

JAMES A. GRAASKAMP COLLECTION OF TEACHING MATERIALS

V. INDUSTRY SEMINARS AND SPEECHES - SHORT TERM

I. Other Presentations In Which Either The Date And /
Or Sponsoring Organization Is Missing

5. Market Analysis/Urban Economics/Real Estate
Process

- m. "Development and Operations of HUD", no
date

DEVELOPMENT AND OPERATIONS OF HUD

- I. The urban development of the United States has been paralleled from the start by the problem of urban decay, but urban problems were considered to be local problems.
 - A. The first recorded move of Congress relative to blighted housing was recorded on July 20th, 1892 when they spent \$20,000 on research of slums in cities of over 200,000. Limited to four cities the report pinpointed a correlation between the large number of saloons and slum areas. Eventually Congress in their wisdom outlawed saloons.
 - B. The first public housing was built by the U.S. Shipping Board Emergency Fleet Corporation which financed housing built by real estate companies owned by ship building companies.
 - C. The depression led to the Federal Home Loan Bank Act of 1932 and the Home Owners Loan Corporation in 1933, both ideas conceived by the Hoover Administration.
 - D. Roosevelt organized a four-man committee to develop a national housing program and their recommendations together with legislative review produced the National Housing Act of 1934, which created:
 1. The Federal Housing Administration
 2. The Federal National Mortgage Association
 3. Federal Savings & Loan Insurance Corporation
 - E. The National Industrial Recovery Act produced the first public housing for the poor. It was first thought that the Federal Government did not have the right to condemn local land to build public housing and so public housing began with the idea of lending money to a local public agency which in turn would build the housing on city owned land. The Constitutional quirk was soon surmounted but the pattern was set for the use of local public agencies rather than direct Federal construction and operation.
 - F. Roosevelt also started the Resettlement Administration under the Recovery Act and built a number of Greenbelt towns, in Maryland, Greendale, Milwaukee, and in Indianapolis. Rexford Tugwell had foresight but little patience with politics and was eventually shipped out to Puerto Rico where he began that Islands' industrial development as well as the condominium concept.
 - G. Roosevelt with the aid of Senator Robert Wagner expanded public housing during his second term in office. With the beginning of World War II all of these various activities were grouped into the National Housing Agency which provided the core of organization for the Housing and Home Finance Agency which matured into the Department of Housing and Urban Development.

- II. While the housing shortage was the number one problem following World War II, Congress could not agree on what to do about it.
- A. In 1947 there was an act to create the Housing and Home Finance Agency.
 - B. The 1948 Housing Act authorized 95% 30-year loans for low-cost homes and 90% mortgages with 40-year terms for low-rent or cooperative projects. But the 80th Congress shelved the Wagner-Ellender-Taft Housing Bill which was noteworthy because Truman made housing the major theme of his campaign for election against the "do nothing Congress."
 - C. As a result of the Truman victory the first important housing act was passed in 1949, expanding public housing, initiating urban renewal, subsidizing local urban planning, with embryo seeds of much of the thinking that characterizes the total urban environment approach of HUD today.
 - D. The Housing Act of 1950 not only initiated loans for college dormitories and FHA insurance for rural housing, but it broadened FHA policy to support housing for middle income families in the suburbs, which began the swing of FHA effort away from core area problems to suburban housing and may have unwittingly contributed to the flight from the city with the consequence of urban sprawl.
 - E. During the Eisenhower Administration significant expansion of Federal concern for core area low-income families occurred, surprisingly at the insistence of President Eisenhower. FHA programs were developed to cover displaced slum dwellers and to encourage rehabilitation and conservation rather than bulldozer renewal. The 1954 Housing Act went further in requiring communities to have a workable program of urban renewal and development at the same time that it introduced private financing of FNMA by requiring stock subscriptions by its users in addition FHA loan insurance programs were given new protective features in regard to certification of construction costs and control of rents and profits to control excessive development profiteering.
 - F. In 1955 the Housing Act first allowed National Banks to make 20-year loans (increased from 10) and allowed the FHA to insure mortgages for trailer courts, home improvements, and repairs on houses suffering a natural disaster. Elderly housing was first introduced into the FHA insurance program and in 1956 Eisenhower first introduced payments to individuals and businesses relocated by urban renewal. Eisenhower failed during this period to secure cabinet ranking for HHFA.
 - G. President Kennedy continued to tinker with HHFA, using it to ban segregated housing, provide open space in cities, and the Mass Transportation Act of 1964 authorized HHFA to make loans and grants for public transportation facilities and equipment.

the bill to form HUD, President Kennedy deliberately planted a question at a press conference in order to report that he would name Robert C. Weaver to the head of a reorganized HHFA and that he would create his new department through a reorganization plan as used by Eisenhower to raise the Federal Security Agency to departmental status as the Department of Health, Education and Welfare.

