

UNITED STATES COMMISSION ON CIVIL RIGHTS
District of Columbia Advisory Committee

-----:
PUBLIC HEARING :
To Receive Testimony on Impact :
of Revitalization in Selected :
District of Columbia Neighborhoods :
-----:

Room 500, Council Chambers
District Building
14th and E Street, N. W.
Washington, D. C.
15 April 1977

The Advisory Committee met, pursuant to notice,
at 9:30 a.m., Honorary Roy Littlejohn, Chairperson, presiding.

MORNING SESSION

IN ATTENDANCE:

Roy Littlejohn
Nellie Brooks
Howard A. Glickstein
Roy J. Jones

Deborah L. Matory
Josefina M. Bustos
J. Larry Owens
John C. Topping, Jr.
Pauline W. Tsui

PRESENT:

Iver Stridiron
Edward Darden

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Meet.

Neal R. Gross: COURT REPORTERS AND TRANSCRIBERS
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PROCEEDINGS

9:40 a.m.

This public hearing of the D.C. Advisory Committee to the U.S. Commission on Civil Rights will come to order.

I am Roy Littlejohn, chairman of the D.C. Advisory Committee. The members of the Committee who will participate in these hearings are: Ms. Nellie Brooks, Josefina Bustos, Howard Glickstein, Roy Jones, Deborah Matory, Larry Owens, John Topping and Pauline Tsui.

The Commission's staff appearing with us today are: Iver Stridiron who will act as counsel to the Committee; Edward Darden, Everett Waldo and Jacob Schlitt all of the Mid-Atlantic Regional Office of the Commission.

We are also indebted to students of the Howard University School of Law Class on Urban Affairs that assisted us significantly in the development of these proceedings.

This hearing is being held pursuant to rules applicable to State Advisory Committees and other requirements promulgated by the U.S. Commission on Civil Rights.

The Commission on Civil Rights is an independent agency of the U.S. Government, established by Congress in 1957 and authorized by the Civil Rights Acts of 1957, 1960, and 1964, to:

- 1) investigate complaints alleging that citizens are being denied of their rights to vote by reason of their race, color, religion, national origin or sex;
- 2) study and collect information concerning legal developments which constitute a denial of equal protection of the laws under the Constitution;
- 3) appraise Federal laws and policies with respect to equal protection of the laws;
- 4) serve as a national clearinghouse for civil rights information and;
- 5) investigate allegations of vote fraud.

I would like to emphasize, at this time, that this is an informal hearing and not an adversary proceeding. Individuals have been invited to come and share with the Committee information relating to the impact on revitalization on various neighborhoods in the District of Columbia. Each person who will participate has voluntarily agreed to do so.

Every effort has been made to invite persons who are knowledgeable about the problems and progress in the area to be dealt with here today. And in an effort to get a well-balanced picture we have invited Federal and local officials, real estate brokers, developers, bankers, urban planners and community leaders to present information.

Since this is a public hearing, the press, radio, and television as well as individuals are welcome. Any person discussing a matter with the Committee, however, may specifically request that he or she not be televised. In this case, it will be necessary for me to comply with those wishes.

We are very concerned that we obtain all the information relating to the matters under inquiry. We are, however, concerned that no individual be the victim of slander or libelous statements.

As a precaution against such an event happening, each person making a statement here today or answering questions has been interviewed prior to this meeting. However, in the unlikely event that such a situation should develop where one might be defamed or degraded, it will be necessary for me to call this to the attention of the person making the statement and request that he or she desist in such conduct.

If the testimony the person is offering, however, is of sufficient importance, it may be necessary for the Committee to hear the information in closed session. The person against whom the allegations are being made will have ample opportunity to make a statement in closed session before the Committee if he or she so desires. In any event, prior to the time that the Committee submit its report to the Commission, every effort will be made to get a complete documentation of

the facts.

Our purpose today is to determine what has been the impact of revitalization on the affected neighborhoods and the city, and to determine what steps can be taken to protect the interests of the residents of the city. We hope that by obtaining information directly from all of those concerned, we shall be able to recommend action to the Commission which will help ensure equal protection and opportunity for all.

At the conclusion of the scheduled meeting, anyone else wishing to appear in open session before the Committee, should notify one of our staff members and we will see if we can make time available for that person.

A word or two about the Privacy Act. As many of you know, on September 27, 1975, the Privacy Act was passed and became effective. I'm sorry.

Pursuant to that Act, the U.S. Commission on Civil Rights and its State Advisory Committees are required to inform the public and individuals from whom it collects information of their statutory authority to collect information. This is to inform you that the Commission's authority is set forth in U.S. Code -- that's 42 U.S. Code -- Section 1975 b and the Advisory Committee's authority is set out in 42 U.S. Code Section 1975 d(c). Any information collected by this Advisory Committee from any individual

prior to this hearing was given voluntarily. All individuals participating in this hearing have volunteered to do so and any information this Advisory Committee collects from you during the course of this hearing will be voluntarily supplied by you. The Advisory Committee will not impose any sanctions on any individual who chooses not to answer a particular question or divulge certain information.

The Advisory Committee's principal purpose for collecting information related to the impact of revitalization is to prepare a report with recommendations to the U.S. Commission on Civil Rights. Information obtained during these proceedings will assist us materially in that regard.

Mr. Counsel, would you call our first witness?

MR. STRIDIRO: Franklin James.

(NO RESPONSE.)

MR. STRIDIRO: Rodney Coleman.

STATEMENT OF RODNEY COLEMAN

MR. COLEMAN: Thank you, Mr. Chairman and members of the Commission. On behalf of the Chairman of the Council, Mr. Sterling Tucker, I would like to take this opportunity to welcome you to the District Building and to the convening of this hearing.

This is a very important hearing insofar as the Chairman is concerned, as well as the entire Council, because of the profound impact that housing has on the residents of the District of Columbia.

The work of the Council, as you well know, over the last two and one-half years, has concerned itself in a great part to the housing question. Things are still being debated relative to the comprehensive plan of our housing strategy for this city. There are no quick answers, especially in this deliberative body that you have elected in this city, but the Council is attempting to address every particular aspect of the housing problem.

The advent of certain elements of our housing strategy such as rent control and condominium conversion and section 8 housing work that we do here on the Council is very, very important. I am sure that in the course of this hearing you will be receiving views from many portions of the community as to how to best direct the housing strategy on this city.

The Chairman has, as well as his colleagues have, two distinct bodies at work now, that is the Neighborhood Reinvestment Commission for the District of Columbia, as well as the Commission on Housing that will prepare reports for us on certain elements of the housing strategy and how we, as a legislative body, can effect certain laws or certain influence in this city to correct the problems.

There is a merit of things that have to happen. It is pretty difficult to ascertain the housing problem in the District of Columbia when you're dealing with a city like

Washington, D.C. where forty nine per cent of the land is off the tax rolls, forty nine per cent of the land is not within the control of the District government, nor anybody connected with the District government, and there are other facets of this city that the officials of the city have to deal with on a daily basis and one is economics. And, housing is a very critical element, too, in economic development policy. So we're talking a very comprehensive strategy here and I'm sure that the Chairman and his colleagues will welcome the views that are expressed here today and your report that will be forthcoming from this hearing.

I thank you, Mr. Chairman, for this opportunity to bring greetings on behalf of the Chairman and I wish you luck during the course of the day.

MR. LITTLEJOHN: Thank you very much, Mr. Coleman, for appearing and bringing us those greetings. We look forward to the time when we can sit with the members of the Council and deliver our report to them.

Would you call the next witness?

MR. STRIDIRON: Mr. Lorenzo Jacobs, representing the Mayor's office. Welcome, Mr. Jacobs.

STATEMENT OF LORENZO W. JACOBS

MR. JACOBS: Committee members, I appear here on behalf of the Mayor to extend greetings and welcome to the

Committee and to express our pleasure concerning the study which the Committee is conducting on the impact of revitalization on city neighborhoods. Revitalization of a number of District neighborhoods has been a specific objective of the citizens of this community and this government including the executive and legislative branches for a number of years.

Revitalization was deemed important to improving the quality of life for people who live in those neighborhoods scheduled for revitalization. In some of these neighborhoods, revitalization is well under way. The process of revitalization has frequently been a participatory process involving both citizens and government. It is an extraordinarily complex, dynamic, and sometimes unpredictable process, often impacted by a host of factors. Among them -- the state of the local and national economies, the federal and local legislation and policy, competing demands of interest groups, local and suburban politics, changing demographic conditions -- just to mention a few.

In these circumstances, it is wise and appropriate, and timely, to assess the impact of the revitalization that is occurring at the present time.

Although revitalization is impacted by private, as well as public decisions and actions, government has major responsibility for assuring that revitalization serv

the general public interest. That responsibility, I believe, extends to assuring to the fullest extent practicable responsible and equitable sharing of hardships and benefits incident to revitalization. In this connection, special care must be exercised with respect to low-income families and others not able to adequately cope with the consequences of revitalization without assistance.

In recent years, the District government, perhaps more than any municipal government anywhere, has activated its concerns that low-income families in particular, share in the good things of this community. That evidence is everywhere. One example. A massive, public works program turned out, for the most part, in low-income neighborhoods resulting in new schools, streets, swimming pools, and the like. The highest unemployment benefits in the area, the highest minimum wage benefits in the area, controlled rents, local and minority contractor assistance programs, an array of housing programs designed to benefit primarily the low and moderate income families, including public housing programs, the Section 8 existing program, the low market interest rate rehabilitation loan programs, the home purchase assistance program, homesteading programs, just to mention a few.

Although much has been done, and is being done, there is much that remains to be done. It is our expectation that these hearings and the Committee's study will be informative and instructive in this area.

I thank the Committee. I congratulate them for taking this study and offer whatever assistance I can provide to assist the Committee in its efforts. Thank you.

MR. LITTLEJOHN: Thank you very much, Mr. Jacobs. Would you express our appreciation to the Mayor and we look forward to meeting with him at sometime in the future, after we have completed our work.

MR. JACOBS: I will do that Mr. Chairman.

MR. LITTLEJOHN: Thank you. Would you call our next witness?

MR. STRIDIRON: Franklin James.

Mr. James, would you state your full name and address for the record?

MR. JAMES: My name is Franklin J. James. I live at 1731 Ivy Oak Square in Reston, Virginia. My occupation is an economist and I work for the Urban Institute here in Washington.

MR. STRIDIRON: Thank you. Please make your statement.

MR. JAMES: Thank you.

I came here this morning to discuss some of the economic and social issues that have arisen from a particular kind of revitalizing neighborhood here in Washington. Neighborhoods like Capitol Hill, like Mount Pleasant, like the neighborhoods around Dupont Circle. These neighborhoods are by no means typical of what's happening in the District. There are other neighborhoods like them around the country and I'll mention some of those.

But these neighborhoods cause specific problems and I think it's important for the District and for other cities around the country to address, and I want to go over what some of those problems are and what some of the possible lines of solving them are.

Of course, the main problem in these neighborhoods, I feel, is the social and economic tensions arising from population displacement.

