

2/ See Memorandum in Opposition to Plaintiffs' Motion to Require Defendant George W. Romney, Secretary of the Department of Housing and Urban Development, to Propose Comprehensive Plans which can be Metropolitan in Scope to Correct the Effects of Past Racial Discrimination, filed in this cause on December 17, 1971 for and on behalf of defendant, George W. Romney.

defined the role of this Department in the operation of Federal Housing and Urban Renewal Programs as follows:

"The Federal program role -- as the governing statutes made clear -- is essentially one of responding to local or private initiatives, rather than one of imposing its programs on State and local governments.

"In none of HUD's grant programs does the Department act directly. The Department builds no housing, develops no land use plans, clears no slums and constructs no sewers. Instead, HUD provides, within its statutory and regulatory framework, financial assistance to local developers and agencies, both public and private, who build and manage housing, and engage in planning and community development activities.

"The extent to which HUD program activity is dependent on local initiative and execution is frequently overlooked, but is an important element in considering policy issues. Sites for HUD-assisted housing must be selected and acquired by local sponsors -- public or private -- and housing developed on those sites must conform to local zoning and local building codes. Planning performed with HUD assistance is done by State and local governmental bodies. Community development activities -- urban renewal water and sewer, or open space projects, for example -- are initiated and executed by local government."

With this background and legal framework in mind, it is perhaps appropriate once again to direct the court's attention to a proposal made to the Department by the City of Chicago and the Chicago Housing Authority which sets forth various proposals directed toward providing increased housing opportunities for low income Chicago residents. That proposal is embodied in a letter, dated May 12, 1971, signed by Mayor Richard J. Daley, accepted by the Chicago Housing Authority and approved by the Department of Housing and Urban Development. While, perhaps, the May 12th letter cannot be characterized as a plan, it represents the best thinking of

all parties concerned as to a viable approach for solving the critical shortage of low income housing in Chicago. While the City and the Chicago Housing Authority have not fulfilled many of the objectives set forth in the letter, the Department remains of the opinion that the proposals are sound. Nearly one year has elapsed since the May 12th letter and during that time the funding for Chicago's Neighborhood Development Program has been canceled by the Department for lack of progress on relocation feasibility, and funds earmarked in the Model Cities Program for housing have been withheld by reason of orders entered by this court. Thus, further progress on some of the proposals in the May 12th letter will be dependent upon the future availability of federal financial assistance. As set forth in the draft order, however, the Department will continue to use its best efforts in review and approval of housing programs for Chicago which address the needs of low income families and comply with the orders of this court, as well as the governing statutes and HUD regulations.

While the December 23, 1971 Order is addressed specifically to housing problems related to Chicago's low income families, the court should also take cognizance of the programs and policies of this Department which are designed to achieve equal housing opportunities for all people. In further support of this response to approve the proposed judgment order submitted by defendant, George W. Romney, attaches as Appendix B to this response and by that reference made a part hereof, a presentation of HUD programs and actions to augment the supply of low income housing, and to guarantee equal housing opportunities to all families.

WHEREFORE, the defendant, George W. Romney, respectfully requests
the court to enter the accompanying draft order.

JAMES R. THOMPSON
United States Attorney

JCM:ft

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

DOROTHY GAUTIEAUX, et al.,

Plaintiffs,

v.

GEORGE W. ROMNEY, Secretary of
the Department of Housing and Urban
Development, et al.,

Defendants.

NO. 66 C 1459
NO. 66 C 1460
(consolidated)

JUDGMENT ORDER

This cause coming on to be heard pursuant to the decision and mandate of the Court of Appeals in this matter (Gautreaux v. Romney, 448 F. 2d 731 (7th Cir. 1971); this court having entered summary judgment on Counts I and II of the complaint herein on November 11, 1971; the Court of Appeals having reversed and remanded the order entered November 11, 1971 by its opinion of March 8, 1972; plaintiffs having filed a motion for rehearing en banc before the Court of Appeals, which motion stays the issuance of the mandate pursuant to the aforementioned opinion of the Court of Appeals; and the court being fully advised in the premises:

A. IT IS HEREBY ORDERED, ADJUDGED AND DECREED: That plaintiffs' motions for summary judgment on Counts I and II of the complaint in Case Number 66 C 1460 be and hereby is granted;

B. IT IS FURTHER ORDERED, ADJUDGED AND DECREED: That the defendant, George W. Romney, Secretary of the Department of Housing and Urban Development, his successors, his officers, agents, servants, employees,

APPENDIX A

representatives, and each of them shall use their best efforts to cooperate with CHA in its efforts to increase the supply of dwelling units, in conformity with:

- (a) all federal statutes applicable to the low rent housing program;
- (b) rules and regulations promulgated by HUD for the administration of said program; and,
- (c) the provisions of the Judgment Order entered by this court in the companion case (No. 66 C 1459) on July 1, 1969, as amended, as well as all other final, nonappealable orders entered by this court from time to time in these proceedings;

C. IT IS FURTHER ORDERED, ADJUDGED AND DECREED: That the defendant, George W. Romney, Secretary of the Department of Housing and Urban Development, his successors, officers, agents, servants, employees, representatives, and each of them are hereby permanently enjoined and restrained from approving and funding development programs for low rent family public housing in the City of Chicago which are inconsistent with the terms of this Judgment Order.

E N T E R:

J U D G E

DATED: _____

JCM:ft

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

DOROTHY GAUTREAUX, et al.,	)	
	)	
Plaintiffs,	)	
	)	No. 66 C 1459
vs.	)	No. 66 C 1460
	)	
GEORGE W. ROMNEY and CHICAGO	)	(Consolidated)
HOUSING AUTHORITY, et al.,	)	
	)	
Defendants.	)	

PRESENTATION OF DEFENDANT, GEORGE W. ROMNEY,
SECRETARY OF THE DEPARTMENT OF HOUSING AND URBAN
DEVELOPMENT, IN SUPPORT OF SAID DEFENDANTS'
RESPONSE TO APPROVE THE PROPOSED JUDGMENT ORDER

INTRODUCTION

The following is a survey of the HUD programs and policies designed to secure better housing opportunities for low income families in furtherance of the goals established by the Congress of the United States. A review of the narrative and accompanying exhibits will reveal that the Department has attempted to meld the various and complex housing programs for lower income families into a cohesive, coordinated response to the problems of the expanding urban centers in the nation, while at the same time observing the restrictions placed upon the separate programs by the Congressional enactments which created them. This blending of programs, regulations and policies has established a firm basis for state and local governments, as well as private sponsors, to address the housing needs for low income families in their communities.

APPENDIX B

An important consideration to keep in mind, however, is that Congress in the statutes creating the programs has carefully defined the relationship between federal, state and local governments in their implementation.

HUD PROGRAMS AND POLICIES
TO FURTHER HOUSING OPPORTUNITIES
FOR LOWER INCOME FAMILIES

I. HUD-FHA HOUSING PROGRAMS FOR LOWER INCOME FAMILIES

A. Low Rent Public Housing

1. The Conventional Public Housing Program

The low-rent public housing program has been in existence since passage of the United States Housing Act of 1937. (42 U.S.C. § 1401 et seq.). For a general introduction to the program, see "Low-Rent Housing Guide, Orientation to the Program, " HM G 7401.3 (Exhibit 1) The primary goal of the program is to provide a "decent home in a suitable living environment for families that cannot afford standard private housing." HM G 7401.3, p. 1. The program serves families in the lowest income brackets, with the recent emphasis being placed upon housing for larger families and elderly families. Rents may not exceed one-fourth of the family's income.

HUD's role under the program is to provide financial and technical assistance to Local Housing Authorities (LHAs) to plan, build or acquire, and manage public housing

projects. The paramount responsibility in administering the program is vested in the LHA. (See 42 U.S.C. § 1401). HUD offers financial assistance in the form of (a) temporary loans of IHAs to plan and construct low-rent housing projects; and (b) annual contributions to cover the debt service charges on the bonds used to finance permanently the construction and modernization of the projects. HUD also pays special subsidies of up to \$120 per year per dwelling unit to LHAs to enable them to provide a lower rent for units occupied by the elderly, a large family, a family of unusually low income, or a family displaced by urban renewal or by the construction of a low-rent housing project. (42 U.S.C. § 1410(a)). LHAs may build housing themselves, acquire housing from a private developer, or lease privately-owned housing. In the "conventional" approach, the LHA buys the site, acts as its own developer, employs its own architects, and takes bids for the construction. Under the conventional method, the LHA must enter into a cooperation agreement with the governing body of the locality where the housing is to be located. In this agreement, the governing body agrees to provide municipal services to the project and to maintain its tax-exempt status. The LHA, in turn, agrees to make payments in lieu of taxes for these services. (42 U.S.C. § 1415(7)).

The LHA sets rents and income limits for eligibility within HUD guidelines, (42 U.S.C. § 1401), and rents may not exceed one-fourth of the family's income, as defined by the Secretary of Housing and Urban Development, (42 U.S.C. § 1402(1)).

Most of the public housing developed by the Chicago Housing Authority has been by means of the conventional method. Over the years, CHA has developed the expertise and the staff to develop and administer conventional low-rent housing efficiently.

2. The Turnkey Method

The turnkey method is an innovative approach to the building and acquisition of low-rent housing units. In turnkey, the LHA invites developers to submit proposals for the construction of low-rent housing units on land owned by the developer, for sale upon completion, to the LHA. The LHA, as in the conventional approach, is financed by HUD through the annual contributions contract. HUD also assists the LHA in reviewing the site, design, cost, and the credentials of the developer before a proposal is accepted. (See RHA 7420.1, Low-Rent Housing Turnkey Handbook) (Exhibit 2).

The turnkey approach is impressive since it was developed entirely within the existing statutory framework of the United States Housing Act of 1937. No new legislation was required. Turnkey has been very important for small housing authorities with little background in planning, design and

construction of public housing. It has also lent itself very readily to the scattered site approach, since the LHA can select from among various developer-owned sites. For example, in Rockford, Illinois, the LHA has acquired a turnkey project consisting of 226 units on 176 parcels scattered throughout the City. It has also acquired a project comprising 418 units for the elderly in two high-rise buildings surrounded by 84 detached family units. In Rock Island, 100 family units have been constructed near the Augustana College Campus under the turnkey method. The project consists of units up to four bedrooms in single family and duplex homes. Other local housing authorities in the Chicago Metropolitan area have used the turnkey method of construction for projects located in Aurora, Elgin, the unincorporated areas of Cook County, Harvey, North Chicago, Woodstock and Round Lake Beach. As in the conventional low-rent housing program, the LHA must secure a cooperation agreement with the governing body of the locality where the housing is to be located.

