

4. *Write-down of land for public housing outside urban renewal areas.*—Slum clearance has been an integral part of the public housing program since its inception in 1937. With the passage of the Housing Act of 1949, Congress accepted the principle that slum clearance is a one-time operation. However, this principle has never been applied to the public housing program, except in cases where a public housing site is part of an official urban renewal area. Thus, total slum clearance costs are still made a part of the total development cost and amortized over a 40-year period. This not only distorts public housing costs, but does not provide incentive for local housing authorities to acquire slum sites, with the attendant costs of relocation and demolition.

With the many opportunities for a local housing authority to contribute to the clearance of poor housing, every step should be taken to encourage and move forward such action, without waiting for the designation of such housing as part of an official urban renewal area.

It is recommended that the same procedure be authorized for public housing sites outside urban renewal areas as for inside such areas. This would provide that a determination be made of the equivalent price for which such site would be made available if it were part of an urban renewal area, under the formula established under section 107(b) of the Housing Act. Under this procedure, the Public Housing Administration would remit to the local housing authority at the time of permanent financing, an amount chargeable to the annual contributions contract, or a direct grant, equal to the net difference between total costs of site preparation and price which has been determined as the amount to be included in the total development cost for permanent financing. This would be a clearance cost, as distinct from construction and development.

5. *Tenants to remain in public housing occupancy and pay economic rents.*—The Housing Act of 1961 included a provision whereby under "special circumstances" a tenant family in public housing, with income in excess of the maximum income limits could remain in occupancy, provided it is demonstrated that private housing is not available in the community at a rent it can afford to pay. Such a family, thus certified, can remain in occupancy for the "duration of such situation."

This provision is helpful as a temporary measure in response to the hardship situation of an individual family. However, it does not affect a basic policy of public housing where a family whose income is rising is under constant pressure of possible eviction. Nor does such a procedure lend itself to a positive program aimed at promoting residential stability and personal neighbor relationships.

NAHRO proposes that a public housing family reaching the point of the income limit maximum be allowed to remain in occupancy and pay economic rent, thus contributing to family and neighborhood stability. At the same time, we recommend that the local housing authority be required to substitute an additional housing unit within its total program, for occupancy by a family within the income limit eligibility, for every unit occupied by a family paying economic rent.

6. *Sale of portions of public housing developments to nonprofit housing sponsors.*—In order to encourage a wide diversification of low and moderate income groups and household types in public housing, NAHRO proposes an amendment which would make it possible, where feasible, for local housing authorities to sell a portion of a public housing development to a nonprofit housing sponsor. In the event such a sponsor is serving families with incomes higher than those eligible for public housing, the local housing authority would be required to provide additional, substitute low-income housing units as part of its total program.

*Other recommendations.*—Listed below are additional recommendations taken from the "NAHRO program for low income housing" presented to the Congress in 1964 and 1965. We believe that they are still needed and are ready to discuss the details of these recommendations at any time.

1. Assistance in the development of commercial facilities in relation to public housing.
2. Establishment of eligibility of local housing authorities as sponsors of FHA 221(d) (3) and CFA 202 programs.
3. Elimination of the 20-percent gap requirement.
4. Change in name of low-rent public housing assistance to more accurately reflect its current functions and program.
5. Study of the public housing mutual-help program now used on Indian reservations to determine its application in an urban setting.