The main factor that differentiates these neighborhoods from many other areas in the District is the large scale in movement of affluent whites, and what may be the large scale that certainly is in some areas the large scale, the displacement of lower income blacks, especially black tenants.

Before the issues raised in these neighborhoods can be addressed, it is necessary to understand the causes of what's happening in neighborhoods like Capitol Hill.

And the first point I think I'd like to make is that Capitol Hill neighborhoods are happening around the country. They are, by no means, unique to Washington.

A survey was taken four or five years ago of major cities in the country. The question was asked, "Are there private individuals renovating older housing in older neighborhoods in the city," and over sixty neighborhoods were found in just a dozen large cities around the country in which this was occurring.

Last year, the Urban Land Institute here in Washington, took a survey of every major city in the country and found that in over three quarters of the larger cities, those with the quarter million population or more, there was some kind of private neighborhood renovation along the lines of Capitol Hill going on, and estimated that over fifty thousand housing units had been renovated.

The next point I'd like to make is that Capitol Hill type neighborhoods are really the tip of an iceberg. In the past three years, there's been a massive increase in expenditures by homeowners in central cities and major cities around the country to maintain and improve their housing.

Fortunately, every kind of home owner has participated in this increase in reinvestment or expenditures on their homes. Black home owners, as well as white, have increased their reinvestment.

Moderate income home owners, as well as affluent home owners, have increased reinvestment. New buyers, as well as long term residents, have increased their expenditures on their homes. And young buyers -- young owners -- as well as elderly owners have increased their reinvestment.

Now there's one major force that has created these trends. There have been other smaller ones, but the one major force has been a substantial shortage in housing in the nation as a whole, and in metropolitan areas that's characterized the United States for a number of years, but has been especially severe in the past two or three when new housing construction has been virtually stopped in many metropolitan areas and, across the country, has barely kept pace with growth in numbers of households.

Housing costs -- the cost of new housing -- have skyrocketed and have increased more rapidly than household incomes in the past several years and, as a result, many families are now -- many more families are now -- priced out of the market for new homes and that was true just a few years ago.

These families are now looking for older homes in cities. Now what this means is that neighborhood revitalization has broad-scaled. It is affecting a large number of neighborhoods. It is benefiting a large number of people, older residents in neighborhoods. It is affecting moderate income neighborhoods in many cities. It is affecting black neighborhoods in many cities. At the same time, it means that there's an enormous degree of what might be called economic displacement that is occurring in major cities around the country. People are having to spend more of their income on their homes and on property taxes.

Recession and high unemployment over the past few years means that -- these housing cost trends means that -- there is less money left over for other necessary things.

There's more to neighborhoods like Capitol Hill than a housing shortage because in those kinds of neighborhoods the people moving in can obviously afford new homes in the suburbs.

Another main force that's created neighborhoods like that are basic attractive features of cities. The entertainment opportunities they offer; the access of jobs, the public transportation facilities that they offer that are especially important for families that have more than one worker and families that move into neighborhoods that

tend to have very large numbers of workers per household. Wives, very commonly, work in those kinds of families.

Now, given these kinds of problems, it is easy to understand why Capitol Hill type neighborhoods have sprouted up in Washington to a greater extent than, it is true, in any other major city in the U.S. Basically, Washington has a severe housing shortage, this is true, than any other metropolitan area in the country, due, in large part, I believe, to restrictive growth controls in the suburban counties surrounding the District.

Washington has a guaranteed job base due to the Federal government present. And Washington, basically, offers a great deal of services like the Kennedy Center, which are attractive to the kinds of families that want to move to Hill type neighborhoods.

Now, honestly, not much is known about the kinds of population displacement that occur in neighborhoods like the Hill. There are a lot of questions that remain to be answered.

We don't know how home owners fare and how renters -- and how older home owners -- how they, whether they do better or worse than older, long term renters in the neighborhood. We do know that both groups have trouble when their neighborhoods begin to turn. It's

very common, of course, on the Hill and on neighborhoods surrounding the established areas of the Hill for black tenants to be quickly and -- while I have no information on it -- other people have told me, often illegally evicted so that the owner can renovate the home and sell it to a person moving into the neighborhood.

Long term owners have problems, undoubtedly, with property taxes, and long term owners are often easy prey for speculators. Skyrocketing property values on the fringes of the Hill are difficult for long term owners to keep track of because often they're such a surprise and, as a result, owners are often willing, or can be convinced to sell at prices, while high relative to their own standards, are below the standards set by the market place.

Revitalization in neighborhoods like the Hill obviously have benefits. They bring in affluent people. They bring in property taxes. The money brought in can support a number of services that are private services that are useful for the people of this city, the tax money can support public services, but I think that it's important that the District and other cities in similar condition develop the means to handle the problems of the displaced people in these neighborhoods. To try to protect them from the adverse effects if not to develop means to keep them

in the neighborhood, at least develop the means so that they are provided with all the alternative opportunities so that they can move to other neighborhoods that meet their needs.

That's my opening statement.

MR. LITTLEJOHN: Thank you very much, Mr. James. We have some questions for you and I shall begin the questioning.

You indicated that there were several forces, economic forces, that caused people to move back into the District of Columbia.

You mentioned the shortage of housing in suburbia as being chief, among them. Is it your opinion that if we have an increase in the number of housing units in suburbia that the pressure will be off in the District of Columbia?

MR. JAMES: I believe there are a number of ways to handle the problems in neighborhoods like the Hill. And one of them is to try to limit their expansion. I think the private market can do that because there is this linkage between new housing production and the cost of new housing, and what happens on the Hill or Mount Pleasant, or other neighborhoods around the District. As suburban growth controls are weakened, as the price of

vacant land falls, or if it doesn't fall, or its rate of increase slows down, I think the pressure in neighborhoods like the Hill will slack off.

I think there's a momentum here. I think that what happened in many neighborhoods surrounding the central business district here has changed the image in some ways of the District in the minds of many affluent people who are looking for housing in the region.

I took a very, very small scale survey and I don't mean to imply that it had any statistical validity, but it's relatively common for people that move into the Hill to be moving from outside the region. It's relative and I think what that indicates is that people are viewing Washington differently and especially affluent people who, a few years ago, might not even consider the District as a place to live. Now when they are looking for housing know that there is a good quality and likely environment and a good quality of life available in the District, and know they'll be looking for that.

But, my basic answer to your question is, yes.

As housing pressures, as the cost of new housing fall relative to income or the rate of inflation slows, I think that the pace of expansion of these renovating neighborhoods will slow down.

MR. LITTLEJOHN: Another question. Following that, you indicated that because of the kind of institutions we have in the District of Columbia, it is becoming a more attractive place to live.

To your knowledge, have we had any studies among any other people who have been incoming, to indicate where in terms of priority they would list the services as opposed to housing and economic needs?

MR. JAMES: In the small scale survey that I took, there were three factors that people moving into the Hill and buying homes there listed as, what they thought, very attractive features in the neighborhood. The first was, just the general ambience of the area. The architecture of the housing, the layout of the neighborhood, and the general appearance of the area.

The second was access to jobs, and the third was expected appreciation in housing values.

To some extent, everybody who buys housing on the Hill is a speculator and, for that last one, it isn't really surprising.

In terms of problems mentioned by people in the area, things they'd like to see improved, characteristics of the area they consider dangerous, of course, crime was mentioned more than any other.

MR. LITTLEJOHN: Have you or, anyone to your knowledge, tried to quantify the benefit of the revitalization process in a neighborhood for the District of Columbia?

MR. JAMES: I haven't, and neither has anybody else, to my knowledge. I don't know that it can be quantified. There are obvious benefits that I mentioned before. There's property tax base benefit. There's just the benefits of having people with high purchasing power in the District and the social cost of people that are displaced.

How you balance those various things, I don't presume to know the answer and, insofar as I know, neither does anybody else.

MR. LITTLEJOHN: I don't think we know the answer either, but let me inquire a little bit further.

That question, I guess -- that is our question.

Agreeing that there probably are some economic benefits for the District of Columbia and there might be some burden on the older, poor persons in the community. What is your opinion as to what the city might do in terms of striking a balance in dealing with this problem?

MR. JAMES: It is my feeling that the District's response here has been inadequate and I think that there are a variety of things that the District might do that might

not even be very expensive, and it might have a salutary effect on protecting older residents. I mentioned that older home owners were easy targets for speculators.

It seems to me that a natural response that could be looked into would be to offer careful counseling for long term property owners. The kind of counseling that would help them to stay in the neighborhood, to upgrade their house if that was their intention, to find financing for that, the kind of counseling that could help them sell out on favorable terms if that was their choice.

To make sure that they were aware of property value trends and could, when they decided to sell, sell out on the best possible terms for them.

With respect to tenants, the questions get more difficult. Obviously, it seems to me from the point of view of public expenditures that one policy that should be looked into and has, to some extent in the District, is tenants rights.

If the problem is quick summary eviction, then policies that make eviction more difficult and more expensive for owners could be useful on the fringes of neighborhoods like the Hill and Mount Pleasant. These kinds of policies have cost, especially this eviction policy, because the bulk of the rental housing in the city is not on

fringes of the Hill and, in many low income neighborhoods, one of the main problems of keeping up housing quality and neighborhood conditions is control of bad tenants and bad residents.

It's important in these areas when I'm out in slum neighborhoods for landlords to be able to evict a tenant, if the tenant becomes desruptive or destructive, so a broad scale application of a program that makes eviction more difficult might be desruptive in some neighborhoods though it might be useful around neighborhoods like the Hill where property values are very high and abandonment or any other such reaction on the part of landlords is unlikely. There are more expensive policies, of course.

Another policy that could be used to protect tenants would be in essence for the District to act as a speculator buying up homes beyond the fringe of renovation while property values are low and using those homes to provide subsidized or low cost housing for tenants that are displaced as the neighborhood grows.

Presumably, it would also be possible for the District to buy into established areas of the Hill but that gets to be prohibitively expensive giving property values. I've looked at patterns of speculation insofar as it is possible to on the Hill and there is a very clear pattern

if you use multiple sales, rapid sales on a property more than once in a short time, as an indicator of speculation, that speculation and the displacement problem aren't severe in established areas of the Hill. That's pretty clear.

They're not severe once you go far beyond the transitional neighborhoods in the Hill. There is a very narrow band where the neighborhood is changing where properties are being renovated, property by property, or block by block, where change is concentrated and the District moving out a short ways beyond that fringe might be able to get properties at a reasonable cost and anticipate that in the near term those properties would be used for in a program aimed at providing low cost housing for tenants in the neighborhood.

There are a number of other policies. As I said, the main objective here is to protect the long term residents. Keeping long term residents in the neighborhood is subsidiary to that if that's what seems feasible and that's what the people want, that's a desirable option, but the main objective ought to be making sure that if neighborhoods like the Hill become impossibly expensive, at least alternative reasonable costs and acceptable neighborhoods for people being displaced are available.

MR. LITTLEJOHN: Thank you. Are there other questions?

MS. BUSTOS: Mr. Chairman.

MR. LITTLEJOHN: Ms. Bustos

MR. BUSTOS: Dr. James, since you're aware of the revitalization process in various cities across the country, can you tell us is the process somewhat different here in Washington than it is in other parts of the country and, if so, how?