3. The Section 23 Leasing Program

The Housing and Urban Development Act of 1965 authorized a new and versatile approach to meeting the housing needs of low-income families. It is incorporated in

Section 23 of the United States Housing Act of 1937, as amended, and has come to be known as Section 23, Leased Housing. (42 U.S.C. § 1421b). HUD provides financial assistance, in the form of annual contributions, to local public housing agencies to lease privately-owned dwellings, and, in turn, to sublease the units to families of low-income at rents they can afford.

The legal requirements for such a program differ from the aforementioned low-rent program inasmuch as the act does not require a cooperation agreement between the local governing body and the local housing authority. However, in order for an LHA to enter the program, Congress has specified that Section 23 leasing must be authorized by a resolution adopted by the local governing body of any locality in which units are to be leased. (42 U.S.C. § 1421(b)).

The program is designed to achieve a scattered site approach to housing, to assist in relocation of families displaced by urban renewal or public housing construction, and to expand the resources available for larger families. The local authority may use single family houses, row houses, or apartment units in multi-family structures.

The same rent schedules and income limitations as those applied in other low-rent housing operated by the local authority may be used, although generally speaking, the leased program is aimed at the upper income limits of low income families eligible for public housing.

Hud encourages the use of the Section 23

leasing program to stimulate rehabilitation of existing units in areas where standard housing is in short supply. The authorities are encouraged by HUD to include in their leasing programs dwelling units in structures or facilities which are below standard, in cases where the owner agrees to perform the necessary rehabilitation work. This approach can lend a significant contribution to the overall betterment of a community.

4. Homeownership Plan for Low Income Families

The public housing program has recently been extended so that it provides opportunities for homeownership. The program is called HOPLIF, which is a synonym for Turnkey III and an acronym for "Homeownership Plan for Low-Income Families". The LHA may develop or acquire dwelling units for this program through any low-rent public housing production method. The tenant makes payments comparable to the rent applicable for public housing. However, through a lease-purchase arrangement, he acquires an equity in the dwelling unit in two ways: he receives credit for amortization of the indebtedness on the property and also for "sweat equity", that is, for work he does to improve his property. At any time his credit and financial resources are adequate,

he may elect to become a homebuyer. See 7419.1, Low-Rent Housing Homeownership Opportunities Handbook, (Exhibit 3).

HOPLIF allows families of very low income to achieve homeownership. Families with income of as low as \$4,000 per year are eligible for this program.

The HOPLIF program includes a homeownership counseling element. The counseling may be performed by the housing authority or by a private agency. One program in East St. Louis, Illinois, carried on by East St. Louis Associates, has shown progress in relating to the participants through the use of project homebuyers as counselors, discussion groups, and sensitivity training techniques. Near Chicago, 17 of the 52 family units in a turnkey project in Elgin have recently been converted to HOPLIF. East St. Louis Associates has been chosen as the counseling agency for this project, as well. Homeownership projects in Region V are also located in Rockford, St. Paul, (See Exhibit 4) Columbus, Dayton, Cleveland, Toledo, and Gary.

No housing developed under the United States Housing Act of 1937 (42 U.S.C. 1401, et seq.) has been subject to the Workable Program requirement since enactment of the Housing and Urban Development Act of 1969.

B. FHA Mortgage Subsidy Programs

1. Rental Housing

The primary interest subsidy rental housing program today is the Section 236 program. Housing and Urban Development Act of 1968 (12 U.S.C. § 1715-Z-1). The objective of the Section 236 program is to encourage private enterprise to engage in the development of good rental and cooperative housing for lower income families. Section 236 provides for assistance in the form of periodic subsidy payments to the housing mortgagee in order to reduce the mortgagor's interest costs on a market rate FHA-insured project mortgage. (Exhibit 5). The interest subsidy, in turn, makes possible lower rentals or charges to be paid by the occupants of the housing. The interest-reduction formula is based upon the difference in costs required for principal, interest, and mortgage insurance premium on a market rate mortgage, as compared to that required for principal and interest on a mortgage bearing an interest rate of one per cent. The subsidy reduces rentals to a basic charge, and a tenant or cooperative member, will either pay the basic charge, or such greater amount as represents 25 per cent of his income, but not in excess of the charges which would be necessary without any interest-reduction payments. Tenant income limits (135 per cent of the local limits for residency in public housing) have been established to assure that the program serves the housing needs of low income families.

Eligible sponsors and mortgagors include private nonprofit, limited-dividend, or cooperative housing entities. Under Section 106(b) of the Housing and Urban Development Act of 1968 (12 U.S.C. § 1701 X), HUD is authorized to provide technical assistance to sponsors with respect to the construction, rehabilitation and operation of low income housing. Assistance is also provided to nonprofit sponsors in the form of 80 per cent interest-free loans to cover certain preconstruction costs. Furthermore, projects owned by any of the above entities and financed through state or local assistance programs, such as the Illinois Housing Development Authority, are eligible for interest reduction payments under the Section 236 program. A primary advantage of a state housing finance agency is its ability to utilize tax-exempt financing methods, with corresponding savings to the owner-mortgagor. When such financing is coupled with interest assistance payments (or when Section 236 assistance is "piggy-backed" with rent supplement funds), a lower effective rent can result, reaching incomes as low as the incomes of the bulk of public housing occupants.

2. Homeownership

The purpose of Section 235 of the National Housing Act (12 U.S.C. § 1715 Z), is to assist lower income families in acquiring homeownership, or in acquiring membership in a cooperative association. (Exhibit 6). This program provides

for mortgage loans to be made by private lenders to lower-income families at market rates of interest. The Secretary of HUD enters into contracts to make periodic payments to the lenders in the amounts necessary to make up the difference between 20 per cent of the family's monthly income and the required monthly payment under the mortgage for principal, interest, taxes, insurance, and the mortgage insurance premium. In no case, however, can the payment on a mortgaged exceed the difference between the required payment under the mortgage for principal, interest, and mortgage insurance premium and the payment that would be required for principal and interest if the mortgage bore an interest rate of one per cent. Again, certain mortgagor eligibility criteria and purchaser income and asset limits have been established to assure that the program serves low income families. The family's income is required to be recertified at least every two years and appropriate adjustments are then reflected in the level of periodic assistance payments made to the lender by HUD.

3. The Rent Supplement Program

Section 101 of the Housing and Urban Development Act of 1965 (12 U.S.C. § 1701 s) provides financial assistance to enable certain private housing to be available for lower income families who are elderly, handicapped, displaced, victims of a natural disaster, or occupants of substandard housing. (Exhibit 7). Rent supplement payments on behalf of eligible tenants are made to owners of private housing units. The rent supplement payment for a tenant amounts to the difference between

25 per cent of his income and the fair market rental for the unit he occupied. As the tenant's income changes, the rent supplement is increased or decreased accordingly. If his income rises to the point where he can pay the full rent, he may continue living in the same unit, but without rent supplement.

The housing units on which rent supplements are paid must be financed under certain HUD programs such as Section 221(d)(3), Section 236, or under State or local programs that provide loans, loan insurance or tax abatements. Under Section 236, up to 20 per cent of a project's dwelling units may receive such assistance and, under special circumstances, this maximum can be increased to 40 per cent. On the other hand, up to 100 per cent of the units in a Section 221(d)(3) project may be assisted by rent supplement payments.

Rent supplement, when coupled with Section 236 assistance, can achieve effective rents close to public housing levels, thus offering housing opportunities to families of very low income. To this end, the Chicago Area Office has, in recent months, placed a high degree of emphasis on encouraging rent supplement units in all Section 236 projects. (Exhibit 8).

C. FHA Unsubsidized Programs

Several other mortgage insurance programs are designed to provide housing for low and moderate income families. Under Section 221(d)(3) of the National Housing Act (12 U.S.C. § 1715 L),

HUD insures market rate mortgages to finance the construction or rehabilitation of rental and cooperative housing projects of five or more dwelling units. Eligible mortgagors include private nonprofit, limited dividend or cooperative housing entities. Section 221(d)(4) provides for HUD insurance of market rate mortgages on rental housing projects of at least five dwelling units.

(Exhibit 9). This housing is intended for moderate income families, persons aged 62 or over, and handicapped persons, although there are no family income limitations on eligibility for occupancy. Eligible mortgagors are private profit motivated entities. Under Section 221(d)(2), mortgages financing low cost homes for families displaced through governmental action and for families of low and moderate income are insured under more liberal terms than the basic Section 203 homeownership housing program.

D. The New Communities Program

The Urban Growth and New Community Development Act of 1970 (42 U.S.C. § 4511 et seq.), is designed to assist private and public efforts in the development of well planned, comprehensive new communities which, among other things, will contribute to a better environment; provide improved living conditions; make substantial provision for housing within the means of persons of low and moderate income; promote sound economic growth including employment; and, generally provide a viable alternative to disorderly urban growth. (Exhibit 10).

To assist in achieving these goals, Title VII, which incorporates and expands the programs authorized by the New Communities Act of 1968 (42 U.S.C. §§ 3901-3914) (Exhibit 11), authorizes the following forms of assistance:

Guarantees of the obligations of new community developers to assist in financing real property acquisition and land development, including construction of public facilities;

Loans to assist in the payment of interest on the obligations of new community developers, repayment of which can be deferred up to fifteen years;

Public service grants to States or local public bodies to help defray initial costs of essential public services (including educational and health services) with respect to new communities;

Grants up to twenty percent of project costs to States, or local public bodies, to supplement certain Federal public facilities

grants for projects which serve new communities. (Such projects include: urban mass transportation facilities, highways, airports, hospital and medical facilities, public libraries, higher education facilities, neighborhood centers, land and water recreation facilities, open space and urban beautification, water, sewer and wastewater treatment works);

Technical assistance in planning and implementing new community development programs; and

Special planning assistance grants to developers to pay up two-thirds the cost of planning for certain new community development programs.

Title VII also establishes a Community Development Corporation which carries out the functions of the Secretary with respect to loans for, and guarantees of, new community developments.

Basically, the program works as follows: HUD conducts a review of proposed project plans and, upon approval, extends a commitment offer for a specific guarantee amount to the developer. After acceptance, the terms and conditions under which both HUD and the developer will operate are negotiated and specified in a Project Agreement which includes a Development Plan and Trust Indenture. The Development Plan covers the physical and environmental planning and development objectives, as well as social goals and special features of the project. Specifically, the Plan sets forth the pace, scope, and details of the developer's undertakings in terms of one year, three years and long term periods.

As of March 1972, HUD has designated ten projects with a total projected population of 504,510 as "New Communities". Commitments for guarantees totaling 226.5 million have been authorized. It is expected that additional projects will be approved by the end of 1972.