- C. The other line of resistance to the law among Republicans was attributed to the fact that the Republican leadership in the House were all from small towns and country folk and did not want tax dollars diverted to urban areas. But Democrats too were from such great metropolitan areas as Broadrun, Virginia and Pascagoula, Mississippi.
 - D. The Republicans were particularly sensitive to both the provincial and racial charges because when Vice-presidential candidate Lodge had vowed there would be a Negro in the Cabinet, Nixon had backed down to hold his position in the South, a move generally regarded as giving the balance to Kennedy in Chicago and Philadelphia. Whether the Republicans were for or against HUD they would erode their political base for the 1962 Congressional elections.
 - E. The Congressional Committee on Government Operations led by Senator John McClellan did not make haste to process the reorganization plan and Kennedy attempted to win a motion to discharge the committee and enter the bill generated resistance in his own party who thought he was demeaning the Senate and the committee. The bill never reached the Senate and the bill in the House was defeated by the Southern Democrats and Republicans.
 - E. President Johnson succeeded where Kennedy failed in part because peripheral issues had been forgotten in the Johnson sweep and some curbing of the power of the House Rules Committee. Once the entity of FHA was protected the NAHB shifted its position to support the law leaving the NAREB bitter to the end. The NAHB was finally won over when bill sponsors agreed to put the word housing first and foremost in the title Housing and Urban Development.
- IV. The reorganization required to produce HUD from the loose alliances of HHFA required complete restructuring of functions in personnel policies as well as the lines of authority.
- A. The goal of the reorganization was :
 1. Redirect government efforts to the full complexity of urban needs.
 2. Shift decisions to regional and local areas as close to the field as possible
 3. Create strong leadership from Washington by grouping related programs and functions under assistant secretaries
 4. Convert all agencies to a program-planning-budgeting system to measure the effectiveness relative to cost of all programs.

- B. The assistant secretaries and their departments roughly indicate the organizational aspects of HUD and while there is still some occasional agency shuffling and tinkering with the structure it runs something like this:
1. Assistant Secretary for Mortgage Credit is in reality the former head of the FHA with authority to include GNMA, FNMA and miscellaneous lending activities. It is headed by Phillip Brownstein, former head of FHA, and top government career man and the only survivor of HHFA power-structure.
 2. The Assistant Secretary for Renewal and Housing Assistance combines the two long-standing Federal programs in Urban renewal and public housing.
 3. The Assistant Secretary for Metropolitan Development holds a new housing portfolio within HUD as he is responsible for present and proposed programs relevant to planning, open-space, water and sewer facilities, mass transportation, regional planning, and planned community development.
 4. There is an assistant secretary for Demonstrations (model cities) and Intergovernmental Relations whose function is to coordinate with all the various social agencies particularly those in Health, Education and Welfare.
 5. Finally there is an Assistant Secretary for Administration responsible for all house keeping functions, including budgeting. He is also responsible for staffing and is developing an internship program to recruit executive talent at the college level.
- C. In the field there is a new regional administrator to whom all persons responsible for program operations in their region must report. In addition all local government agencies make contact to HUD through the regional administrator and all directives from DC come through these offices as well. HUD regional offices have been established in New York City, Philadelphia, Atlanta, Chicago, Ft. Worth, San Francisco, and Puerto Rico.
- V. Keep in mind the role of government manipulation of real estate financing to provide incentives to overcome the otherwise natural consequences of a free-money market which has been unwilling or unable to finance housing for the poor. Then consider the following programs relative to mortgage credit which are the concern of those who would study real estate finance.
- A. Despite 97% loans for buildings in urban renewal areas or for those displaced by urban renewal only 4,000 mortgages have been made on single-family homes and 212 mortgages on 70,000 multi-family housing units since the program began in 1954.
1. Under section 312 of the 1964 Housing Act the local planning authority can now administer loans to individual owners or long term tenants at 3% interest for up to \$10,000 per living unit or \$50,000 per property. Loans under \$3500 may not even