DR. JAMES: Revitalization isn't revitalization, isn't revitalization. If you go to some cities where revitalization is occurring in a very small scale, especially slowly growing cities like Pittsburgh, or declining cities like Pittsburgh would, I guess, be a more accurate way to put it, where housing demand is not high, where it might even be declining, where there is no housing shortage, you still find some level of revitalizing neighborhoods.

There is a well-known neighborhood in Pittsburgh called the Mexican War District that is small but its absorbed a reasonable amount of investment. It's an historic neighborhood. There the problems of speculation of rapid property value increase aren't existent, basically, there's not a housing shortage there.

The District differs because one of the main agents that's fueled revitalization is a shortage of housing. So

you have in the District both displacement, and an extreme housing shortage. And that's the volatile housing combination that makes the District different.

MS. BUSTOS: Thank you.

DR. JONES: Mr. Chairman.

MR. LITTLEJOHN: Dr. Jones.

DR. JONES: Mr. James, could you tell us whether in the studies that possibly have been conducted by the Institute what the possibilities are for developing particular industries for neighborhoods and doing the necessary pre-planning so that the revitalization process as it goes on or begins can be forecast, can be dealt with prior to the rapid increase in property values, etc.?

MR. JAMES: I don't honestly know what the answer to that question is. As far as I know there is no economic or statistical or scientific way to predict neighborhoods that are going to revitalize. There is a clear pattern for neighborhoods like the Hill to be concentrated right on the edge of the office district or the central business district. Those are key neighborhoods to look out for as far as revitalization goes.

There's a pattern that's somewhat less clear. Revitalization along the lines of the Hill or Mount Pleasant requires large scale population displacement.

Population displacement is less likely when your dealing with a very large group of homeowners who've lived in an area for a while, have strong ties to the area, and wish to keep their homes and their neighborhood.

So perhaps high levels of tenant occupancy and renter occupancy are another key indicator.

The quality of the housing stock is another indicator.

The types of affluent people who move into neighborhoods like the Hill and demand housing that can be put in fine condition and made attractive, so that's another thing to look into.

But, basically, there's no quantitative thing to do, but there are things that can be done to get an idea just talking to real estate agents around the city -- or speculators -- is a good idea in finding out what's happening in neighborhoods and predicting some short time in the future, at least, as to what's going to be happening.

And then, as I said, many of the problems aren't -- if you look at the District now -- revitalized neighborhoods, privately renovated neighborhoods, extend virtually all around the office district.

It is clear from now on, there will be some gaps to fill in. But from now on growth will be at the fringes of these established areas and, I think, that that might make the job predicting where it's going to be somewhat easier.

Basically, the core is established now. It's just a question of figuring out how rapid it's going to expand.

DR. JONES: Thank you.

MR. LITTLEJOHN: And we welcome the last question by Mr. Darden.

MR. DARDEN: You have already started to answer some of my questions. I wanted to ask you whether you expected revitalization in the District to go from boundary to bounday through the entire city in other words.

I think you talked about the area around the circle in the downtown area. I wanted to find out if you expect that it will continue throughout the entire city and,also, if you have any way of estimating the average sale price for homes which lie within these revitalized areas.

MR. JAMES: In answer to your first question, whether revitalization will extend from border to border, my feeling there is that the answer is no.

When you look at the characteristics of the people that are moving into the revitalized neighborhood, it is clear that we are dealing with a minority of the affluent people in the region.

Just when you look at where affluent people in the region are locating, there's not been a basic break in trends towards suburbanization. When you deal in large numbers of people, it is more and more common for people with a lot of money to move in the suburbs of the metropolitan area.

On the other hand, there has been a very large growth in absolute numbers of affluent people in the metropolitan area, and, just a minority of those affluent families, have a very large impact on selected neighborhoods in the District.

I think that's really the perspective to look at. Your dealing with a minority of people, your dealing with well-educated, affluent, young, childless, people with pre-school children, families. It is not a typical situation and it is not a group that's likely to take over the District and exclude or force the present residents out into the suburbs. But, it is a group of people that's large enough to cause serious disruptions in some neighborhoods.

Your second question, I forgot.

MR. DARDEN: I wanted to know if you had any way of predicting the average sale price for homes in the revitalized areas.

DR. JAMES: The District, as a result of its property tax assessment activities, collects information on property transfers within the District, including sale price.

I can't advise you on the reliability of those data. I can say that I've used them. I've looked at trends and average sales prices in the Hill, over time, and I've used those information to measure the rapidity of property transfers, the multiple sale question, the speculation question.

Off the top of my head I can't remember the average sales price figures, but, on the other hand, that is a resource that I found useful for documenting revitalization and for measuring its spread.

MR. DARDEN: Thank you.

MR. LITTLEJOHN: Thank you very much, Dr. James, for your testimony.

DR. JAMES: Thank you.

MR. LITTLEJOHN: Would you call the next witness?

MR. STRIDIRO: Spencer Boyer.

STATEMENT OF SPENCER H. BOYER

MR. BOYER: Thank you, Mr. Chairman.

MR. STRIDIRON: State your full name and address for the record.

MR. BOYER: Spencer H. Boyer, 2935 Upton Street, N.W., Washington, D.C.

MR. STRIDIRON: State your occupation and place of employment.

MR. BOYER: Professor of Law, Howard University School of Law.

MR. STRIDIRON: Do you have a statement?

MR. BOYER: Yes.

One of the areas that I was asked to focus upon was the problems of the inner-city and the problems of what the District of Columbia can do to try to prevent the speculation, and also to help some of the home owners in the District of Columbia, to remain home owners.

One of the major problems, I think, that the District of Columbia has in attempting to revitalize and to keep its citizenry in the District without losing their homes, is that it has a very limited concept of what the term, blighted area, means.

There is a rapid change in course in the face of American cities and the urban planning and redevelopment is one of the major facets of these. And the programs which, in the past few years, have introduced a whole, new concept into metropolitan life was the purpose to eliminate

slums and blighted area from the urban centers as breeding grounds for juvenile delinquency, immorality, crime, and the like.

Now, the removal of blight is universally considered as a public purpose or purpose of the municipality.

The District of Columbia has done this in the past, with the Southwest Urban Redevelopment, and we have two types of eminent domains. That is, the taking of property by municipality to remove blight. We have what is called the permissive eminent domain and restrictive eminent domain.

The District of Columbia, of course, uses permissive eminent domain. That is that it allows the city to condemn large areas and designate it as urban renewal.

In doing so, it may then sell that property to private entrepreneurs for redevelopment.

Now, the District of Columbia did this with the Southwest area and, of course, we have some of the problems still from that type of permissive eminent domain.

Now, the problem that I think the District suffers again is what, in fact, they consider to be a blighted area. In many jurisdictions, the blighted area goes to more than just what are commonly considered slums. The blighted

areas are such things as crowded conditions, deteriorating buildings, streets, the irregular building lots, and the like.

So, I think that if the District of Columbia would broaden its concept of what a blighted area is, that some of the areas that are going to speculators, the District of Columbia could, in fact, consider them as a blighted area, taken by eminent domain, and then as a quid pro quo, that is, in order to allow the private entrepreneurs to purchase this property, that the District would, in fact, ask for and receive housing for low income people. In other words, they would say that if we allow you to redevelop this area, that we require you to make provisions for low income persons within this redevelopment area.

Secondly, one of the problems that we had, of course, is the problem of the elderly in these areas and their being forced to leave the areas because of the high property tax.

Now, this is a valuable asset that the District of Columbia is losing. And the District of Columbia, through its taxing powers, should, in fact, be able to give what is called a homestead exemption. That, for persons who have lived within a particular area over a period of time, the District of Columbia could very easily remit or give a tax exemption for elderly.

And so, consequently, those persons who have lived in an area and who are a valuable asset to that area, would not be in fear of losing their homes because of the increasing tax assessments. This has been done in jurisdiction after jurisdiction.

Another solution for one of the other problems that the District has, of course, is the problem of redlining and, even though the banks in the District of Columbia have given lip service to that, I still think that we have the problem of redlining. That is, the banks and the financial institutions will not loan money or lend money to individuals to invest in the inner-city.

And, because many people, of course, feel that investing in new housing for low income families is a losing proposition.

And, in fact, the most profitable investment the bankers can make is often one that demolishes the homes of low income families to make room for businesses and higher income families.

The District, of course, has at its disposal millions of dollars which it invests or which it puts into the financial institutions in the District of Columbia and, again, as a quid pro quo.

I think that the District could request or require those banks for which it has its deposits to, in fact, invest in particular sections of the cities.

That's basically my statement.

MR. LITTLEJOHN: Thank you.

MR. STRIDIRON: Professor Boyer, if your expanded concept of urban blight is accepted, are there areas in the District of Columbia which could fall within that definition and, if so, what would be the benefits to the residents of those affected areas?

MR. BOYER: The concept of blight can go so far as to again indicate that if any structure is in an deteriorated or deteriorating situation, or if there are any indications in that area, if there are any factors that are retarding the growth of the community, that could be considered as a blighted area.

The Adams-Morgan area could, of course, be considered as a blighted area because of overcrowding.

Now, there is not the requirement that you have dilapidated, deteriorating buildings. That is just one of the criteria and, I think, that's the criteria most persons take into consideration when they think about a blighted area.

As I indicated earlier, it is a host of conditions that the municipality can look at to make the determination at its blighted area.

I think the Adams-Morgan area, the Mount Pleasant area, are two areas -- around Dupone Circle -- there are other areas in this city which could, in fact, be considered as blighted areas.

Now, one of the things that the District could do is, of course, consider them as blighted areas, exercise the right of eminent domain, and, in the exercise of the eminent domain, they could, of course, then offer them to private entrepreneurs and the entrepreneurs could come in, redevelop, and since the District is, in fact, condemning the land, they would have the right to place any limitations on the private entrepreneur that they wished.

That is that they must resell, they must, in fact, make provisions for low income persons, they must make provisions for the elderly and the like.

The District so far has not done this.

MR. STRIDIRON: I see. -- Are there any legal or perhaps economic restraints that would prohibit the District from either accepting the definition that you just proposed?

MR. BOYER: None that I know of.

MR. STRIDIRON: Thank you.

MR. LITTLEJOHN: Are there questions from the panel?

DR. JONES: Mr. Chairman.

MR. LITTLEJOHN: Dr. Jones.

DR. JONES: Professor Boyer, one of the verbals that you used in your new definition of sub-standard housing -- that's my term, I suppose -- was overcrowding. To what extent does the proposal that you present really address this problem in a blighted area, if you should call Adams-Morgan a blighted area on your definition.

MR. BOYER: I'm sorry, Dr. Jones, I did not understand that.

DR. JONES: Displacement is likely to occur if we use overcrowding as a definition -- as part of the blighted definition -- o.k.

MR. BOYER: Yes.

DR. JONES: How do you propose dealing with such an issue with your new concept or your concept of blight?

MR. BOYER: Well, the Adams-Morgan area is already overcrowded, the Mount Pleasant area is overcrowded. Now, that would, in fact, allow those two areas to be designated as blighted areas. The primary consideration is how do we, in fact, define blight.