In the Chicago Metropolitan area, the new community of Park Forest South has received a guarantee of up to \$30 million of debt obligations. This new community is located on an 8,200 acre site, approximately 30 miles south of downtown Chicago in northeast Will County, Illinois. A special feature of the project is that rail service will provide a direct commuting link to Chicago. The variety of housing to be built in Park Forest South will assist in satisfying the projected housing needs of families in a broad cross section of the metropolitan housing market. Including current building activities, a total of 37,200 units will be built over a twenty year development period. To achieve the specific objective of providing housing within the means of persons of low and moderate income, the developer has agreed to provide a minimum of 5,800 such units (roughly 16 per cent of the total housing units) over the life of the project. The prices of this low and moderate income housing will be governed by the HUD formulas for Section 235 and 236 housing. Twenty percent of the Section 236 housing will be aided by rent supplement assistance and will be available for persons with incomes as low as \$3,800.

II. HUD PROGRAMS, POLICIES, AND INITIATIVES TO FURTHER EQUAL HOUSING OPPORTUNITY

A. HUD Programs and Regulations

1. Housing For Low Income Families and Title I Programs

The urban renewal programs (i.e., conventional urban renewal, neighborhood development programs, code enforcement, demolition grants, and general neighborhood renewal plans) are all authorized under Title I of the Housing Act of 1949, as amended (42 U.S.C. § 1450 et seq.). Section 101(c) of that Act makes assistance under those programs subject to the workable program requirement. The locality must submit to the Secretary:

"... a workable program for community improvement (which shall include an official plan of action, as it exists from time to time, for effectively dealing with the problem of urban slums and blight within the community and for the establishment and preservation of a well-planned community with well-organized residential neighborhoods of decent homes and suitable living environment for adequate family life) for utilizing appropriate private and public resources to eliminate, and prevent the development or spread of, slums and urban blight, to encourage needed urban rehabilitation, to provide for the redevelopment of blighted, deteriorated, or slum areas, or to undertake such of the aforesaid activities or other feasible community activities as may be suitably employed to achieve the objectives of such a program....."

The Secretary then reviews the workable program and, if acceptable, certified the same for a two year period. For certification, HUD requires that the community have, among other things, standard housing codes and effective code enforcement, a planning program to eliminate slums and blight and improve housing conditions, a program for expansion of the supply of low-and moderate-income housing, and a program to involve low-income and minority group resident in preparation and implementation of the workable program and the plans and programs contained therein. (See HUD Handbook No. 1400.2, Workable Program for Community Improvement, Exhibit 12). Thus, to

receive assistance under Title I of the Housing Act of 1949, a community must have a program to increase the supply of low-and moderate-income housing.

The Housing Act of 1949, as amended, contains a number of other provisions emphasizing the importance of providing housing. These include: the Section 105(f) requirement that a majority of the housing units to be provided in residential urban renewal projects shall be for low-and moderate-income families and individuals, with 20 percent of the units for low-income families and individuals, (42 U.S.C. § 1455 (f)); the Section 105(h) requirement of replacement of units of low-and moderate-income housing demolished in an urban renewal project, (42 U.S.C. § 1455 (h)); and the Section 110(c) requirement that no project calling for demolition of buildings should proceed until it has been determined that the purposes of the project could not be accomplished by rehabilitation of the buildings involved, (42 U.S.C. § 1460(c)).

2. The Housing Element in Comprehensive Planning Assistance Programs and Area Wide Planning Requirements

The Housing and Urban Development Act of 1968 amended Section 701 of the Housing Act of 1954 to require that "Planning carried out with assistance under this section shall also include a housing element as part of the preparation of comprehensive land use plans," (42 U.S.C. § 461(a)). Since the passage of the Housing Element requirement in 1968, HUD has reflected the statutory mandate in the

various rules, regulations and policies governing related HUD grants.

Section 701 Comprehensive Planning Assistance:

Beginning in 1968, all applications from eligible local, regional and state planning agencies for federal financial assistance in the preparation of plans to guide orderly growth and development in each jurisdiction, were required to incorporate an ongoing process of action-oriented planning for the improvement of housing opportunities -- with particular attention to the needs of low income and minority groups. In preparing an initial housing work program component of their comprehensive planning activities for a three to five year period, planning agencies were urged to recognize the unique aspects of their own jurisdiction and to develop innovative approaches in proposed solutions to problems identified. Special emphasis were placed on the following:

1. Preliminary identification, and listing according to importance, of housing-related problems.
2. Preliminary identification and listing of obstacles to solutions of housing-related problems.
3. Presentation of a statement of objectives for achievement of improvements to housing-related problems in quantified terms with specific target dates.
4. Outline of previous and future planning activities related to housing.
5. Outline of previous and future implementing actions, public and private, to be accomplished annually.

Planning agencies were encouraged to provide for annual updating of the housing planning process and to coordinate the housing element with the total agency program and with inter agency housing efforts. Emphasis was also placed on efforts to secure endorsement of the housing element by authorities responsible for housing policy and implementation (Exhibit 13).

Areawide Planning Requirements:

HUD previously issued guides, on a program by program basis, to assist applicant localities in meeting the planning requirements for various HUD capital grant and loan programs having areawide planning requirements established by Congress. In August 1969, however, HUD initiated a certification and annual recertification process, setting forth the criteria and procedures common to the planning requirements of the Water and Sewer Facilities Grant Program and the Open Space Land Program (Exhibit 14). Provision is made for certification regarding (1) the delineation of the areawide planning jurisdiction and designation of the planning organization; and (2) the status of comprehensive planning. The process by which HUD determines whether the planning in an area is sufficient to permit consideration of applications filed by governmental units, or other bodies within the planning jurisdiction, includes a provision for the preparation of a Housing Element.

The Housing Element provisions are consistent with those described under Section 701 Comprehensive Planning Assistance, *supra*. Although achievement of the stated provisions is not mandatory for the initial certification of an Areawide Planning Organization, the accomplishment

of the specific provisions may be made a condition of re-certification.

In many instances the Planning Agency seeking certification as the recognized Areawide Planning Organization is also an applicant Planning Agency for Section 701 Comprehensive Planning Assistance to which the statutory Housing Element requirement applies.

Housing Element Requirement As Applied to the Chicago Metropolitan Area:

Through the 701 Comprehensive Planning Assistance Program, HUD has supported the preparation of plans at the metropolitan level in the Chicago area for a number of years. Due to constraints by Congress, it was not possible to provide 701 funds to cities with a population exceeding 50,000. However, funds have been granted to the designated metropolitan planning agency in the Chicago area, the Northeastern Illinois Planning Commission (NIPC).

Beginning in 1969, NIPC included a Housing Element in its annual Comprehensive Planning work program. The "Initial Housing Element" was prepared with the Lake-Porter County Planning Commission for the two-county Indiana portion of the Chicago metropolitan area. Following publication of HUD guidelines, a three to five year planning activities work program was outlined, with provision made for annual update. The Housing Element was incorporated as an integral part of the overall program design which set forth specific work items in each of the following years.

NIPC staff work has been coordinated with HUD Task Forces dealing with housing concerns affecting the City of Chicago during the past three years.*

* Project No. ILL. P-276, funded FY 1969; Project No. ILL. P-296, funded FY 1970; and Project No. ILL. CPA-309, funded FY 1971.

In addition to HUD support of NIPC efforts in housing planning, federal financial assistance also has been provided to the State of Illinois on behalf of recipient localities under 50,000 population in the Chicago metropolitan area.

It is also anticipated that several cities over 50,000 population in the Chicago area will qualify for federal funding, for the first time this fiscal year; thus extending planning efforts related to critical housing needs in the metropolitan area.

NIPC Regional Housing Programs 1969 - 1972:

The "Initial Housing Element" was prepared by the staff of NIPC and was reported to HUD in September 1969. In this report, the region's housing problems and obstacles were identified and a housing work program was proposed. In May 1970, the housing work program was approved by HUD. The elements of that program are described below:

- (a) Survey of Land for Low and Moderate Income Housing. At HUD's request, a study was prepared by NIPC identifying areas in the region having vacant land suitable and desirable for housing development, with special emphasis on low and moderate income housing. This included a test area consisting of 14 civil townships where the cost of land per unit was estimated to determine the feasibility of developing subsidized housing. The results of this study were and continue to be used by housing authorities in the region, such as the Chicago Housing Authority and the Housing Authority of Cook County, as well as by

developers and municipalities. The study was also used to identify sites suitable for Operation Breakthrough units.

(b) Zoning Study. The purpose of the zoning study conducted by NIPC was to establish the effect of local land use controls on the provision of low and moderate income housing. The chief finding of the study was that local communities control the type of development taking place within their boundaries primarily through the administration of land use controls, rather than through passage of "exclusionary" zoning provisions. The combined findings of the zoning and land survey studies were used by the staff in testimony before the State of Illinois Zoning Laws Study Commission. The purpose of the testimony was to describe how current zoning practices constitute an impediment to the development of low and moderate income housing.

(c) New Community Study. The purpose of this study was to establish the potential of new communities in providing housing for low and moderate income families. It was concluded that new communities can be expected to absorb only a portion of the anticipated growth in the region and, therefore, they have a potential -- but only a limited potential -- in meeting low and moderate income needs.

(d) Current Activities. During the 1971 - 72 work period, the Commission identified the major role of local elected officials in addressing the housing shortage in the region and the mechanism that would link such officials to the housing work of the Commission. As 1970 census data became available, the staff prepared documenta-

tion showing the distribution of housing by cost and condition, the distribution of employment and the patterns of employment growth in the region. These findings were presented at a meeting held December 9, 1971, and since have been distributed widely throughout the region as a staff paper. Also at this meeting, the NIPC staff described the characteristics of the housing shortage and suggested an initial estimate of regional housing needs. In January 1972, the Commission directed the staff to work in cooperation with local leadership and to provide necessary research support to a committee of elected officials. This committee was to be jointly served by several agencies.

In April 1971, the Commission was authorized by the Office of Management and Budget to review housing proposals submitted to HUD-FHA. To date, the Commission has reviewed some 120 housing projects for consistency with adopted plans and policies.

(e) Proposed Future Work Program. A work program for fiscal year 1973 has been proposed by NIPC which contains the following work elements to be accomplished in conjunction with other community leadership organizations:

- (1) Updating and refinement of the survey of areas for residential development and redevelopment, consistent with regional plans and establishment of environmental criteria.
- (2) Completion of the technical work requisite to the housing distribution model and monitoring of progress.

