

PROPOSALS:

1. The precedent-setting Lowell Urban National Park can inspire similar revitalization efforts in other Massachusetts cities and towns. The approach of using a city's past to build its future is particularly relevant to the older cities of the Northeast. The mills and canals of Lowell, considered by many to be leftover liabilities from the once thriving mill town, were turned into the assets that today provide the lynchpin of plans to revitalize the city.
2. The elements of city life—the people, businesses, industry, financial institutions, political leaders, must be brought together in a partnership for the city's future. The Development and Financial Corporations of Lawrence and Lowell provide a model for creation of low cost loans for local improvements in the urban environment, for cities throughout Massachusetts.
3. HUD Insured Projects: In improving our urban environment, the Federal government, and HUD in particular, must start in its own backyard. Under HUD programs of FHA-insurance, almost 2 million units of rental housing in project have been built and are in operation. Hundreds of thousands of these units, in shabby and deteriorated condition, have been unable to meet their mortgage payments and have been assigned to HUD or have gone into foreclosure. Many of those projects that have not yet been assigned to HUD are in grave difficulty. The projects become a source for neighborhood deterioration: they are unsafe for residents and attract crime. They were built in total disregard for energy conservation standards.

To change this condition, Tsongas proposes:

- a) Comprehensive counseling and technical assistance to residents of troubled projects in an expansion of a demonstration project now operated by the National Urban League in four cities. This program has shown a capacity to tap the resources available among the tenants of these projects to take responsibility for making their complexes safe and liveable.
 - b) To provide funds for energy conservation retrofit and essential rehabilitation of HUD-insured projects. These projects suffer excessively from energy price increases due to their inefficiency of energy utilization. HUD has no funding mechanism for making major repairs on these projects that are still privately held. Troubled projects must be repaired to provide tenants with safe and decent housing and to protect the HUD insurance fund.
4. Inner City Restoration and Family Displacement—there is considerable effort supported by Federal programs to promote the reinvestment in urban neighborhoods. This revitalization effort is in the national interest—
 - .the preservation of housing stock
 - .the development of economically integrated neighborhoods
 - .a breakdown of racial segregation
 - .an increase in the tax base of cities
 - .a stopping of redlining and disinvestment

The restoration of inner city houses by middle and upper income households is occurring in most American cities with a population of over 250,000. In Boston, the restoration activity in the South End has attracted considerable attention due to the rapid displacement of low and moderate income residents. This type

Urban Proposals-2

of displacement is reported to be on the increase and those displaced do not share in the benefits of profits that accrue to the developers, the owners and the cities themselves.

At the present time, Federal programs may actually encourage the eviction or displacement of low-income individuals as part of neighborhood preservation programs. Through the use of Community Development Block Grants, cities may elect to make available low interest rehabilitation loans through which higher income home owners may undertake major renovation. Developers buy houses and oust the tenants to make them available for restoration. It is not unusual to find a house with six to ten units rehabilitated into a home for one married couple with no children.

Tsongas proposes to discourage the use of Federal dollars for rehab of houses from which lower income households have been ousted, unless these tenants have been offered the full benefits of the Uniform Relocation Act. The movement of families provides a real cost which up to now has been borne by those poorer households who have been displaced. Any rehabilitation that removes moderately priced housing for low and moderate income families from the market should be discouraged.

Tsongas agrees fully with the proposals recently made by Nathaniel Rogg, in a report sponsored by the U.S. League of Savings Associations:

"Federal guidelines...for the use of community development block grant funds must be set so that localities would provide loans and grants to homeowners who want to stay in a revitalized area; these funds should be used to acquire properties for rent or ownership by low-income families; and Section 8, public housing or community development funds, as well as relocation aid, should be allocated for displaced families."

For renters, the problems of displacement are more severe than for owners. Tsongas proposes that HUD institute a demonstration program in Boston and other selected cities to encourage home ownership by existing renters. The program will specify that before an owner may sell a rental property, he be required to provide that the incumbent tenant or tenants be given first option to buy. This requirement will be supplemented by special financing or writedowns to enable present tenants to buy.

5. Subsidized Housing—The rapid escalation of housing costs for both existing and new housing, has put satisfactory housing beyond the range of many Americans, and has led to a deterioration in the level of housing services to newly formed households. Many families are being crowded into quarters that are too small, others find they must double up to pay for housing. The housing problem is not a function of the inability of the American construction industry or the failure of the financial institutions. The proliferation of ongoing housing subsidies have proved to be difficult and costly to administer. A long run view of the problem is to create the context in which most households may afford housing of their choice. To the extent that housing subsidy programs are utilized they must meet not only present needs, but also create and maintain housing that will be suitable and attractive to non-subsidized households at a future time.

An advantage of providing housing assistance to a family, and not tied to a particular unit, is that the family may seek out housing in the general market place. As households income increases, the subsidy diminishes or disappears.

National policy oriented toward full employment may serve to reduce the dependency on housing and other welfare subsidies.

At the present time, only tenants of rental housing are eligible for the Section 8 housing assistance. This program should be made more flexible so as to allow the payments to be made for homeowners as well. Such a program could have considerable positive effect on reducing displacement due to private reinvestment.

In previous HUD demonstration of the Housing Allowance experiments, HUD enabled homeowners to receive housing allowance payments. The legislation should be changed to enable the Section 8 program to provide assistance to homeowners, either for purchase in the case of pending displacement, or for existing homeowners faced with higher taxes and increased costs in a revitalization neighborhood.