DR. JONES: Well, my consideration went further than that because if that is part of the definition and there is obviously a relocation problem having to do with overcrowding, you really haven't solved the problem by merely revitalizing a house.

You haven't addressed yourself to the overcrowding condition which is part of your definition.

MR. BOYER: Alright. If, in fact, Dr. Jones, it is then considered as an area that is going to be overcrowded, alright, and, it is a blighted area, then, of course, this would allow private entrepreneurs to come in and put up new housing.

It could be high-rise housing, it could be any type of housing, but at least by having it designated as a blighted area, then the condemnation proceedings could take place.

We do, of course, have landlords who are not going to refurbish some of the existing apartment buildings in that area.

If it is then condemned, then that area, we will have a temporary dislocation during that period of time that new construction would take place, but at least at the end of that period of time, we should, in fact, have new facilities available for the persons living within that area.

MR. DARDEN: Mr. Chairman.

MR. LITTLEJOHN: Ed Darden has a question:

MR. DARDEN: I would just like to know if you have any information about the performance of the District in utilizing the houses which have been condemned, so far.

MR. BOYER: The District, I am afraid to say, has not had a very good track record in the use of the condemned housing.

We still have a lot of boarded up housing. The RLA does not have a very good track record. I think that one of the problems is that they have a limited view of what eminent domain is and what the purposes of eminent domain is and how, they can, in fact, make use of that.

Now, one of the major problems again is that I don't think the District also takes advantage of many of its tax incentives. That, it has at its disposal the ability to offer tax exemptions, it has at its disposal, the option to offer tax incentives. And, unless they are going to be offered to private entrepreneurs, the private entrepreneurs are going to go into those locations where they, of course, can make a quick buck. And that, of course, is going to be in the areas where they can almost prey on the individuals who do not have the wherewithal and the ability to make their own renovations.

MR. LITTLEJOHN: Are there any other questions?

MR. GLICKSTEIN: Mr. Chairman.

MR. LITTLEJOHN: Mr. Howard Glickstein.

MR. GLICKSTEIN: Professor Boyer, you mentioned a homestead exemption that might be given to home owners, elderly home owners, to permit them to avoid the burdens of higher taxes. Is there anything that could be done for renters, for example, could you allow a renter to deduct from his or her income tax -- District income tax -- whatever increase in rent costs are attributable to increase property taxes?

MR. BOYER: That is a possibility. One of the things, Professor Glickstein, that the District could do, of course, is give a renter's credit. That, as it now stands, of course, the landlord takes all of the property tax, and the like.

He, of course, raises the rents and he passes on that higher assessment to his lessees, or tenants. The District could, very easily, allow that pass through to, in fact, be credited, and I would give it as a credit.

That, if there is going to be an assessment, we could, in fact, have a period where there is going to be a revision in the assessments and, at that particular time, the District could very easily say that any increased

assessments on properties shall be, in fact, given on a prorata basis to the tenants within that building. So those tenants would, in fact, still get the credits rather than the landlord.

MR. LITTLEJOHN: Ms. Deborah Matory and then Mr. Owens.

MS. MATORY: Professor Boyer, what branch of the District government would have the responsibility for redefining the blighted area and why do you feel, at this time, the definition is so narrow or restricted?

MR. BOYER: I would think that the City Council would have the responsibility for defining what, in fact, is a blighted area.

The reason that I think that we still have such a restricted view of a blighted area is that it's just like topsy. It just grew and grew and grew, and the people really have not really given any thought to blight. It's just one of those definitions that roll off the tip of your tongue and you always think of it in terms of slums, and we have not given the research -- we have not looked at what other jurisdictions define as a blighted area.

In fact, for example, New Jersey even goes so far as to say that if by reason of inadequate planning, there has been a retardation in the growth of a community, or of a section of a community, then that can be considered as a blighted area.

In other words, what some sections of New Jersey have indicated is that if the City Council by inadequate planning has done something that would retard the growth of a community, they can correct that by calling it a blighted area and exercise a right of eminent domain.

I just don't think that there has been enough thought given to what blight means.

MR. LITTLEJOHN: Our last question will be given by Mr. Larry Owens.

MR. OWENS: Do you know whether or not any area in this city has been designated a blighted area because of overcrowding and I'm thinking, I guess, primarily of Anacostia?

MR. BOYER: I don't know if Anacostia, per se, has been considered as a blighted area. Now, of course, during the fifties when we had the Southwest redevelopment in that entire area but they, in fact, use more than the definition of overcrowding to make that definition.

MR. OWENS: Thank you.

MR. LITTLEJOHN: Thank you, Professor Boyer.

MR. BOYER: Thank you.

MR. LITTLEJOHN: Counsel, would you call the next witness?

MR. STRIDIRON: Dennis Gale.

STATEMENT OF DENNIS GALE

MR. GALE: Thank you.

MR. STRIDIRON: State your full name and address for the record.

MR. GALE: Yes. It's Dennis E. Gale and I live at 3901 Cathedral Avenue, Washington, D.C.

I am on the faculty of the Urban and Regional Planning Department at George Washington University.

MR. STRIDIRON: Thank you. Will you now give your statement?

MR. GALE: Yes. Thank you.

Dislocation of lower income and minority households occurs mostly in townhouse neighborhoods. These areas are well-known in the District; Capitol Hill, Logan Circle, Dupont Circle, Mount Pleasant, Adams-Morgan. And increasingly, the sections between Dupont Circle and 7th Street, north of Massachusetts Avenue. This phenomenon which, I choose to call resettlement, certainly is not

unique to the nation's Capitol. On the contrary, it is occurring in virtually every major urban center in the United States -- major urban center -- I might emphasize.

It is my judgment, however, that the rate and extent of resettlement in Washington exceeds that of other cities by a healthy margin.

The reasons for this condition are complex, to be sure, but the high proportions of households, composed of single and childless couples, in the Washington metropolitan area, is an important variable. So, too, is the relatively high level of income in this area. Federal pay-scales have elevated average household income levels to the highest of any metropolitan area in the United States.

Who are the settlers -- the resettlers -- as we might call them in the District? Some indications are provided by a household survey of recent home buyers in the Mount Pleasant neighborhood.

The survey was conducted last summer under my direction, by students enrolled in a course in the Urban and Regional Planning Department of George Washington University.

Generally speaking, the survey data indicate the following profile of new, Mount Pleasant home owners.

Most households were composed of singles and couples, and only about one-third have children, most of whom were pre-schoolers. Of the few school age children,

only about half were in D.C. public schools. A large proportion of the households were white, although 14 percent were black.

New Mount Pleasant home owners were highly educated, and more than half held post baccalaureate degrees. They were relatively young, in their late twenties and thirties, and earned middle and upper middle incomes, commonly drawing between fifteen and fifty thousand dollars yearly.

Now, there is more data that comes with that report, Mr. Chairman. I think it probably be too time consuming to pursue that now but we can certainly make that available to this Committee.

MR. LITTLEJOHN: Please do that.

MR. GALE: Thank you. What about those households who are forced to leave the resettlement neighborhoods? Who are they?

The sad fact is we don't really know enough about them. In my research on resettlement over the past three years, I found no useful data which systematically describes these people.

Most observers seem to believe that, usually, they are on low incomes, are black or Spanish speaking, and, often, are retired or elderly. But little more is

known and much more needs to be known.

One reason for this situation is that it is difficult, though not impossible, I believe, to track dislocated families, once they've moved.

An important contribution could be made by this organization if a systematic survey of displaced families were commissioned. We, at George Washington University, are wrestling currently with the methods by which a study such as this could be conducted.

There is a third inquire that needs to be made as well. And that is, what dynamics are responsible for displacement?

It is generally accepted that the following are among the cause of factors:

1. Rental increases due to rehabilitation of the tenant's building or unit, or to the landlord's perceptions of increased demand for rental units in the neighborhood.

2. Evictions of tenants due to the landlord's desire to renovate the building for higher rental, income producing property. Or, to his desire, to convert the building for sale as a private, owner occupied home.

3. Real estate tax increases due to rising assessed values in the neighborhood in response to

increased market demand. Home owner occupants, especially those on fixed incomes, may be unable to meet their augmented tax liabilities.

4. Rising sales prices for housing become so attractive to home owners in the neighborhood that they decide to sell.

Because the causes of dislocation are multifaceted, so also must be the remedies. Unlike the flight to reduce the discriminatory effects of exclusionary zoning in the suburbs, for example, displacement is the result of largely private market forces. It is akin, therefore, to such recent District government policy initiatives, as rent control and condominium conversion regulation.

Precedents have been established by both of these programs which, I suspect, provide much sobering experience for us all on the limits of effective public policy intervention to mitigate the negative effects of dislocation.

Currently, I am conducting research on techniques to be used in addressing the dislocation problem. Though my studies are incomplete, it is my impression and I underline the word "impression" that some form of tax increment financing or TIF may be the most desirable governmental response to this dilemma. Unfortunately,

I know of no working models to point to of TIF which are directed toward displacement. In essence, under TIF the city government would establish a special tax district for each resettlement neighborhood in the city.

Within each district revenues forthcoming from increased real estate tax assessments would be earmarked for a common pool and used by the district to subsidize housing opportunities for low and moderate income households affected by market forces in each resettlement neighborhood.

The earmarked monies would derive from the difference between the total assessed valuation of the neighborhood for the base assessment period. For instance, 1976, and the total assessed valuation for the next assessment period.

Now, that the district conducts city-wide annual reassessments, close scrutiny of these changes in property values could be maintained. All, or a portion of assessment increases, could be assigned to this pool.

There is ample evidence that revenues have increased rather dramatically in resettlement neighborhoods. Last year, assessment increases averaged 26 per cent on parts of Capitol Hill and, this year, Mount Pleasant experienced a 37 per cent average increase.

Two brief studies conducted by students in the

Department of Urban and Regional Planning at George Washington University provide some further documentation.

In a recent survey of a random sample of new home owners and, these were homes purchased in the last three years in Mount Pleasant, it was discovered that half had experienced tax assessment increases between 100 and 199 per cent in the past year. Ten per cent had increases of 200 per cent or more.

In another study, a student randomly selected 40 Mount Pleasant residential properties and analyzed the tax assessment records. It was learned that assessments increased an average of 87 per cent for this group. Of those houses which showed exterior signs of having been renovated, the average increase was 129 per cent. Of those that appeared to be unrenovated, the average increase was 72 per cent.

Now, it seems fitting to require that new tax revenues accruing to the city from the resettlement neighborhoods, be used to ease the burdens of those who suffer the most from resettlement, low income and disadvantaged, minority families.

I would urge the D.C. Advisory Committee and the U.S. Commission on Civil Rights to explore tax increment financing and other remedies for later recommendation to the appropriate public agencies.

I thank you for this opportunity to testify before you and wish you success in this important area of public policy.

MR. LITTLEJOHN: Thank you, Professor Gale.

The questioning will be led by Ms. Bustos.

MS. BUSTOS: I have some questions, yes.

You talk about dislocation or displacement as a fact of life, as if it's something we have to deal with, as if it's something that can't be stopped. Do you believe this to be something? That it's going to continue happening, no matter what.