(3) Development of local leadership consensus for acceptance of low and moderate income housing, working through a steering committee of local elected officials. Provision of assistance to localities in meeting local housing needs. Identification of patterns of discrimination and the proposal of new ways to eliminate these practices. Dissemination of information on innovative techniques for accelerating housing production. Provision of mechanisms for citizen participation in housing plans.

The Miami Valley, Ohio Housing Plan:

Perhaps the most illuminating and concrete example of what areawide planning can lead to is the Miami Valley, Ohio experience. Utilizing HUD financial assistance under Section 701 of the Housing Act of 1954, as amended, the five counties comprising the Miami Valley Region, embarked in 1969 upon a bold and unprecedented effort to assess critical housing needs in terms of the entire Dayton-Miami Valley area. The Miami Valley Regional Planning Commission (MVRPC) staff, working with local planning units and citizen organizations, set out to quantify the types and extent of housing shortages; reach some tentative conclusions as to appropriate geographic distribution of new dwelling units; and then translate this data into achievable goals for the sub-areas within the Region. The efforts of the staff culminated in the adoption by the Commission of a housing plan for the erection of new low and moderate income housing throughout the five county area. (See

A Housing Plan for the Miami Valley Region, A Summary, Exhibit 15).

As a result, in part, of the work and leadership of MVRPC, many hundreds of Section 236 subsidized units have been scattered throughout the five-county Miami Valley Region. In addition, the local communities are at least openly discussing the sensitive issue of public housing. To date, the City of Fairborne, Ohio (located 10 miles northeast of Dayton), has approved 100 units of family public housing. Montgomery County has executed a Cooperation Agreement with the local housing authority for 1,000 units of family housing, approximately 100 units of which presently are being built in unincorporated areas of the County. Moreover, the City of Dayton has undertaken a land use inventory to identify areas of opportunity for public housing construction. Presently, there are 285 units of family public housing, on widely scattered sites, either in planning or under construction in the City of Dayton.

Other Housing Distribution Efforts:

There are presently two other areas in the Country where attempts are being made by local communities to translate areawide housing planning into action oriented programs, namely the Washington, D.C. area and San Bernardino County, California. At this point, however, the efforts of these communities are too inchoate to attempt to forecast success potential, or access achievements.

3. Project Selection Criteria System

On February 7, 1972, the HUD Project Selection Criteria System for subsidized housing proposals became effective, (37 Fed. Reg. 203-05 (1972), amending 24 C. F. R. by adding §§ 200.700 - .710) (Exhibit 16). The project selection criteria are to be used by the Department in evaluating proposals for new single-family subsidized housing under Section 235 and multifamily subsidized housing under Section 236 of the National Housing Act, as well as rent supplement projects, and low-rent public housing.

These regulations were first published in the Federal Register on June 24, 1971 (36 Fed. Reg. 12032) for public comment. They were revised in accordance with suggestions received and then republished for further comment on October 2, 1971 (36 Fed. Reg. 19316). There are seven specific criteria on which each proposed project must be evaluated (plus an eighth criterion -- provision for sound management -- in the case of multifamily housing proposals). On each of these criteria, a project may receive a "superior", an "adequate" or a "poor" rating. Those projects with the highest rating are given priority in the allocation of limited HUD program funds; however, a project is not eligible for funding if it receives a poor rating on any criterion.

Several of the project selection criteria relate directly to the achievement of equal housing opportunity for minority and low-income families. Criterion No. 1, "Need for Lower Income Housing", serves to assure that low income housing will be built only where it is needed. Criterion No. 2, "Minority Housing Opportunities", favors projects which will not contribute to further minority concentration. The objective of this criterion is to provide minority families with opportunities for housing in a wide range of locations and to open up nonsegregated housing opportunities that will

contribute to decreasing the effects of past housing discrimination. Criterion No. 3, "Improved Location for Lower Income Families", is designed to weigh the adequacy of community facilities or services and the availability of lower income job opportunities in the vicinity of a proposed project. Some of the objectives of this criterion are to avoid concentrating subsidized housing in any one section of a community and to provide lower income households with opportunities for housing in a wide range of locations.

The remaining criteria deal with other considerations which bear importantly in selecting which housing projects should be funded. Criterion No. 4, "Relationship to Orderly Growth and Development", promotes proposals which are consistent with metropolitan and regional plans and discourages those which are not. Criterion No. 5, "Relationship of Proposed Project to Physical Environment", weighs the effects of housing proposals on the surrounding environment and, conversely, the impact of the environment upon the proposed project. Criterion No. 6, "Ability to Perform", not only requires that the applicant demonstrate satisfactory ability to complete the project, but also that the applicant has complied in the past with equal opportunity guidelines and requirements. Criterion No. 7, "Project Potential for Creating Minority Employment and Business Opportunities", gives recognition to projects which show the greatest potential in this regard. Finally, Criterion No. 8, "Provision of Sound Housing Management", is designed to encourage the development of well managed and maintained federally assisted multi-family housing.

The promulgation of the Project Selection Criteria regulations is consonant with the policies expressed by the President in his June 11th

Statement concerning Equal Housing Opportunity when he noted:

"I interpret the 'affirmative action' mandate of the 1968 Act to mean that the administrator of a housing program should include, among the various criteria by which applications for assistance are judged, the extent to which a proposed project, or the overall development plan of which it is a part, will in fact open up new, nonsegregated housing opportunities that will contribute to decreasing the effects of past housing discrimination. This does not mean that no federally assisted low-and moderate-income housing may be built within areas of minority concentration. It does not mean that housing officials in Federal agencies should dictate local land use policies. It does mean that in choosing among the various applications for Federal aid, consideration should be given to their impact on patterns of racial concentration."

4. Project Selection Criteria for Specified Community Development Programs

On April 14, 1972, the Department published regulations establishing Project Selection Systems for Certain Community Development Programs which become effective on May 15, 1972. (37 Fed. Reg. 7388-96 (1972), amending 24 CFR by deleting § 540. 246 and adding new Parts 511, 541, 551 and 561). (Exhibit 17). These regulations were first published in draft form for public comment last November. (See Notice of Proposed Rule Making, 36 Fed. Reg. 22590-98 (November 25, 1971)). Pending the effective date, the regulations are being applied by the field offices on an informal basis. These regulations will guide the staff in the selection of project applications for funding under four community development programs administered by the Department, namely: the Neighborhood Development Program, the Open-Space Program, the Neighborhood Facilities Program, and the Public Facility Loans Program. The purpose of these regulations is to provide a systematic framework for the evaluation of project applications in the competition for scarce HUD program funds. Applications are evaluated on the basis of compliance with statutory

requirements and technical program standards. Projects are then ranked by means of a point system on a number of basic criteria including: need, local effort to stimulate equal employment opportunity, and whether there has been an expansion of the supply of standard housing for low and moderate income families in the community, outside areas of minority concentration. Thus, communities which actively pursue the expansion of housing opportunities on a non-discriminatory basis have an advantage in the competition for limited program dollars. These new regulations will further the policy announced by the President in his June 11, 1971 Statement, i.e., "We will carry out programs in a way that will be helpful as possible to communities which are receptive to the expansion of housing opportunities for all of our people."

With respect to Water and Sewer Grants, the Department has developed a similar policy designed to select the best proposals for such assistance, whereby it rates applications not only on such fundamental factors as health and need, but also on the basis of the localities' endorsement, or adoption, of the goals of the local areawide planning organization. Furthermore, projects for localities which most successfully advance housing opportunities for low and moderate income families on a non-discriminatory basis, gain additional points in this project rating system. (See 36 Fed. Reg. 24731-33 (1971) (Exhibit 18).

5. Affirmative Fair Housing Marketing Regulations

The Affirmative Fair Housing Marketing Regulations (37 Fed. Reg. 75-76 (1972), amending 24 C. F. R. by adding § § 200.600 - .640) (Exhibit 19), became effective February 25, 1972. The regulations require applicants for HUD-FHA mortgage insurance to carry out an affirmative program to attract

buyers or tenants of all races. The fair housing marketing regulations cover virtually all FHA insured mortgage programs (subsidized and unsubsidized), including: subdivisions; multifamily project; and mobile home courts and dwellings built by developers wherever five or more units are involved.

These regulations were first published in the Federal Register on June 24, 1971 (36 Fed. Reg. 11869) for public comment. They were revised in accordance with suggestions received and they were republished for further comment on October 2, 1971 (36 Fed. Reg. 19320). The regulations are designed to promote a condition in which individuals, of similar income levels in the same housing market area, have available to them a like range of choices in housing, regardless of the individual's race, color, religion or national origin. Under these regulations, each applicant for participation in FHA subsidized and unsubsidized housing programs must pursue affirmative fair housing marketing policies: in soliciting buyers and tenants, in determining their eligibility, and in concluding sales and rental transactions. In addition, the regulations contemplate that developers of FHA insured projects shall recruit their personnel on a non-discriminatory basis and that their marketing programs will typically include advertising to minority persons through minority oriented media. Another significant requirement is that HUD field offices will make available, upon request to interested persons and groups (including for example, minority brokers and fair housing organizations), lists of FHA subdivisions or projects on which FHA has issued commitments.

6. Fair Housing Advertising Regulations

In order to facilitate and promote compliance with the requirements of Title VIII of the Civil Rights Act of 1968, and particularly Section

804(c) thereof regarding advertising acts and practices, HUD published for the benefit of the real estate industry, at large, Advertising Guidelines For Fair Housing. (See 37 Fed. Reg. 6700-01 (April 1, 1972)) (Exhibit 20). These guidelines indicate materials, both graphic and written, that are appropriate for the preparation, publication and general use of advertising matter with respect to the sale or rental of housing.

The guidelines identify words, phrases, symbols and forms most typically used in residential real estate advertising to convey either overt, or tacit, discriminatory intent, the use of which would indicate a possible violation of Title VIII. In addition, it is recommended in the guidelines that if human models are used in display advertisements, the models should reasonably represent both blacks and whites and other appropriate minority groups in the community.

Finally, the guidelines affirmatively suggest methods of assuring equal opportunity in real estate advertising, such as encouraging the use of the Equal Housing Opportunities Logotype, Statement, and Slogan, for display advertising. (See e.g., Exhibit 20). The Department has already discovered that advertising of housing on a non-discriminatory basis has substantially increased, as indicated by the Home Sections of the major Chicago newspapers.

In furtherance of the goals and objectives of Title VIII promoting equal housing opportunity, the Chicago Assistant Regional Administrator for Equal Opportunity has asked publishers of the Chicago daily newspapers to include HUD's Regional Office telephone number in their classified real estate advertising sections. (Exhibits 21 and 22). In this way, readers who feel they have been discriminated against in the sale and rental of

housing, will have ready access to information as to how they may register complaints.

