, as more nonwhite families become more affluent and begin to venture increasingly into the new housing market, there could be constructive results from the influence of the Executive Order on FHA insured housing. In this respect, it would seem useful to repeat here the thought expressed at the end of the section on Housing for Families of Low and Moderate Income, that an effective way in which to approach the issue of housing for nonwhites would be for public and private organizations to undertake programs designed to improve employment opportunities and increase incomes for nonwhites, so that there will be more nonwhite families with higher incomes who will be able to exercise choices in the housing market.

NEXT STEPS

Programs and approaches for solving the problems of substandard and overcrowded housing, and of housing for families of low and moderate income, and for addressing the issues of the location of multi-family housing and of housing opportunities for nonwhite families, although subject to Federal and State government influence, are essentially local community efforts.

LOCAL ACTION

Local governments can make the policy decisions and provide the administrative machinery and local funds, as required, for the kinds of action described in this report:

- . to have a Workable Program for Community Improvement;
- . to undertake code enforcement and urban renewal activities;
- . to provide low-rent public housing;
- . to stimulate the development of FHA programs of housing for families of low and moderate income;
- . to provide proper zoning and supporting public works and community services for multi-family housing development; and
- . to open up housing opportunities for nonwhite families.

As the population of Metropolitan Washington increases, as employment opportunities in the suburban areas continue to expand, and as an understanding of the probable influence of the planned regional rail rapid transit system on land development patterns occurs to more and more people, local decisions affecting housing policies will take on regional significance. For example, firms with employees in low and moderate income categories will be considering locations accessible by transit, and would want to have housing for their employees within convenient commuting distances; and developers will be considering the prospects of constructing multi-family housing in areas made accessible by the provision of efficient rapid transit service. Pressures from these sources and from other sources will be felt by all local communities.

METROPOLITAN DIMENSIONS

In view of the magnitude of the problems and of the prospects for housing development in Metropolitan Washington, and with a realization of the increasing amount of interaction that will be taking place among the local communities of the metropolitan area, it seems logical that local decisions with respect to housing matters should be made within a framework of metropolitan understanding. The basic ingredients for establishing that understanding would be:

- a. good information about metropolitan housing problems, prospects, and programs; and
- b. a means for making that information available to local communities.

A POSSIBLE ROLE FOR THE METROPOLITAN WASHINGTON COUNCIL OF GOVERNMENTS

The Metropolitan Washington Council of Governments would be a logical agency to compile information about housing, and to make that information available to its local community members and to others concerned with housing matters in Metropolitan Washington. In performing such a role, COG could provide at least the following three levels of service, which are related to functions that it already performs:

Housing Inventory and Forecasts

It could maintain a continuing inventory of housing for each local community in Metropolitan Washington by amount, condition, kind of structure, characteristics of occupants, rents, prices, and other relevant measures.

It could provide periodic forecasts of future housing demand and housing supply characteristics, in regular report form for Metropolitan Washington, and in special reports to local community members as requested.

Clearinghouse for Housing Program Information

It could maintain and make available to local communities information about public and private housing programs and approaches in all parts of Metropolitan Washington: code enforcement activities, public housing programs, FHA assisted housing, zoning ordinances, and related items.

Housing Plans and Programs

It could assist local communities to prepare plans for the general location of housing in Metropolitan Washington by density and income ranges, related to factors of regional influence such as major employment centers and transportation facilities.

On the basis of these housing plans, it would work with local communities to prepare programs indicating schedules for undertaking code enforcement activities, and for providing public housing and other kinds of assisted housing, and relate these programs to the availability of private and public financing.

* * * * *

Essentially, the Metropolitan Washington Council of Governments, in cooperation with the local communities that it serves, could compile and maintain definitive information of the kind presented in this report. On the basis of such definitive information, it should be possible for local communities to plan and to carry out programs designed to resolve the housing problems and issues of Metropolitan Washington.

REFERENCES AND ACKNOWLEDGEMENTS

The principal publications, organizations, and individuals used as information resources for this report follow, each with an identifying letter. In the body of this report the identifying letters are used to indicate the source of the information cited. In some cases, specific numbers were taken from publications. In other cases, information from publications provided the basis for calculations made by the author. And in places where the identifying letter is shown, the publication or the individual identified provided general background information.

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ACKNOWLEDGEMENTS

Sections of this report, in draft form, were read by the following people, each of whom made valuable comments and provided constructive guidance. This acknowledgment associates them with any positive comments on this report, and it dissociates them from any negative comments on the report.

Knox Banner, Executive Director, Downtown Progress.

George W. Grier, Senior Associate, Washington Center
for Metropolitan Studies.

Arnold C. Sternberg, General Counsel, Housing Development
Corporation.

22

22

✓ TITLE: Housing in Metropolitan Washington: Today and Tomorrow

AUTHOR: Melvin F. Levine, A.I.P., for the Metropolitan Washington Council of Governments.

SUBJECT: The relationship between population growth and housing demand.
Housing problems, issues, programs, and approaches, including substandard housing and overcrowding, housing cost and income problems, the location of multi-family housing, and housing opportunities for nonwhites.
Recommendations for local action and an outline of the metropolitan dimensions of the problem.

✓ DATE: January, 1968

PLANNING

AGENCY: Metropolitan Washington Council of Governments

SOURCES OF

COPIES: Clearinghouse for Federal Scientific and Technical Information, Washington, D.C.

HUD Regional Office Library

Region II, 910 Widener Building

Philadelphia, Pennsylvania 19107

HUD PROJECT

NUMBER: D.C. P-3

SERIES

NUMBER: N.A.

NUMBER OF

PAGES: 45

ABSTRACT: This report describes the housing situation in the metropolitan Washington area. It outlines existing housing conditions, needs, and programs to guide local governments in planning for future housing requirements.



Between 1965 and 1985, 600,000 new housing units will be required to accommodate expected population growth and to replace substandard and overcrowded units.

Utilizing existing Federal programs for housing, governments in metropolitan Washington have developed a variety of local programs. Below market interest rates, rent subsidies and cooperative housing are among the existing means for solving housing problems. These and other means must be fully exploited and new approaches and solutions developed.

Housing for nonwhites is especially critical. Race more than income accounts for the disproportionate number of nonwhites in the District of Columbia. Elderly people also face limited housing choices.

Solutions to housing problems are concluded to be dependent on action programs of local jurisdictions following established legislative guidelines. The report suggests that the Metropolitan Washington Council of Governments prepare a forecast of housing needs, serve as a clearinghouse for housing information, and work with local communities to prepare housing plans and programs.

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