MR. GALE: I think it will continue to occur in the District of Columbia in particular. Certainly as previous speakers have indicated, it is occurring in other parts of the country as well. My impression is that the rate of displacement and dislocation in Washington is due to resettlement, as I call it. It is probably greater than in any other city in the United States.

I see every indication that it will continue, although perhaps as time goes on, the rate of dislocation will decline somewhat.

I understand that resettlement is progressing above the H Street Court in the Northeast now. It is going on slowly and that families, home by home, are being

displaced. No one ever thought -- or at least anyone I knew -- thought that that would occur. There is displacement going on over at 5th and Q -- 5th and M Streets -- way, way to the east of Northwest. That is, again, no one would have predicted that.

I think that it will continue and, part of the reason for this is the abnormally high portion of young, single households, husbands and wives without children that we have here in the District. These are the people, for the most part, creating a demand for these units. And I think this will continue for sometime to come.

MS. BUSTOS: Do you feel that the suburbs have anything to do with this particular situation that's going on?

MR. GALE: By enlarge, I agree with Dr. Franklin James. I think that housing activity, the decline and destruction in the suburbs, has had a very difficult effect on contributing to increase demand in the inner-city. I do believe that if increased opportunities for housing for young families were to occur in the suburbs, that some of the pressures that occur in inner-city resettlement neighborhoods would decline.

But, I think the fact of resettlement and the fact of dislocation is here to stay for quite a long time in the District of Columbia.

MS. BUSTOS: Do you believe that the city is doing anything to deal with the dislocation problem present?

MR. GALE: This is one of the most frustrating aspects of the whole problem, as far as I'm concerned. There are individual, public officials here, including Councilman Marion Barry, who has shown a great deal of interest. There are others as well.

The real estate speculation tax that is now before the Council and has been before the Council for, I believe, over two years, is one attempt to begin to deal with this problem.

I think individually there is concern -- my concern is that there doesn't seem to be enough attention to this problem in the Executive Branch of the local government.

There seems to be a kind of schizophrenia in the sense that, on the one hand, we hear pronouncements of concern about people being dislocated in various random responses from the Executive Branch of government about individual home owners, demonstrations in Adams-Morgan, and so forth.

There is at least some vague and informal concern about dislocation. On the other hand, we know, of course, that the city is benefiting tremendously from the increased tax revenues that are occurring in these neighborhoods where resettlement is going on.

And so there's a kind of schizophrenic response to this thing. My own feeling is that the time is long overdue for the city to take a forthright stance on the problem. Do we believe that decreasing the level of displacement is of sufficient importance as a public purpose that we should devote public revenues to dealing with it right here and now, or are we going to continue to sweep it under the rug, and to pretend that it isn't occurring. It seems to be this kind of ambivalence that I find quite frustrating.

MS. BUSTOS: I have one last question for you. Statistics, I always feel, are very important in terms of designing what we're going to do for the future, and you mentioned earlier that there didn't seem to be very much information on people that have been dislocated throughout the city. Have you tried to get any statistics from the city? Do you know, are the statistics in the city?

MR. GALE: I have queried a number of people in the Housing and Community Development Department for instance, and in the Municipal Planning Office,

on an informal basis, and have been able to find very, very little. Most suggested that I turn to the 1970 census and see if there is something there, and of course that is an absolutely futile exercise.

I would like very much to see these agencies, or one or more agencies, in the District government show a concern, and perhaps commission some sort of a study -- conduct a study themselves to find out more about these people, who they are.

One of the reasons for trying to determine exactly who is being displaced, of course, is to then try to determine exactly how the District government is going to respond.

I think it is fairly evident, at least in my mind, that the District government cannot afford to deal with every case of displacement. Some kind of selective judgment is going to have to be made, and the most severely disenfranchised cases will have to be chosen.

Therefore, it becomes increasingly important to know what socioeconomic levels are involved, what age groups are involved, what racial groups are involved, and in that way, perhaps, better be able to formulate some kind of policy response.

MS. BUSTOS: Thank you.

MR. LITTLEJOHN: Are there questions from other members of the panel?

MR. DARDEN: I have one.

MR. LITTLEJOHN: Mr. Darden.

MR. DARDEN: Yes. In the characteristics that you outlined describing the people who are resettling. You mentioned that they were young, usually childless, upper-middle income, and white.

Is there any reason why there are not any young, childless, upper-middle income black?

MR. GALE: Well, there are some -- as I indicated, I think about 14% of the households, we discovered, were black. That is a black husband and black wife, as opposed to mixed. There were some mixed housing units there as well, but about 14% of the home owners were black. Now the interesting thing we discovered was that a couple of those households were those black households that have lived in Mount Pleasant for several years, and these were people, perhaps, in their forties and fifties, who perhaps because of the pressures of dislocation felt that they had to break down and buy their house.

So, they had been renting for several years, although they have only owned their house for the last two years.

Therefore, they fit into our sample because we were looking only at people who had purchased within the last two years.

So, they compose part of it, and I would say as far as young, black families, that is black counterparts, to the white families that were moving in, there were probably not more than two or three families out of our small sample -- that were like young, black professionals, business persons, and what have you.

There seems to be an interest, but not a large interest.

Again, I have no empirical evidence other than that. I have talked to some people who are quite active in real estate in the Northeast, particularly on Capitol Hill, people who live on 13th, 14th, 15th Street, Northeast, and their perceptions -- again, this is very informal -- but their perceptions are that more and more middle income, obviously middle income black families, are now visiting these renovated houses, the days that they are open and being held open by the realtors, these people are coming and looking, and more of them are buying.

It was the perception of two or three people that I know in the real estate field that the number of black middle income purchasers in these neighborhoods seems to be increasing. That is highly unscientific, but it would be worthwhile, I think, to study that further.

MR. DARDEN: Just one brief follow-up. Since the City does have such a large percentage of minorities in it, it seems curious that only 14% of them are involved in this market phenomenon.

Do you think that that in any way demonstrates the possibility of steering in the real estate industry?

MR. GALE: That is a very interesting question, Mr. Darden. I certainly have no evidence that that is the case, and I am sure, like you, I hope that it is not the case.

It is conceivable though, to me, that it could be happening. It is interesting that I have found, typically if that occurs, it occurs because real estate professionals have some perception that the white market for that type of housing unit, for that townhouse in Capitol Hill or something like that, the white market might not be happy with having black neighbors, therefore, they tend to steer away.

My perception has been, and it was certainly true in our Mount Pleasant survey, that many of the home owners had no problems at all with black residents.

In fact, about one of the reasons given by about 20% of the home owners we surveyed in Mount Pleasant, for purchasing a home in Mount Pleasant was that they wanted to live in an interracial neighborhood.

They felt very strongly about this. Now this doesn't represent the majority of home owners, but a very significant minority felt that it was important for them to live in an interracial neighborhood.

So my perception is, and I suspect that the real estate professionals realize this to -- that is, that people who buy homes in these neighborhoods are probably, as a group, less likely to be discriminatory, and more interested in whether or not they are getting a good home buy -- just basically whether they are getting a good housing buy, whether they are going to be close to their jobs downtown, interested in the architectural character of the neighborhood, and that sort of thing.

MR. DARDEN: Thank you.

MR. LITTLEJOHN: Mr. Stridiron.

MR. STRIDIRON: With regard to the TIF plan which you just described, do you believe the District is realizing, will realize, a sufficient level of revenues from this type of program so that it can have a significant impact on those people displaced and who have to be relocated?

MR. GALE: This is a very good question and a very difficult one to answer, of course. This, I think, is precisely why such a technique needs to be studied a good deal more, as I suggest.

It seems to me to make the most sense. There was -- it was indicated this year, that there was quite a tax windfall to the District of Columbia, over twelve million dollars due to rising property values throughout the City.

Now, what proportion of this was due to activity, real estate activity, in the resettlement neighborhoods. I am not really sure, although I would strongly suspect that a sizable percentage was due to the resettlement process, because it is happening so widely in the District.

Again, I have no figures to document that. But it strikes me that even a modest amount, a million dollars or something, which is relatively modest when you think of the problem itself, still even that amount could be used for rent subsidies, it could be used perhaps in the construction of new low-income housing, or the rehabilitation of existing housing for moderate income people.

It strikes me that that source is certainly worth investigating much more seriously than the District has done so far.

MR. STRIDIRON: Thank you.

MR. LITTLEJOHN: Thank you very much Professor Gale.

MR. GALE: Thank you.

MR. LITTLEJOHN: Counsel, please call the next witness.

MR. STRIDIRON: James Harvey and Samuel Parker.

STATEMENT OF JAMES HARVEY AND SAMUEL J. PARKER, JR.

MR. HARVEY: Thank you Mr. Chairman.

MR. STRIDIRON: Mr. Harvey and Parker, would you please state your full names and addresses for the record.

MR. HARVEY: I am James H. Harvey, Executive Director of the Metropolitan Washington Planning and Housing Association. 1225 K Street, Northwest.

MR. PARKER: My name is Samuel J. Parker, Jr., and I am Director of Planning at the Metropolitan Washington Planning and Housing Association, also located at 1225 K Street, Northwest.

MR. STRIDIRON: Would you please make your statement.

MR. HARVEY: I will just make a brief statement, and then turn to Sam Parker. I just want to illustrate the interest of the Association in this problem that you are exploring through the hearings, here.

We have had a long interest in it through working in the various neighborhoods, and just in December we launched anti-redlighting project where we were able to get funds to bring on special staff to do that to look at the kind of disinvestment that is taking place in the various

neighborhoods, and also through our working with the Advisory Neighborhood Commissions through the Washington Alliance for Neighborhood Government, that we are one of the conveners of, and also of our specific work in Old Anacostia that Sam Parker will describe to you a little bit later.

We also are interested in the follow-up to the hearings into the findings and recommendations that is going to come out of the hearing here, because not only do we need to have the problems put on the table, we need somebody to do something about them, and we think the Association can do something in follow-up to these hearings that you are conducting.

We know a lot about the problem, I think, of the speculation that takes place, the housing shortage that adds to the problem, if the overall, I guess, greed of money, and various negative forces as far as neighborhood revitalization is concerned.

Then, as we look at the various tools that are available to us to come back upon them, I think this is where we need some solutions.

We have the Mortgage Disclosure Act, you have the Equal Credit Opportunity Act which is now into being, we have the various Anti-Discrimination provisions with

protective coverages going to race, age, family size, and the like.

But, I think in each of these areas we really need to strengthen our activity. I think the Mortgage Disclosure Act can be greatly strengthened and improved. That is the only tool that we have to work with now.

Well we haven't had any experience yet with the Equal Credit Act, but we would be looking at that very closely, and we are very much concerned about the enforcement mechanisms at the local level and also at the federal level as we try to use those tools to combat neighborhood disinvestment.

So we have -- in summary -- we are very much concerned, we are looking for some solutions, as we are really prepared to do some follow-up action in the various neighborhoods.

I will ask Mr. Parker to describe what we think is a rather unique experience that the Metropolitan Washington Planning and Housing program is cooperating with some other agencies in Old Anacostia.