7. The Fair Housing Poster Requirement

To further fulfill the Department's obligations under the "affirmative action" requirement of Title VIII of the 1968 Civil Rights Act, and the President's equal housing opportunity policies, HUD issued regulations (37 Fed. Reg. 3429-30 (February 25, 1972), amending 24 CFR by adding a new Part 110) (Exhibit 23), which require that there be fair housing posters (Exhibit 24), at all offices where dwellings are offered for rental or sale. The fair housing poster advises not only that discrimination in the sale and rental of housing is illegal, but that certain practices such as discrimination in the advertising and financing of housing and in the provision of real estate brokerage services, also constitutes discrimination. Additionally, the poster states that fair housing complaints may be filed with HUD, and gives the address to which complaints should be sent.

The coverage of those who are required to display the posters in connection with the sale or rental of real estate is basically coextensive with the broad provisions of Title VIII. Failure to display the fair housing poster is deemed prima facie evidence of a discriminatory housing practice in any Title VIII complaint investigation.

8. Comptroller General Regulations

HUD has an important fair housing responsibility under Section 808(d) of the Civil Rights Act of 1968, which requires that all executive departments and agencies cooperate with the Secretary of HUD to administer their programs and activities relating to housing and urban development in a

manner affirmatively to further fair housing.

The Department's work with other agencies has focused on those which have the greatest impact on equal opportunity in housing, such as the Federal Home Loan Bank Board (HLBB), the Federal Reserve Board (FRB), the Federal Deposit Insurance Corporation (FDIC) and the Comptroller of the Currency.

A joint policy statement issued on December 20, 1971 by these Federal agencies directs that banks and other financial institutions give public notice that they do not discriminate in making real estate loans. The joint statement was adopted to effectuate the provisions of Section 805 of the 1968 Civil Rights Act, which makes discrimination in the financing of housing unlawful. (42 U.S.C. § 3605).

The statement, in essence, calls for banks and other lenders to:

- (1) Post an "Equal Housing Lender" notice in the lobbies of all of their lending facilities. These posters are to display a logotype symbol indicating nondiscriminatory lending, as well as provide a toll free telephone number for reporting discrimination complaints to HUD;
- (2) Indicate in all direct and indirect advertising that their real estate lending practices are nondiscriminatory;
- (3) Not use "words, phrases, symbols, directions, forms, models or other means" that show discrimination; and
- (4) Use the logotype symbol for nondiscriminatory lending in all advertising.

At the time of issuance of the policy statement, the FDIC, HLBB, and the Comptroller of the Currency revealed that proposed regulations in regard to real estate financing under the 1968 Act were being considered.

Such regulations were to deal with (a) record-keeping of mortgage applications and oral inquiries, (b) lobby notices on nondiscriminatory lending, and (c) prohibitions on discriminatory advertising. Since that date, the Home Loan Bank Board has issued, for public comment, proposed regulations which would require savings and loan associations to set up a new system of records designed to prove nondiscrimination in their real estate lending practices, which records could be used for later review by management and by Bank Board examiners to assure compliance with Title VIII. The Bank Board's proposed regulations also prohibit advertising implying a policy of racial discrimination and require an equal housing lender logo where practical in advertising for loans. Each office must also display an equal housing lender poster with information for prospective borrowers on procedures for registering complaints.

B. Housing Discrimination Complaints under Title VIII of the 1968 Civil Rights Act

1. Investigation of Complaints

Title VIII of the Civil Rights Act of 1968, entitled "Fair Housing ", (42 U.S.C. § 3601 et seq.), recites that it is the policy of the United States to provide, within constitutional limitations, for fair housing throughout the country. It places the authority and responsibility for administering the fair housing provisions and investigating complaints on the Secretary of the Department of Housing and Urban Development.

This Title provides protection to all citizens of the United States from the following acts, where they are based on discrimination because of race, color, religion or national origin:

- (1) Refusal to deal. To refuse to sell or rent, or to negotiate for the sale or rental of, or to otherwise make unavailable or deny, a dwelling.
- (2) Discrimination in terms. To discriminate against any person in the terms or conditions of sale or rental of a dwelling.
- (3) Discriminatory advertising. To make, publish or print any statement with respect to the sale or rental of housing, indicating any racial, religious or ethnic preference, or an intention to discriminate.
- (4) False representations. To represent falsely to any person that a dwelling is not available for inspection, sale or rental when such dwelling is in fact so available.
- (5) Blockbusting. For profit, to induce or attempt to induce owners to sell or rent dwellings by representations

regarding the entry into the neighborhood of a person or persons of a particular race, color, religion, or national origin.

(6) Discrimination in financing. To deny a loan to any person or to discriminate in the fixing of the terms or conditions of a loan.

(7) Discrimination in real estate brokerage services. To deny access to or participation in any multiple-listing service, real estate brokers' organization or other service, organization or facility relating to the business of selling or renting dwellings.

These prohibitions apply to virtually all dwellings except:

- (1) single-family homes sold or rented without the use of a broker and without discriminatory advertising; and
- (2) rooms or units in dwellings containing living quarters for no more than four families living independently of each other, provided the owner actually lives in one of them.

As stated above, the Secretary of HUD is authorized to receive, investigate, and conciliate fair housing complaints. He must refer complaints to states or localities that have fair housing laws providing rights and remedies "substantially equivalent" to Title VIII. In cases where conciliation proves ineffective, the individual is free to file a civil action in the appropriate local court or federal district court (42 U.S.C. §3610).

As an alternative to the procedures outlined above, persons injured by discriminatory housing practices may elect to forego filing a complaint with HUD and file a civil action directly in the appropriate

federal district court, or local court of general jurisdiction. Remedies available are injunctive relief, actual damages, and up to \$1,000 in punitive damages, (42 U.S.C. §3612).

In calendar year 1970, the Department received 1,028 complaints. The number increased significantly in 1971. (Exhibit 25). The number of complaints the Department has successfully conciliated also has been steadily increasing. (Exhibit 26). A successfully conciliated complaint is one in which the complainant and the person charged with discrimination come to an agreement on an appropriate remedy for the alleged discrimination. An important aspect of the Department's administration of the complaint procedure is that it frequently results in equal housing opportunities for countless persons who have not themselves sought the Department's help. Settlements which result from a complaint often provide that the person or company accused of discrimination will advertise and market his housing affirmatively to reach minorities. The Department is continuously seeking to expand equal housing opportunities by fashioning broad, effective, affirmative relief as part of Title VIII conciliation agreements. The Department has worked to make it as easy as possible to file a complaint: it may be in any written form and may even be communicated to the Department by telephone.

2. "HUD Opens Doors" Campaign:

In its endeavor to encourage persons who feel that they have been discriminated against to file complaints, HUD began, in June of 1971, a mass media fair housing advertising campaign in Washington, D. C. and the five surrounding states. The campaign was designed to let people know their individual rights under the Fair Housing provisions (Title VIII) of the 1968 Civil Rights Act. A 30-second spot advertisement entitled

"HUD Opens Doors" was distributed to all radio (Exhibit 27) and television (Exhibit 28) stations. Newspaper ads were run (Exhibit 29) and posters, in English and Spanish (Exhibits 30 and 31) were sent to HUD field offices and local housing and civic groups. The unique feature of the campaign is the use of a WATS telephone line by which individuals may make toll-free calls to HUD's Central Office in Washington, D. C. to report complaints of discrimination.

Due to the success of the pilot program, on November 1, 1971, HUD expanded its all-media fair housing campaign to cover all states east of the Mississippi River. Ultimately, the campaign will be nationwide in scope. As the first step, the Office of Public Affairs in Washington sent a spot announcement to every television station and the majority of radio stations in the expanded area. A form letter (Exhibit 32) was sent to Chicago stations (Exhibits 33 and 34). A follow-through was carried out by Regional Equal Opportunity personnel to inquire as to whether the stations had received the spot announcements and to encourage the stations to use them.

As a second step, regional staff conducted area meetings to introduce community fair housing groups and organizations to the public service advertising campaign; to request that they order posters; and that they contact their local media urging that the spot announcements be used. (Exhibit 35, HUD News Release of 11/9/71 publicizing the Chicago meeting). The Directory of Housing Agencies in the Chicago Metropolitan Area, compiled by the League of Women Voters of Cook County, was the directory used to notify appropriate organizations. (Exhibit 36).

To date, meetings have been held with community representatives

in Chicago, Champaign, East St. Louis, Detroit, Flint, Cleveland, Toledo, Indianapolis, and South Bend; more are scheduled in the coming weeks. Literally thousands of posters have been distributed. An order blank was inserted in each packet given attendees which enabled them to order as many posters, pamphlets and complaint forms as they need and these orders have been coming in every day.

3. Enforcement Proceedings:

Section 813 of Title VIII states:

"Whenever the Attorney General has reasonable cause to believe that any person or group of persons is engaged in a pattern or practice of resistance to the full enjoyment of any of the rights granted by this Title, or that any group of persons has been denied any of the rights granted by this Title and such denial raises an issue of general public importance, he may bring a civil action in any appropriate United States district court."
(42 U.S.C. §3613)

The Secretary has referred and/or recommended many cases to the Attorney General for the institution of suit pursuant to this section. In other cases, the Attorney General has requested the Secretary's recommendation as to the advisability of instituting such proceedings. The General Counsel provides the Assistant Secretary for Equal Opportunity with periodic reports summarizing the recent actions filed by the Attorney General relating to Fair Housing. The great majority of these cases allege violation of Title VIII. (See Exhibits 37 through 41).

Of particular note is the case of U. S. v. Homestead Realty, Inc., No. 71 C 205 (ND, Ill., 1971). In that suit, the Government alleged the defendant had pursued a policy and practice of furthering and perpetuating racially segregated residential patterns in the suburbs of Chicago, by failing and refusing to show black persons listings of houses in predominantly white neighborhoods and vice versa, all in violation of Title VIII.

After presentation in court of the Government's evidence, the defendant agreed to a consent order. That order sets forth a comprehensive affirmative action program involving all aspects of the Company's operations, including advertising, employment and record-keeping.

The Government filed, in the U. S. Supreme Court, an amicus curiae brief on behalf of the plaintiffs in the case of James, et al. v. Valtierra, et al., 402 U.S. 137 (1971), because it was felt that the California constitutional provision which requires local referendum approval of public housing projects was invidiously discriminatory. The U. S. Supreme Court ruled, however, that the referendum requirement was a valid exercise of the democratic process, absent any evidence that it was being utilized for racially discriminatory purposes.