MR. PARKER: What I would like to do is explain some of the things we are undertaking in Anacostia and compare that with some of the wider-city City problems related to neighborhood conservation and neighborhood

improvement and draw some kind of parallels, and also look at some policy implications.

Anacostia has similarities, namely, it has an attractive location, for example, as also areas like Mount Pleasant and Adams-Morgan has. It is located near convenient transportation stops. It physically is attractive. It has historical importance, both architecturally, and socially. The racial composition has changed over the years from white to black, especially during the 60's. The homeownership is comparatively low, about 30% of the total population.

It has an element of commercial activity within the area, but at the moment it is relatively marginal. The number of small businessmen that are undertaking commercial activity, but the degree and the profit potential at this point in time appears to be marginal.

Again, the commercial and the residential are integrally related and any kind of neighborhood improvement effort, and in Anacostia as in a lot of other neighborhoods around the city experiencing these kinds of changes -- both are subject to some kind of speculation.

Old Anacostia is somewhat different with respect to the other areas, and this might be to it's basic -- is that the degree of speculation is somewhat behind other

neighborhoods within the Washington area.

I am not saying that speculation has not taken place, it is at the beginning stages, but at this point in time if certain actions are taken both by the City government and by residents, then there is a greater potential of controlling the situation and making changes related to what the current residents think the neighborhood should be and what it should look like.

It has significant attributes. It has a wide number of community organizations. With that wide number there is also the fact that they are not coherent, or consistent actions by all the organizations. It has put things as the Frederick Douglas home, which is a national historic landmark. It has a community development corporation. It has the Frederick Douglas Neighborhood Museum. All kinds of -- it has a historical society already in place. These are potential factors that you can draw both support expertise and knowledge in helping the residents gain a measure of control in stabilizing their community and in improving their community.

We look at both the so called negative factors. A high degree of low income people, a serious amount of neglect over the past few decades as far as maintaining the housing, the significant amount of absentee ownership within the community, and we compare that with the attributes --

some of the attributes that I have just mentioned. We wanted to see if we could bring the positive points, the strong points, within the community and to stimulate some neighborhood or community self-initiative and self-help that is built upon what was currently existing within the neighborhood.

And again, we anticipated, by having some experience in watching some of the phenomenon taking place in other neighborhoods around the city, what the potential was for Old Anacostia, Anacostia in general, and what were some of the potential problems that might come up if the same kind of speculative activity started to take place in that particular area.

So, we were doing a couple of things at one time. One, we were trying to build upon existing organizations to stimulate a neighborhood discussion and neighborhood action on current problems -- problems that people have and feel an immediate need for. Things like rodents. Things like streetcleaning. Things like unpaved sidewalks, abandoned lots that are full of trash. These are things people immediately identify with, and that you can attract both support and participation by the residents to do something about.

But, the longer ranged issues of whether or not you will be able to stay in your home because of speculat

MS. SUAREZ: My name is Margarita Suarez and my address is 7036 Columbia Road, Northwest, Washington, D. C.

MR. STRIDIRON: State your profession and the agency with which you work.

MS. SUAREZ: I am a social worker, community organizer and I work for the Adelante, which is the Advocacy Center for the Hispanic Community.

MR. STRIDIRON: Do you have a statement?

MS. SUAREZ: I am going to apologize for that. We had some personal emergencies, including Roberto breaking his leg this morning, and I don't have my prepared statement with me, so I do remember some of the main points that we wanted to make, and I will try to restructure it.

I apologize for the looseness of it.

MR. STRIDIRON: Go ahead.

MS. SUAREZ: Basically, I think the kinds of issues that we wanted to address are in terms of the housing needs of our community, but I think the needs are very much the same of those of low and moderate income communities across the city.

We have some added burdens in terms of the language and cultural barrier, but I think generally the problems and solutions to the problems are basically the same, or the

are not cutting off their normal business?

MR. HARVEY: Now, under the Neighborhood Housing Services concept as is presently constituted, they like to look at the lower income kind of neighborhoods where you can do some rehab on your house in the neighborhood of \$4,000 to \$7,000. See, so they would not be interested in developing, at least at this point, for the kind of priced housing that you are talking about.

That is just not the concept of Neighborhood Housing Services at this point.

MR. LITTLEJOHN: Thank you very much for appearing before us.

MR. HARVEY: Thank you.

MR. PARKER: Thank you.

MR. LITTLEJOHN: Counsel, call your next witness.

MR. STRIDIRON: Margarita Suarez. Mr. Chairman, we have been informed that the other gentleman who was to appear on this panel, Roberto Gonzales, is not going to be able to make it. He has been disabled.

MR. LITTLEJOHN: Please express our condolences on that.

STATEMENT OF MARGARITA SUAREZ.

MS. SUAREZ: Thank you.

MR. STRIDIRON: State your full name and address for the record.

and some of the other neighborhoods is the same.

MR. HARVEY: Can I just add quickly that we think of it as has been mentioned as a three-way kind of partnership, the community element, the lending institutions and the city.

Now, I think part of our redlining project is to get the turnaround on the part of the lending institutions.

I think lending institutions have certain perceptions about neighborhoods, and a lot of them carry over negative kind of perceptions.

Now, if we can get the lending institutions to take a different look at it, and also to change their policy to an affirmative policy of saying we are going to put money for revitalization into these neighborhoods, but I think that is key, and that is what we really are trying to do to turn the lending institution around.

MR. LITTLEJOHN: Mr. Darden.

MR. DARDEN: It is not uncommon in the neighborhoods that we have been looking at to find sale prices at or above \$100,000 for a single family home.

Do you think it is possible for the Neighborhood Housing Service approach to deal with units at that price range and still maintain some ability to keep financial institutions involved in the program and feel as if they

What we would like to do is to demonstrate what can be done and be able to illustrate the kinds of forces, the kinds of things that have to be in place in order for it to work, and I think we are demonstrating it to some degree in Anacostia.

MR. PARKER: Also, I live in Mount Pleasant, and some of the organizations are talking about some of the aspects of the same things that we are doing in Anacostia.

It is at different levels, though. We were recently talking about the feasibility of some kind of non-profit corporation, maybe a community development corporation, and somehow or another to find either city or federal funds to start acquiring houses, and maybe putting those houses under cooperative ownership to help reduce either the cost of acquisition or the cost of maintaining some of those large old houses, and breaking them up to maybe a two unit place, in a cooperative ownership where two families of a lower income could maintain a couple of those older houses.

There are assets of what we are doing there that can be applied to other neighborhoods.

But, again, I must say, Anacostia is at a different stage than a lot of neighborhoods are at. But, the ultimate objective, both in Anacostia, Mount Pleasant, Adams-Morgan

would provide the initial downpayment for a different type of mortgage and amortization where the initial outlay, the down payment and settlement cost would be built into the amortization of the mortgage, so, some up-front money in that regard, perhaps requiring that the present owners and the developers of some of these properties provide assistance in relocation.

Now, I know that you can't put the entire burden, but I think that we can put some of the burden, saying that if you are going to speculate and move people out, then you have a responsibility for relocating some of the people.

But, I think more importantly is the kind of neighborhood base that perhaps can be supported more from funds from the city.

MR. LITTLEJOHN: Let me ask another form of the question that was asked earlier. You were working in Anacostia. Is it possible for your type operation to work in other parts of the city, or is it because you are in Anacostia that your organization is able to function?

MR. HARVEY: Yes. Well we wanted to use it one, as a pilot as Sam Parker has outlined. Some of the things that we were looking for and some of the positive results that we hope that can be duplicated in other sections.

It is going to be impossible unless we have a great increase of funds to work in very many neighborhoods such as we are concentrating on in Anacostia.

MR. STRIDIRON: I assume that this is an ongoing process, but can that same process work in an area where perhaps you don't have an organization like yours and the speculation has already begun and perhaps has progressed to a large extent.

MR. HARVEY: If there is a neighborhood base, an organizational base, I think that is key. And the second thing, of course, is that you have to pick the neighborhoods where there is a high percentage of home ownership. Now, where you find most of the speculation there is not that high a degree of ownership. So if an absentee landlord owns the house and he decides to sell, there is nothing that the person living in that house can do. And this is really what is happening in the areas where you are finding the rapid transition and the speculation taking place.

MR. LITTLEJOHN: Do you have any suggestions as to what can be done by the City or anyone else as that goes, with the rent the renter in the situation you just described?

MR. HARVEY: Well, I think that perhaps some legislation as well as some enforcement of the provisions we already have.

When I say legislation, such as to give the present owners of a house first refusal, by having some programs that

MR. STRIDIRON: I have a question.

MR. LITTLEJOHN: Mr. Stridiron.

MR. STRIDIRON: How does an organization such as yours approach the problem of the individual home owner, who is "made an offer that he cannot refuse"? How do you get involved in that type of activity?

MR. HARVEY: Let me give a partial answer. One is that, again, through the kind of a neighborhood organization that we try to do, we try to point out the positive factors in a neighborhood, and why people should be interested in staying, and the revitalization of the neighborhood.

So, if you are able to accomplish that; secondly, if you are able to convince people that perhaps that money is being waved under their faces and is not enough and they can't really get a replacement for what they already have.

In other words, if they have an offer of \$20,000 or \$25,000 -- you are not going to buy much housing with that kind of money, and you better kind of reconsider.

We only have a few instances where families would come to us, or we know about that they are being approached by a developer or a speculator, and those instances I think we have been able to make some positive inroads and say, take a second look.

MR. OWENS: Do either of you know to what extent community development funds are being used in the Anacostia area; and, if so where?

MR. PARKER: It was interesting in Old Anacostia, which is a sixteen square block area, we were pushing for the City in this early CD block grant program to put more money into Old Anacostia, but the City took the administrative position that Old Anacostia was too far deteriorated and that the condition of the housing was too bad, and therefore, that they should opt to put their money in neighborhoods that were marginal as far as the degree of decline and the degree of the particular problems within that neighborhood.

I think, again, because of the activity that we are doing in working with the other organizations and the commitment of a lot of people who say, Old Anacostia is not going to die. The City is starting to change their mind. But, they were very hesitant about putting money in that particular area at the beginning.

MR. OWENS: Thank you.

MR. LITTLEJOHN: Are there other members of the panel who have any questions?

MS. MATORY: Mr. Parker, what were the major obstacles that you had to face in trying to prompt some community action?

MR. PARKER: One difficulty is -- has to do with neighborhood organization -- getting the majority, not necessarily the majority, but to get people who are not normally active in any kind of community activity to come out and participate.

It is exceedingly difficult to generate support from residents who, for quite a number of years have had no reason to expect anything to happen in a given neighborhood, especially in Anacostia, where for decades little has happened both in City government, or from any kind of private activity, and they are very suspicious and very unwilling to come out unless they know that something is going to happen, if they give their support and their time.

That is the crux of any kind of problem. If you can solve that one, then you are half way down the road to getting something to happen.

MS. MATORY: Thank you.

MR. LITTLEJOHN: Mr. Owens.

So, we are looking at it on a neighborhood basis to find out where the banks are making loans, and where they are not making loans, and the kinds of loans they are making.

We hope to have some results of this analysis within the next month to six weeks.

MS. MATORY: How many non-profit associations like your are there assisting people with these housing problems?

MR. HARVEY: It depends on what problem they have. Now if they are talking about discrimination, this is one of the things we do. If they feel that they have not been able to get a loan in a particular neighborhood because of race, age, sexual or marital status, we are able to give them assistance in filing their complaint, or depending on the circumstances, even getting the legal assistance to go into court.

We can provide people information about housing availability on a metropolitan basis. We can give them information on the neighborhood profile as to the kind of neighborhood it is.

The biggest problem is, as you know, when we get requests from large, low income families, and that is the toughest one to deal with.

use. There should be -- there has to be provisions made for any kind of displacement, either public or private displacement within a neighborhood.

There has to be skilled staff people in the areas of neighborhood organization, financing, home counseling and code enforcement.

But, I do want to stress, in the instance of our particular program, is the importance of neighborhood organization and neighborhood participation both in the activities and the planning of any kind of neighborhood conservation and rehab program.

MR. LITTLEJOHN: Thank you Mr. Parker. Ms. Matory.

MS. MATORY: Mr. Harvey, would you discuss briefly your findings and study of redlining in revitalization.

MR. HARVEY: We are just really getting started in this, under the Board Disclosure Act where banks are required to give information as to they make loans.

Now, once you get that then you have to do some further analysis as to what kind of loan, and to whom the loans are made to.

Now this is not required by law. In other words they could say we made a million dollars worth of loans in Anacostia, but that could have been just one developer.

Again, in every aspect of activity we want to support the existing organizations and existing institutions that were present in the community, namely the Community Development Corporation, and namely the Neighborhood Housing Services and their link with both the financial institutions and the local government.

Any particular program that is established in any neighborhood cannot have much success if it does not have the beginnings and the support of the neighborhood residents, and before you can have that support they must have some kind of understanding of some of the forces that are taking place.

So, we were attempting to use these smaller issues that we knew we could get resident interest in and support in and transfer that initial support into larger, broader issues that the neighborhood had to deal with.

Quickly some of the things that we felt, we feel, any kind of neighborhood program must have are, one, flexible financing capabilities, which again, NHS does offer at this particular time.

There should be some measure of community control of certain kinds of economic and housing institutions, for example, community control of the housing owned by absentee landlords which could be put, for example, into cooperative

particular case, the financial institutions. I think initially there were seventeen financial institutions that supported NHS activities in Anacostia; and, the local government.

Local government provided staff support early on, and they, I think, currently are trying to link up their loan program with the activities of NHS.

NWPHA felt if it could provide a service to the people that they really felt they needed, and in this case it was home improvements, how to learn how to do your own basic home improvements, a small kind of program activity but it has kind of large implications.

MR. LITTLEJOHN: Pardon me, Mr. Parker. Could we shorten your testimony. We are running out time, and we would love to ask you some questions.

MR. PARKER: Let me get to some of the objectives of what we are trying to get at.

One, we wanted to get at people who don't normally participate in community activities, by getting them to come out to something like how to learn how to improve their own home.

Once we get a captive audience we begin to talk about community issues and to talk about why the problems -- once we have people coming out and coming to get a service.

buying in, or if the neighborhood really becomes historically attractive and rehabilitation takes place.

But not necessarily immediate issues of all the residents that we came in contact with. Some of the more important organizations that we wanted to tie together were the civic organizations, the Frederick Douglas Improvement Council which was in it's beginning stages of trying to organize and establish block captains and that kind of communication.

Also neighborhood housing services, which is, I think, one of the most innovative programs around the country, and Washington is particularly lucky to have one in Southeast.

Working with the neighborhood housing services program we were able to unite a number of important factors that are vitally necessary in any kind of program related to neighborhood conservation.

NHS has both community support -- it is run by a community board -- it has support from the District government, and it also has support from financial institutions that have agreed to take bankable loans that are referred to these institutions by the Neighborhood Housing Services.

The Neighborhood Housing Services in one small entity had the three elements. It had citizen support. They had participation by the business community, in this

possible solutions. I don't think they have a solution.

I think in terms of the kinds of policies that legislation that now exists which very directly affects us as Hispanics in this minority group, is the idea of inclusion of significant minority groups in the planning of any housing or community development programs that get done.

We have consistently expressed the fact that we feel we have been excluded, that not only simply because we have not been approached, but also that general existing community participation structures do not allow for the participation of those people who are not comfortable with the language, who do not know the system well enough to know that such a process exists, or to even to know how to begin to have input into it.

In terms of this, we have worked somewhat with HUD with the office of equal opportunity at the area office of HUD, and we met a group, a representative group from the community met with James Clay at HUD.

Our statement was pretty much that we feel we have been excluded as a significant minority in the consideration and planning for the first two years of Community Development Block Grant, and I think for the third year, we can make the same statement as well.

And that, we wanted HUD to respond to that in the sense that a significant minority had been excluded from the planning.

Jim Clay's response was pretty much that, granted Title VI exists, and granted the regulations are there for him to include significant minorities.

Number one, the community development block grant regulations, even though they were labelled as having great emphasis on community participation on the face of it, when you really read into it, as long as the community, or a jurisdictional locality had had the public hearings and had put out flyers, and HUD has on file -- I mean the local government has on file a flyer in Spanish that they put out, which the community never say, but that is all HUD needs as proof that they did try to include significant minorities.

There are really no teeth in the legislation to guarantee the community participation or to guarantee that anything more than flyer being printed up is going to be done.

When we approached Mr. Clay on this and we said that we felt had to have the responsibility to make sure that those things were enforced and to make sure that the

that our input was included and the needs of our community were included, his response was pretty much that: number one, the regulations were not really that strong and that if the flyers were there that was sufficient, but also, and I think this applies to HUD, but it applies to the local government, it applies to local housing and community development agency, and I think almost any other agency, was that in spite of the fact that legislation was there, the attitude is pretty much that we can take them to court, we can use the regulations or legislation anyway that we want, but that as long as the budgetary resources are not there, there is nothing they can do about it.

And sure, they are supposed to enforce this, and they are supposed to enforce Title VI, and they are supposed to enforce CDBG community participation, but if they don't have the resources to do it, there is nothing they can do about it.

Which sort of leaves us in the position of saying, okay, here is all this beautiful legislation being passed, regulations which say that there has to be inclusion, not only of our input, but of some solutions to our problems, we follow all the due process kinds of things in terms of

trying to be included to finalize it as, look, regardless of what is in the book, if the money is not there, there is nothing we can do and nobody seems to feel that it is their responsibility to make sure it gets done.

In terms of housing generally, and the kinds of problems we are having, as most of you, I am sure know, the Hispanic community geographically is localized mostly in the Adams-Morgan, Mount Pleasant area, and the area which has been focussed on lately because of the kinds of revitalization activities that are going on now, the incredible displacement that that is causing, and later on this afternoon we will have one of the staff attorneys from our agency, and some of his clients who are typical cases of displacement and the kinds of things that are going on -- you would get more in the specifics of that.

I think generally, in terms of dynamics of what goes on, I have worked in Alexandria for four years, and I have been working in this community now, and Alexandria-Old Town is very much the same kinds of dynamics that went into the making of Old Town are very similar to what happened in Georgetown, and what is happening now in Capitol Hill.

I think what is already beginning to happen in

Adams-Morgan and Mount Pleasant — Adams-Morgan, Mount Pleasant not having the historic preservation element to it that the others have so strongly.

Basically, I think that revitalization for upgrading, which of course is what cities at this point are in to because cities, especially larger cities, with inner-city cores and so on, are getting to the point to where they need the financing in housing.

There is a way of getting that financing -- having high property values, so that higher taxes come in so that there is more revenue for the city, so that the city can function better.

It goes on and on. If the city needs the revenue, then it has to be revitalized, if it is revitalized the price of housing is going up because the houses are going to be fixed up, the renters are either going to be pushed out or the rent is going to go up so that they are going to be forced out anyway because they can't afford it.

The low and moderate income home owners are going to be pushed out because of the taxes, and I think it is something that we are all very familiar with.

In terms of addressing the issue there, I don't know that there is any solution to it -- any reasonable

solution to it, as long as we think in terms of housing being a commodity, of housing being something that can be traded back and forth, and that can go up and down according to the market, and that can be used as a commodity to make or break people financially. Because then, it will be used that way.

I think it is only reasonable that cities have to have revenue to function. I think that it is only reasonable that there is nothing illegal in people making money by selling housing and fixing it up and trading it back and forth.

But I think it is only reasonable because that is the way things function right now, and as long as housing is used as something that can be traded back and forth, and not a guaranteed service that people need to have to exist as the HUD mandate so clearly states, it is not going to work because the dynamics of the way things work is that all those things are reasonable and they should happen for the sake of revitalizing cities.

I am trying to reconstruct.

MR. LITTLEJOHN: Perhaps we could ask you questions.

MS. SUAREZ: Yes.

MR. LITTLEJOHN: Ms. Bustos.

MS. BUSTOS: You talked about your attitude of HUD. What do you feel has been the attitude of the D. C. government?

MS. SUAREZ: We have worked with the D. C. government. Okay. I think, for instance, the area office, Mr. Streeter has been very cooperative in terms of establishing sort of a network of communications, of letting us know what is going on, of having material translated.

This has been in the last year. Third year CDBG and the kinds of -- well what is happening in the 14th Street park area for instance -- we have all had knowledge of, it has been translated, it has been passed on to us, so that I think is being done.

Because of the limitations of the CDBG program, I can't really say what the Department's attitude has been because they have a very good reason for not including us at this point.

The CDBG funding is going mostly to finish old Urban Renewal areas, and those are designated areas in the city that have been designated for years, and where the programs have to be finished.

Number one, because HUD can take 20% off the top

of the CDBG money just to pay off the interest that is due on this project, because the projects have been started. And the money just goes right off the top to those kinds of things so that the Department can, just very logically, say, the money is going to finish the old projects and Adams-Morgan and Mount Pleasant were not included and therefore, at this point, there is nothing we can do.

In terms of making a judgement, at this point I can only tell you that they have been -- especially Mr. Streeter -- very helpful in getting the information to us.

Once we started talking about the fact that we didn't even know what was going on, that we had not been included, that people could not even understand what was going on.

As far as anything being done in terms of housing, where the funding is coming from, which is at CDBG at this point there is nothing available, and because we are not a target area.

So that right there excludes any negotiation or talking about it or anything like that.

MS. BUSTOS: I remember you saying that when you talked to the HUD office, they kept saying that they did

not have the resources. Are you aware -- are there any other monies that HUD might be able to give to provide to help the situation that you are aware of?

MS. SUAREZ: There are other funds in the CDGB. Well in the local community, there is other kitties under CDGB. There is discretionary funds, there is emergency needs, there is innovative. There are all kinds of other kitties that the city itself could get if it chose to, for different projects, and that it could qualify under.

As far as housing is concerned, CDGB itself is limited in that it only provides for rehabilitation, or for existing structures. It doesn't provide for new construction.