Perhaps the most significant Title VIII action to date by the Department of Justice is United States v. Black Jack, Missouri, No. 71 C 372 (DC Mo. 1971). Suit was filed against a Missouri municipality after it incorporated and enacted a zoning ordinance which had the effect of excluding a proposed federally-assisted low income housing project that was to be marketed on a nondiscriminatory basis. The Government alleges that the exercise of defendant's municipal powers by enactment of a zoning ordinance prohibiting any new multi-family use or occupancy constitutes a pattern or practice of resistance by the City to the full enjoyment of rights secured by Title VIII, and a denial to groups of persons of the rights granted by Title VIII which raises an issue of public importance.

There are a significant number of cases in which the Attorney General has filed a responsive pleading in order to promote equal housing opportunity (Exhibit 42). Also, many fair housing cases have been con-

cluded by consent decree.(Exhibit 43). Thus it is evidence that the Government and the Secretary are committed to the full and vigorous enforcement of Title VIII against any who would deny rights to equal opportunity in housing. This commitment remains firm whether the discriminator is a real estate broker, a management agent, a lending institution or a municipality.

C. Other HUD Initiatives

In addition to the on-going HUD programs discussed under A and B, HUD has devoted a major portion of its Research and Development authority and funding to a search for solutions to: (a) the production of housing within the means of low-income families; and (b) the problem of equal opportunity in housing for all families.

1. Operation Breakthrough

Operation Breakthrough was announced by Secretary George Romney in May 1969, as a demonstration program to develop, test, and promote the best in technologically advanced systems for factory produced housing. The basic program objective is to increase the overall productive capacity of the American housing industry through the application of advances in building materials, construction techniques, site planning, and management and financing methods. The result will be the production of quality housing utilizing assembly line techniques, and the creation of better communities for Americans of all incomes. Stated another way, the program is intended to help overcome the nation's housing shortage, while contributing to an improved living environment. Among the subsidiary objectives are these: encouraging new technology; improving architectural design and site planning; using the full range of labor skills in housing construction; reducing rising costs; overcoming building code, zoning and labor constraints; encouraging more and better methods of financing; utilizing efficient management techniques in housing production; improving marketing methods; and identifying and aggregating larger markets for housing producers. The program is funded by Congressional appropriations for HUD Urban Research and Technology. (Exhibit 44).

The Breakthrough effort has consisted of a three-phase approach. Phase I, Housing System Development and Design; Phase II, Prototype Construction Demonstration and Evaluation; and Phase III, Volume Production and Marketing.

In Phase I, HUD sponsored a national competition for housing system proposals. Nearly 550 entries were received and evaluated. Ultimately, 22 housing system producers were selected to build their prototype models on Operation Breakthrough sites. Each of the 22 Breakthrough housing system procedures employ individual housing technology, utilizing different materials and construction methods. Taken together, these systems include a range of housing, for all income levels, and are adaptable to varying climatic and site conditions, in urban, suburban or rural settings.

Phase II involved the construction of 2,800 units on nine prototype sites in eight states. (Exhibit 44 at page 21). Each of the prototype developments display a broad array of housing systems and types of living units, utilizing imaginative land use and planning concepts. Every housing type, from high-rise construction to single family detached, is included on the sites and is carefully blended with the topography, location, and other characteristics of the particular site. Optimum utilization of sites has been attempted by the competitive selection of site planning firms to assist HUD in overall land planning. These prototype developments are intended as a visual demonstration of each selected Breakthrough housing system, as well as a vehicle for their

testing and evaluation. In addition, these developments will illustrate how creative site planning can contribute to better living environments. Housing at the various sites can also demonstrate the potential for stable and harmonious relations in situations of social and economic mix.

Work is progressing on all of the nine Breakthrough sites, and all sites, with the exception of Jersey City, are scheduled for completion this year. An example of the innovative Breakthrough approach is the 33.8 acre, 245-unit site located a short 10-minute ride from the central business district of Kalamazoo, Michigan. The development is set on a bluff, overlooking a park and a lake. It incorporates the housing systems of seven of the housing system producers, consisting of town-houses, low-rise garden apartments, a medium rise (4 story) apartment building and single family detached houses. The site plan provides for distinct vehicular-pedestrian separation by grouping clusters of housing units off two, nonconnecting access roads. A community center and swimming pool provide a focus for social activities. As of March, 1972, 186 units are substantially completed, of which 72 have been sold or rented.

Another concern of Breakthrough has been to assure that volume markets for the housing produced by Breakthrough systems will be available. The market aggregation effort includes the assembly of marketing, demographic and site information for Breakthrough procedures. Further, studies have been undertaken to determine how to best adapt

Breakthrough systems to the myriad of disparate and often restrictive local building and zoning code requirements of thousands of localities throughout the country. As a result, Breakthrough housing systems have been evaluated and tested against performance standards which assure that they will be at least as safe as traditionally built houses that are acceptable under the local building codes.

While no direct financial support will be furnished for volume production under Phase III, there are incentive arrangements under other HUD programs to foster the use of Breakthrough housing systems throughout the country. For example, priority will be given in the allocation of HUD housing assistance funds (principally the home-ownership and rental assistance programs established by Sections 235 and 236 of the 1968 Housing Act, the public-housing program, including Turnkey and leasing, and the rent supplement program), to proposed housing developers who plan to use Breakthrough housing systems. The State of Illinois, through its Department of Local Government Affairs, Office of Housing and Buildings, in cooperation with HUD, is undertaking a new public housing pilot program resulting in the construction of 400 modular units at seven sites which will utilize the Breakthrough housing systems. These units will be erected in Grundy, Schuyler, Cass, Union, Fayette, St. Clair and Crawford Counties. Similarly, 200 units of housing financed under the Section 236 program will be erected in East St. Louis. Communities facilitating the use of Breakthrough systems for housing for all income levels will be given priority funding by HUD

for supporting water and sewer facilities, community facilities, and urban renewal financing.

The Breakthrough attempt at removing constraints on large-scale housing production and marketing has yielded tangible results:

Twenty states have enacted state-wide industrialized housing laws, or general purpose building codes; none of which were in effect prior to Breakthrough. Thus, housing systems meeting State standards and approved by the State must be accepted everywhere in the State, without regard to local code requirements.

Over 100 labor contracts have been signed with building trade unions for factory production of housing on an industrialized basis. These agreements set special factory wage rates which are lower than on-site construction rates and permit the employment of semi-skilled workers and provide minority training opportunities.

By the end of 1971, over 5,000 housing units were processed for construction with Breakthrough approved systems, and that number will increase to 25,000 this year.

It should be apparent that within a relatively short period of time, Breakthrough has contributed greatly to the advancement of equal housing opportunities by inspiring quality, volume production of housing units within the economic means of every citizen.

2. Research and Technology Grants to Promote Equal Housing Opportunity

Pursuant to statutory authority authorizing the Department to make research and technology grants to qualified applicants, HUD has entered into contracts with organizations in Chicago, Washington, D. C., and San Francisco to develop and test techniques for achieving an open housing market system. These efforts are intended to identify effective methods, which can be duplicated in other metropolitan areas, to increase housing opportunities for minority citizens by eliminating the discriminatory dual marketing system which exists in the sale or rental of housing. The San Francisco grant to the National Commission Against Discrimination in Housing helped finance television and radio spot announcements which stressed the illegality of discrimination in housing and established a complaints referral desk, manned by Stanford University students. This program was, of course, a genesis of the Department's all-media advertising campaign, discussed supra.

The grant to the Leadership Council for Metropolitan Open Communities in Chicago, the Secretary declared, "has been more successful than any other effort in the country in identifying and strengthening legal methods of beginning to eliminate a dual housing market within a metropolitan area". The Leadership Council is a not-for-profit corporation which was formed in the wake of open housing demonstrations by a civil rights coalition led by the late Dr. Martin Luther King in 1966. Leaders of Chicago's government, business, real estate, trade unions, religious organizations, and civil rights groups met to find new ways to break down racial barriers in the real estate market throughout metropolitan Chicago. Representatives of

these same groups now serve on the Board of Directors of the Leadership Council, overseeing the efforts of a fulltime staff in combating housing discrimination.

From its inception, the Leadership Council assisted in the formation of community-based fair housing groups; worked for the passage of fair housing ordinances; provided information and assistance to minority families seeking housing outside urban ghettos; spoke out in the interest of low and moderate income families; and sponsored area-wide community education projects. However, these efforts, though fruitful, were not enough. A new legal approach to this problem was introduced in 1969, and it became, with the help of a contract with the Department of Housing and Urban Development, the Leadership Council's most effective program during 1970. The legal approach, in short, amounts to the vigorous utilization and enforcement of the federal fair housing laws. A staff of four full-time attorneys, buttressed by the work of full-time investigators and approximately 25 volunteer lawyers who donate time as needed, file lawsuits on behalf of minority families in the United States District Court in cases of racial discrimination in housing. The Council's staff attorneys comprise the only organized professional legal staff in the country dealing exclusively with equal housing opportunity. There are dual goals of the Council's Legal Action Program: (1) to provide speedy and effective legal relief to minority families experiencing racial discrimination in housing, by filing lawsuits on their behalf in Court; and (2) to build a body of law around the Federal statutes, establishing the right of aggrieved persons to affirmative housing

remedies and damages through case precedent, and to thereby open up a new field of practice for private attorneys.

The Council's legal program to date has had highly successful results. By the end of February 1972, 166 lawsuits had been brought under the auspices of the Leadership Council on behalf of minority families alleging racial discrimination in housing. (Exhibits 45 and 46). Twenty-six cases were pending in court as of the end of February. Of the 141 cases in which litigation had been terminated, only 20 resulted in judgments for defendants named in the suits. Thirty-five had been dismissed voluntarily, usually as a consequence of the plaintiff obtaining the housing unit sought. Sixty-one cases resulted in agreed orders and damages for plaintiff in settlement, and judgments for plaintiff occurred in 14 suits. Five lawsuits were withdrawn by plaintiffs before litigation began.

The scope of appropriate relief being sought has been greatly expanded. In the early development of the program, the principal, although not exclusive, concern was the acquisition of the home or apartment on any terms. Now, more long-term remedies are sought, such as requirements that a real estate broker's advertising policy reflect an equal housing policy. Council attorneys also have pressed for and obtained money damages for mental anguish on the theory that the injury is to the ego, rather than to the limb as in a personal injury case.

A recent case, Seaton v. Sky Realty Co., Inc. _____ F. Supp. _____, (N.D. Ill. March, 1972), is particularly encouraging to the Council's efforts to make the Federal fair housing laws work. The court found that the plaintiffs had amply demonstrated that the realty company and two of its agents

had systematically engaged in violation of both the 1866 and 1968 Civil Rights Acts. In addition to joint and several judgments of \$500 representing actual damages, the court assessed each of the three defendants \$1,000 punitive damages as individual liabilities and individual judgments.

In an effort to gain greater involvement by the private bar in housing discrimination cases, the Leadership Council co-sponsored with the Department of Housing and Urban Development and the University of Illinois College of Law, a conference on fair housing on December 10, 1971, at Champaign, Illinois. The title of this conference was the Role of the Private Attorney in Fair Housing Law. (Exhibit 47). The day-long program included a Lawyer's Workshop during which Leadership Council staff attorneys explained the "how to's" of fair housing practice from preliminary relief to post trial motions. It was the hope of the sponsors that the instructions, and model complaints, interrogatories, and related legal documents distributed would encourage the assembled private attorneys to take fair housing cases.

As Samuel J. Simmons, HUD's Assistant Secretary for Equal Opportunity, stated at the conference luncheon:

"Effective relief before the public agency frequently depends upon the credibility of threatened litigation. Thus, the presence of a cadre of private attorneys throughout the state, able and willing to represent complainants in fair housing cases is a prerequisite to converting the Law's rights into remedies. I am encouraged that the economics of fair housing litigation is such that there exists incentives other than fame and glory or a strong social conscience to eliciting the Bar's interest in this largely neglected area."

In addition to the legal action program, the Leadership Council has initiated other programs to aid minority groups seeking housing outside the inner city. See "A Report of the Activities of the Leadership Council for Metropolitan Open Communities". (Exhibit 48). A cooperative program was also established in 1970 between the Leadership Council and an association of black real estate brokers, to assist them in obtaining membership in real estate boards and multiple listing service groups throughout metropolitan Chicago. This will enable minority brokers to obtain listings of homes for sale outside the black community and to show those homes to minority families.

To open up new sources of housing supply near burgeoning industrial centers in the suburbs, a sister corporation, the Metropolitan Housing Development Corporation, was formed in 1968. (Exhibit 49). MHDC acquired land in South Elgin in 1970, upon which 39 single family homes are being constructed and offered to lower income families under Section 235 of the National Housing Act. Additional plans for the development of 190 town-house-styled rental units on fifteen acres of land in Arlington Heights were completed in late 1970, and MHDC is currently seeking a zoning change from Arlington Heights village officials. These are the first in a series of plans to add 1,000 new housing units throughout the six-county metropolitan area, priced so that families of modest means can afford them.

To build support for equal opportunity housing and to provide a larger supply of investigators, in connection with the legal action program, the Leadership Council intensified its assistance programs to voluntary fair housing groups during 1970. Leadership Council staff meets with citizens'

action organizations throughout Chicago and suburbs to help formulate cooperative programs and to provide moral support.

A third HUD research and technology grant was made to the Washington Center for Metropolitan Studies to develop, test, and report on methods of enlarging opportunities for minority homeowners in the Washington, D. C. metropolitan area. The project aim is to relieve population growth pressures on the available supply of central city housing by attacking the economic and social restrictions which confine large numbers of minority residents to the urban core areas.

The Washington Center program includes the establishment of an operating information system dealing with the total metropolitan housing supply and the minority housing market, including periodic analyses of the characteristics, needs, and preferences of the prospective minority market for private housing. The Center is developing a series of consumer publications designed especially for minority homeseekers. This effort has resulted in the Homeseekers' Guide to Fairfax Co., Va. (Exhibit 50), and the Homeseekers' Guide to Arlington Co. and the City of Alexandria, Va. (Exhibit 51).

In addition to the Consumer Guides, Washington Center is developing a model affirmative action program for the real estate industry in advertising, staffing and selling, in accordance with HUD's affirmative marketing guidelines. This project is designed to assist HUD in encouraging communities to achieve fair housing.

3. Research and Development Housing Allowance Experiment

The Department of Housing and Urban Development has launched a new research program to evaluate the concept of channeling Federal assistance

directly to families in need of housing instead of through organizations in the business of providing housing.

The experimental program will produce information upon which to base key decisions: first, the decision as to whether the direct assistance approach is in fact a tenable one; and decisions as to how and in what form the direct assistance can best be administered.

Under the concept to be tested, direct payments will be made available to families in need. The families may canvass the market to select housing of their choice. Because the payments are made to a family instead of being attached to a specific housing unit, they will follow a family that moves from one unit to another so long as its income is so low as to require assistance. This direct form of housing assistance expands a family's housing choice and provides for its free movement in the housing market.

This research effort is designed to determine whether it is desirable to add a new element to the range of housing subsidy programs now available or to adjust existing programs. The present system of subsidies tied exclusively to specific housing units may not be the most effective means of providing for the shelter needs of America's lower income families. This system has some weaknesses in terms of both cost and equity, and there are difficulties in administering programs that identify particular buildings or houses as "poor people's housing". The housing allowance, which permits the recipient to shop for housing throughout the entire market, and permits a degree of anonymity, appears potentially to have significant advantages.

Research of this type is authorized by the Housing Act of 1970, and the experimental program that has emerged from a year-long design effort

has been approved by the Secretary of Housing and Urban Development. The experiment will be conducted as a part of the Housing Assistance Research Program under the direction of the Assistant Secretary for Research and Technology.

The direct assistance approach is not a new idea. What is new is the idea of a detailed, methodical research effort to determine the values -- pro and con -- of such an approach and to test alternative administrative mechanisms for initiating a full-scale national program.

At this point there is no unanimity of professional opinion with respect to the value of this type of assistance. Will recipients of assistance be able to find decent housing? Will they really take advantage of the increased mobility offered by the assistance? Should a large investment be made in a program that will not add directly to the nation's stock of new housing? Will landlords rehabilitate substandard properties and increase maintenance? Will allowances have mainly an inflationary price effect on the housing market? There are opinions on both sides of these and other crucial questions. But there are no definitive answers. The experimental program is designed to provide answers gained from observation and analysis of actual tests and demonstrations.

A full-scale, relatively long-term research effort as a prelude to the possible enactment of legislation or establishment of a social program is a new approach in our housing programs. In the past, new programs and policies generally were put into effect with little or no preparatory testing to disclose potential problems and to give an objective basis for determining the

kinds of administrative arrangements that are needed to make new programs and policies work.

This time the concept will be pre-tested. The experimental program has three main elements:

A Demand Experiment that will analyze the use of direct housing assistance by some 1,000 families in each of two to five metropolitan areas of over 500,000 population. Different forms of direct assistance will be tested, and the ways in which they are used by the participating families will be measured and compared. This consumer-oriented experiment will involve relatively small numbers of families living in relatively large communities. For this reason, it cannot and is not intended to assess the true market effects of this kind of assistance.

A Supply Experiment will generate information about market effects. Some 5,000 to 10,000 families, enough to simulate a full-scale national program, in each of two smaller metropolitan areas will receive direct housing assistance payments. This volume of assistance will produce significant and observable effects on the local housing markets. Thus, the experiment will produce many of the answers that are needed before a national program could be undertaken: Will rents become inflated? Will housing rehabilitation and maintenance increase or decline? Will investment be stimulated? Will families exercise their broadened choices to attain decent housing in suitable neighborhoods?

Administrative Agency Demonstrations will be conducted to evaluate the effectiveness of various agencies in administering housing assistance. Federal, State, metropolitan and local government agencies, as well as private non-profit organizations, will administer direct assistance programs involving a total of approximately 10,000 families in up to twelve cities, counties, towns and rural areas of differing sizes. In response to an invitation from HUD, a number of private firms submitted proposals relating to the conduct of these experiments and the analysis and evaluation of experimental findings. Selected firms, together with agencies of State, metropolitan, and local government, will be involved in carrying out the program, as will the Regional and Area Offices of HUD. In concert, they will pursue an experimental approach to the solution of a difficult and long-unresolved problem: how to provide decent housing for all Americans.

HUD is now funding a prototype three-year program in Kansas City, Missouri, in which low-income families are given a monthly allowance to apply toward the rent in housing of their choice. The experiment is being carried out as a part of the Kansas City Model Cities program, and payments to participants are made through the Housing Development Corporation Information Center.

At present there are about 102 active participants in the program who receive shelter allowances. They choose their own housing and use the allowance to ease the burden of their monthly rental payments which are greater than they otherwise normally could afford.

The program so far appears to have a number of advantages. It makes use of the existing housing stock, preventing its further deterioration and eliminates the delays inevitable in federally-subsidized new construction. In Kansas City, of the 102 participants, 89 percent previously lived in substandard housing and 11 percent in public housing. Under the program, all moved into standard housing within eight weeks. The housing allowance also gives the tenant some leverage; since he can choose his own housing, the landlord is given an incentive to better maintenance. The tenant gains a bonus in self-esteem since he is living in private housing rather than under the stigma of public housing, or federally-subsidized housing. Finally, the housing allowance appears to be an inexpensive way to move families into better housing. Studies by the Urban Institute, a nonprofit research organization, indicate that about twice as many families could be helped through the housing allowance as are presently aided by the HUD subsidized mortgage insurance programs.

4. Homeownership Counseling

In addition to the HOPLIF homeownership counseling program mentioned, supra, counseling is also available under the Section 235 and Section 237 mortgage insurance programs. See HM 7610.1, Counseling for Homeownership for Low and Moderate Income Families. (Exhibit 52). Under the 237 program, counseling is mandatory. The program serves those whose credit history, or irregular income patterns would normally render them ineligible for the other mortgage insurance programs. Under 237, the counseling agency's recommendations as to the participants' willingness and ability to assume

the burdens of ownership in the future carry great weight.

Section 237 counseling in the past has been carried on, without reimbursement, by private agencies who have contracted with HUD to perform the service. About 95 agencies around the country have been involved. A contract to perform this service is about to be signed as part of the Rock Island, Illinois model cities program, and discussions have been going on with a number of agencies in Chicago. Under 237, the agency screens the applicant and makes recommendations as to eligibility for 237 counseling to HUD; counsels the applicant for from six months to three years; and acts as a social service liaison to help him get additional help for other problems. Successful Section 237 counseling programs have been carried on in Detroit and Milwaukee by the Detroit Credit Counseling Centers and the Northside Citizens Community Improvement Corporation, respectively. In Milwaukee, a number of other agencies such as the St. Vincent DePaul Society and the Lutheran Social Action Committee became involved in the program and contributed money for downpayments. A complimentary appraisal of the Milwaukee program is contained in the August 1971 issue of "The Mortgage Banker Magazine."

The Section 235 counseling program is somewhat broader than that available under 237, since it goes beyond credit counseling to deal with a wide variety of homeownership problems. Under 235, an agency is certified by HUD to perform counseling services and then receives a \$100 fee, usually from the Seller.

A notice in the Federal Register on February 2, 1972 announced an extension of both the 235 and 237 programs. (Exhibit 53). The \$100 fee

payment will now be available from under both programs in fifteen cities across the country. (Exhibits 54 and 55). Two cities, Detroit and Milwaukee, will use the arrangement in Region V. Depending on the results in the first fifteen cities, funding may be extended.

5. Equal Opportunity in Housing Law Reporter

Volume One of the Prentice-Hall, Inc., looseleaf Equal Opportunity in Housing law reporter was issued September 27, 1971. This reporter, prepared and published in cooperation with the U. S. Department of Housing and Urban Development, reviews and analyzes statutes, regulations, decisions and opinions in the rapidly developing field of fair housing. It is expected that the service will prove to be an invaluable tool to practicing attorneys, as well as to the State Attorneys General, fair housing groups, and the other interested parties to whom HUD is making distribution.

6. The Option Process

Earlier this year, Secretary Romney announced his intention to schedule a series of meetings with state and local government officials, as well as other community leaders in five cities throughout the United States. The Secretary declared that the purpose of these meetings would be to explore ways in which federal assistance might be used more effectively to cope with urban problems, and particularly the mounting rate of housing abandonment and mortgage foreclosures in inner city neighborhoods.

It is the view of this Department that the major problems affecting housing and the quality of urban life can be dealt with successfully only at the local level. Communities which recognize this fact and seek solu-

tions in terms of the "Real City" (i.e., metropolitan area-wide approaches), will find strong support from the federal government.

The first two such meetings have been held: Wilmington, Delaware, March 30, 1972; and St. Louis, Missouri, April 6, 1972. Additional meetings are planned in Detroit, Michigan, Boston, Massachusetts and Philadelphia, Pennsylvania.

The Secretary has emphasized that these meetings will not be confined solely to housing issues, but will address the broader socio-economic questions that bear importantly on the maintenance of sound, stable communities. It is anticipated that other federal agencies comprising the Federal Regional Councils will participate in these meetings.

The Secretary has stressed that federal officials will not bring preconceived panaceas, or try to impose solutions, but rather they will listen to approximately 200 local leaders and government officials who will be invited to attend these meetings. It is hoped that these meetings will yield positive results which will serve as a model for action by other concerned localities throughout the country.

7. The Arrangement Strategy

The Chicago Regional Office pioneered an effort known as annual arrangements, now commended by the Secretary to all field offices. The annual arrangement is an attempt to deliver HUD programs to willing communities on an overall coordinated basis. This Region has entered into arrangements with Gary, Indiana, Milwaukee, Wisconsin, and Rockford, Illinois. In each case, the arrangement has included provision for low and moderate housing in the participating community.

INDEX TO EXHIBITS

1. Low-Rent Housing Guide, Orientation to the Program, HM G 7401.3, April 1971
2. Low-Rent Housing Turnkey Handbook RHA 7420.1, June 1969
3. Low-Rent Housing Homeownership Opportunities Handbook, 7419.1, December 1971
4. Home Ownership Program for Low-Income Families (HOPLIF), prepared by Housing and Redevelopment Authority of the City of St. Paul, Minnesota
5. Rental and Cooperative Housing for Lower Income Families, HPMC-FHA G 4442.17, Section 236 Program Guide, September 1971
6. Homeownership for Lower Income Families, HPMC-FHA 4441.1A, Section 235 Program Guide, September 1971
7. HUD-FHA Assisted Program for the Rent Supplement Program, HUD-91-F (3), January 1971
8. Chicago Area Office form letter and attachments re: rent supplement in Section 236 projects
9. HUD-FHA Non-Assisted Program for Rental Housing for Moderate Income Families, HUD-143-F (3), January 1971
10. Excerpts from Urban Growth and New Community Development Act of 1970, Public Law 91 - 609, 84 Stat. 1770, Approved December 31, 1970
11. Outline of New Communities Assistance Programs, January 1971
12. Workable Program for Community Improvement, Application Processing Procedures, Handbook 11, HUD 1400.2, December 1971
13. Excerpt from 37 Fed. Reg., April 1, 1972, p.p. 6667-74 (Comprehensive Planning Assistance)
14. Areawide Planning Requirements, Circular MPD 6415.1A, July 31, 1970
15. A Housing Plan for the Miami Valley Region, A Summary, prepared by Miami Valley Regional Planning Commission, July 1, 1970
16. Excerpt from 37 Fed. Reg., January 7, 1972, p.p. 203-05, plus appendix (Project Selection Criteria)
17. Excerpt from 37 Fed. Reg., April 14, 1972, p.p. 7388-96, (Project Selection Systems for Certain Community Development Programs)

18. Excerpt from 36 Fed. Reg., December 22, 1971, p.p. 24731-33, (Evaluation of Preliminary Applications for Basic Water and Sewer Facility Grants)
19. Excerpt from 37 Fed. Reg., January 5, 1972, p.p. 75-76, (Affirmative Fair Housing Marketing Regulations)
20. Excerpt from 37 Fed. Reg., April 1, 1972, p.p. 6700-6701, (Advertising Guidelines for Fair Housing)
21. Letter from Assistant Regional Administrator for Equal Opportunity to the Publisher of the Chicago Tribune, dated January 12, 1972
22. Letter from Assistant Regional Administrator for Equal Opportunity to the Publisher of the Chicago Sun-Times/ Daily News, dated January 12, 1972
23. Excerpt from 37 Fed. Reg., February 16, 1972, p.p. 3429-3430, (Fair Housing Poster)
24. Fair Housing Poster
25. Graph showing Title VIII complaints received by month
26. Graph showing Title VIII complaints attempted to be conciliated and successfully conciliated.
27. "HUD Opens Doors" Radio Spot Advertisement
28. "HUD Opens Doors" Television Spot Advertisement
29. "HUD Opens Doors" Newspaper Advertisement, appearing in Chicago Daily Defender January 4, 1972
30. "HUD Opens Doors" Poster, HUD-928 (6-71) (English)
31. "HUD Opens Doors" Poster, HUD-928A (6-71) (Spanish)
32. Central Office form letter to radio and television stations, re: "HUD Opens Doors" campaign
33. List of Chicago Television Stations which received HUD Letter re: "HUD Opens Doors" campaign
34. List of Chicago metropolitan area Radio Stations which received HUD Letter re: "HUD Opens Doors" campaign
35. HUD News Release, dated 11/9/71 publicizing Chicago meeting, re: "HUD Opens Doors" campaign

36. Directory of Housing Agencies in the Chicago Metropolitan Area, compiled by the League of Women Voters of Cook County, Illinois
37. General Counsel's memorandum to Assistant Secretary for Equal Opportunity, dated December 23, 1969; Subject: Recent Actions Filed by Attorney General relating to Fair Housing
38. General Counsel's memorandum to Assistant Secretary for Equal Opportunity, dated February 18, 1970, re: Recent Actions Filed by Attorney General relating to Fair Housing
39. General Counsel's memorandum to Assistant Secretary for Equal Opportunity, dated June 29, 1970, re: Recent Actions Filed by Attorney General relating to Fair Housing
40. General Counsel's memorandum to Assistant Secretary for Equal Opportunity, dated December 10, 1970, re: Recent Actions Filed by Attorney General relating to Fair Housing
41. General Counsel's memorandum to Assistant Secretary for Equal Opportunity, dated May 4, 1971, re: Recent Actions Filed by Attorney General relating to Fair Housing
42. Index of cases in which Attorney General of the United States has filed responsive pleading in order to promote equal housing opportunity
43. Index of cases which Attorney General of the United States has concluded by consent decree
44. Operation Breakthrough Questions and Answers, HUD-186-RT (2), March 1971
45. Memorandum from General Counsel, Leadership Council for Metropolitan Open Communities, dated January 24, 1972, re: Case Report for the Month of December 1971
46. Report of Leadership Council For Metropolitan Open Communities, re: Legal Actions for the Month ending February 29, 1972
47. Agenda of conference entitled "The Role of the Private Attorney in Fair Housing Law", sponsored by the United States Department of Housing and Urban Development et al.
48. Report of the Activities of the Leadership Council for Metropolitan Open Communities
49. Pamphlet re: Metropolitan Housing Development Corporation

50. Homeseekers' Guide to Fairfax County, Virginia
51. Homeseekers' Guide to Arlington County and the City of Alexandria, Virginia
52. Counseling for Homeownership for Low and Moderate Income Families, HM 7610.1, June 1971
53. Excerpt from 37 Fed. Reg., February 2, 1972 p.p. 2534 (Qualified Local Counseling Agencies)
54. Initial Implementation of Homeownership Counseling Program Under Sections 235 and 237 Utilizing Counseling Fee Funding Method, Circular HM 7610.2, March 2, 1972
55. Area and Insuring Office Procedures in Connection with Initial Implementation of Homeownership Counseling Program Under Sections 235 and 237, Circular HM 7610.2, Supp. 1, March 2, 1972

Note: The foregoing exhibits have all been filed with the Clerk of the United States District Court, Northern District for Illinois

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

DOROTHY GAUTREAUX, et al.,

Plaintiffs,

v.

GEORGE W. ROMNEY and CHICAGO
HOUSING AUTHORITY, et al.,

Defendants.

NO. 66 C 1459
NO. 66 C 1460
(consolidated)

NOTICE OF FILING

TO: See attached list.

PLEASE TAKE NOTICE that defendant, George W. Romney, Secretary of the Department of Housing and Urban Development, on April 26, 1972 filed with the Clerk of the Court in the United States District Court for the Northern District of Illinois, Eastern Division, the response of George W. Romney, Secretary of the Department of Housing and Urban Development, to Part II of this court's order of December 23, 1971.

JAMES R. THOMPSON
United States Attorney

JCM:ft

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CERTIFICATE OF SERVICE

_____, being first duly sworn deposes and states that the affiant served the foregoing Notice and Response of George W. Romney, Secretary of the Department of Housing and Urban Development, to Part II of this court's order of December 23, 1971 by putting the copies of the aforementioned Notice and Response in a government franked envelope, addressed, and deposited each envelope in the United States Mail chute located in the United States Courthouse, Chicago, Illinois, on April 27, 1972.

SUBSCRIBED and SWORN to
before me this ____ day
of April, 1972.

NOTARY PUBLIC

JCM:ft

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

DOROTHY GAUTREAUX, et al.,

Plaintiffs,

v.

CHICAGO HOUSING AUTHORITY,
et al.,

Defendants.

NO. 66 C 1459

NO. 66 C 1460
(consolidated)

SUPPLEMENT TO RESPONSE OF GEORGE W. ROMNEY,
SECRETARY OF HOUSING AND URBAN DEVELOPMENT,
TO ORDER ENTERED DECEMBER 23, 1971.