I think when you have a shortage of housing like you do here, and when you have the kinds of waiting lists that you have for subsidized housing projects, and public housing projects, there is no way you are going to get away with that.

I can speak a little bit, for instance, of Section VIII program, and the dynamics of it. I don't consider myself an expert, but having worked in the field I know some of the kinds of things that have happened with it. It was supposed to provide subsidized housing under either new

construction or existing buildings or substantial rehab. And because the entire CDBG program nationally got moving so slowly the first year, by the time you get around to interpreting legislation and putting regs out, half the year is spent in hiring staff.

Congress is putting pressure on HUD to spend the money and, therefore, the second year and the third year, the existing -- the new construction -- is going to be taken out.

So again, even though the legislation is written up to address some of the needs for new construction and for additional housing units, the kind of pressures that are put on both politically and budgetary in terms of spending the money, and making the program deliver, whether the program works or not, nobody says, maybe the program does not work and maybe that is why it is not moving very fast.

Everybody says, we have got to make it work and therefore, let's cut out the parts of it that might be viable if we take the time to do it and deliver what is visible.

With Section VIII I think the problem is that, in cities where you have low abandonment rate, and where you have most of the units that exist have high occupancy

rate. Section VIII is a pain for the landlord. There is so much paperwork involved for the landlord, that if he can get a tenant without having to go into the paperwork, he is going to do that.

I hasn't worked. And, I think, naturally it has been somewhat of a reject that local jurisdictions have not wanted to use.

But then, what happens is that it gets changed around to make it work whether it really delivers anything or not.

MS. BUSTOS: You had mentioned something that construction was being cut out. Are you saying that some monies are being taken back?

MS. SUAREZ: Not really. No. The Section VIII monies are still there. The criteria for delivering Section VIII housing, of delivering it under new construction, which meant that you could use some of the money for new construction. It isn't that it has been taken out. It is that the mandate is pretty much -- let's get out of new construction. It takes too long. It takes longer to get off the ground. It takes longer to get delivered. Let's do some of the visible things and spend the money.

But the visible things -- when you do rehab, and

substantial rehab or existing housing, the existing housing has to be adequate. And, rehab is cheaper than new construction generally. So in that sense, it is probably better in the long run.

It is also true that the private market is also very involved in the whole rehab business. So when Section VIII has the handicap it has in terms of having an appeal for the landlords and the developers, and the capital is there, in the private market, they are going to avoid using Section VIII.

MS. BUSTOS: I have one last question for you. What exactly is it that they want now? What is it that they want to have done that they feel are their immediate needs in this area?

MS. SUAREZ: Okay. In terms of housing, number one, just having enough adequate housing. A lot of the housing that the Hispanic people are living in now is inadequate.

It is not picked up. It is full of roaches, these kinds of things. The building has been allowed to deteriorate, and the rents are getting prohibitive. The rents are not in scale with the kinds of housing.

So, I think just having available housing to move

to, that low and moderate income people can afford, and again I site the five year long waiting list in public housing and those kinds of things, and when we say we need more housing, they give us the list of all the subsidized housing projects and of public housing in the city.

This does not do any good when you have to wait five years to get into it. Housing -- sure it is there, but it is not enough.

I think, other than that, the kinds of speculation that has occurred in Adams- Morgan and Mount Pleasant, is something that I think eventually is going to push the community out, unless we have some mechanisms to get a foothold in that community. The only way to stay in a community is if you own some of the land because then you can control some of what happens in it.

At this point we don't, because most of our people are low and moderate income, and the houses are owned by other people, who at this point because of the market prices are very much interested in rehabbing and selling for \$80,000 or \$90,000.

MS. BUSTOS: Thank you.

MR. LITTLEJOHN: Any questions from members of

the panel.

(NO RESPONSE)

MR. DARDEN: I have a question.

MR. LITTLEJOHN: Mr. Darden.

MR. DARDEN: I have been looking at some statistics from the 1970 census, and in the four census tracts in the Mount Pleasant neighborhood, there are a total of -- according to these figures -- about twenty thousand five hundred people.

Of those about eight thousand -- eighty-one hundred of them -- are in some way a language minority.

Do you have any quarrels with these figures, do you think? Are they accurately representing the population of language minorities in the Mount Pleasant area?

MS. SUAREZ: No I don't. I do have a quarrel, and no I don't. Those figures are extremely low and part of something that we have been trying to deal with legally is the fact that language minorities were excluded in the census, precisely because the census person who goes around cannot talk to somebody who has a language barrier.

And, the fact that most of the community does have the problems with the language, means that a lot of the count was excluded.

The estimates -- and that is another problem -- that because we weren't included, there are no specific demographic figures that we can really use to say that they are valid.

Something that is generally accepted is something anywhere from 60,000 to 75,000 Hispanics for Washington, D. C. and about 160,000 for the whole Washington metropolitan area.

Right now we have a proposal in to try and get a demographic study going so we can identify how many people there are and what their needs are, and what a demographic profile would be, because it does not exist. It has never been done, it has never been identified.

Because of our own lack of knowledge of the system, we have never identified ourselves or known how to plug into it.

So, it is like we are there, but we are not visible.

MR. LITTLEJOHN: Thank you. You have been quite helpful.

MS. SUAREZ: Thank you.

MR. LITTLEJOHN: Counsel, call the next witnesses.

MR. STRIDIRON: Mr. Lorenzo Jacobs, Mr. Elbert Ransom, and Mr. Dudley Millen, and Mr. Knox Hayes from

the D. C. Department of Housing and Community Development.

STATEMENT OF LORENZO JACOBS AND STAFF

MR. STRIDIRON: Gentlemen, please identify yourselves for the record.

MR. JACOBS: I am Lorenzo Jacobs, Director of the Department of Housing and Community Development.

MR. RANSOM: I am Elbert Ransom, Jr., Acting Administrator of the Housing and Business Resources Administration.

MR. HAYES: Knox Hayes, Chief of Program Policy Division.

MR. MILLEN: Dudley Millen, Acting Chief of Housing and Resources Division.

MR. STRIDIRON: I believe you have a statement to make.

MR. JACOBS: Mr. Chairman, I stated our basic position in the earlier statement that I made this morning. During the course of that statement I indicated that much has been done, but much remains to be done.

I would like, at this time, to just enumerate some of the things that I think we ought to do, and I think we at least ought to consider doing.

It is my view that we probably need as many tools

as we can get our hands on to deal adequately with this problem.

I think that we do need a comprehensive counselling program in the District, and we do have at the present time in the Department, several counselling programs and they are somewhat fragmented.

We have designed a comprehensive program and there are funds available for that in CD 2 and we ought to have that program in operation very shortly.

I think, however, that together with the counselling program, that we ought to consider whether or not it would be beneficial to enact legislation that would permit a person who has entered into a contract to sell property, a reasonable time within which that person can withdraw from that contract. This might be beneficial in those cases where a home owner is stampeded into signing a contract.

I think we need to expand our whole purchase assistance program. We already have a home purchase assistance program that is highly successful, however, it operates only in the model neighborhood, and uses model neighborhood funds that were left over.

Unfortunately, it cannot be used anywhere else, and there is insufficient money to expand the program.

I think we ought to consider whether or not the District government ought not to use some of its appropriated money to permit the expansion of that program.

I think we need to consider and expand our scattered fight, public housing and probably tie into that some provision which will permit persons in the income level that that housing serves, an opportunity to purchase those units.

I think we need to examine legislation that is on the books as well as policies that have been adopted to see whether or not they have a beneficial or a negative impact on increasing the supply of housing in the District of Columbia.

I think key to our problem is the supply problem. It is not the only problem. This is a very complex area we are talking about. But certainly one of the key features is increasing the supply of houses.

I think that we have not, in both some of the policies that maybe have been adopted in some of the executive departments and some of the legislation that has been adopted, may not have given adequate attention to the potential impact of that legislation or those policies on generating houses.

I think we ought to also consider whether or not

there ought not to be some kind of special tax break for owners or low income rental property.

I think we ought to look at that very carefully. I think we need to get off the drawing board proposals that are now pending before the council to establish a development and financing entity that hopefully would be able to impact the supply of housing, hopefully on a larger scale in the District.

And there is one thing that I think we need to seriously look at and I think it is absolutely essential if we are going to look at the long term solution to our problems in housing. I haven't heard it mentioned directly this morning, and it is often that it is not mentioned.

I think everyone will agree that a large part of the problem is economic -- income -- so that we need to address, immediately, creating the circumstances in the District of Columbia, where the residents of the District of Columbia can earn income that will permit them to afford housing here in the District of Columbia.

The Mayor has, within the last couple of days, established an office of Economic and Business Development, and I am very hopeful that that office is immediately going to start addressing that issue.

That is about all I have to say at this time.
Mr. Chairman, we are available for questioning.

MR. LITTLEJOHN: Thank you for your statement.
And, we have questions, of course, for you. And let me
begin by addressing this question.

You indicated that you do not at this time have
a comprehensive housing program and that one will be
developed.

MR. JACOBS: We have one on the drawing board,
but it has not been implemented yet.

MR. LITTLEJOHN: Right. My questions are these.
Do you currently have a housing policy of any
kind currently in effect, with respect to revitalization
in the inner-city areas?

MR. JACOBS: We have in the Department a housing
policy statement that has not been adopted outside of the
Department.

It is now before the housing commission that was
set up by the City Council and they may take some action
on that.

That is a comprehensive policy that purports
to address the whole housing issue in the District of Colum-
bia, including the revitalization issue.

Also, we have now developed three applications for

community block grant funds from HUD, and in each of those applications we have set out the long term and short term objectives of the District of Columbia in the housing area, and also have proposed ways and means of meeting those objectives.

We will be glad to make available to the committee a copy of the application that we have recently submitted to the City Council for it's approval of CD 3.

MR. LITTLEJOHN: We would love to have that information made available to us. But if we could, we would like to explore a little bit in depth what you have already in effect.

I would like to know, for example, whether this plan --as you say, it has not been approved -- takes into account, states a position, with respect to where the City stands, these are the maintaining communities in their current state, or monitoring change in communities?

MR. JACOBS: Well, I think generally, it is our position that persons who live in these communities ought -- and I am talking about communities where there is substantial governmental action primarily -- that the government ought to do whatever is necessary to make sure that they can avail themselves of whatever opportunities that may arise in those communities.

We have a number of programs that purport, that matter, some of which I indicated in my earlier statement this morning.

We have, for example, a Section VIII existing program which makes it possible for persons to locate housing in their own communities or outside their communities, wherever they wish to in the District of Columbia, and if they qualify to obtain those units by paying not more than 25% of their income for those units.

The difference between 25% of their income and the market rate within the schedules at HUD that it establishes, is subsidized.

MR. LITTLEJOHN: Does the District of Columbia government, or your Department, have a position with respect to how it will act in areas where there is substantial revitalization in the private sector.

MR. JACOBS: Yes, we have some programs that are intended to address those areas also.

We have co-enforcement programs which we try to exercise in a very judicial manner. We have a local loan program which will make available money for rehabilitation of existing housing units at 3%.

We conduct planning activities in many of these areas, and one of the areas we are going to conduct activities on next year, will be the Mount Pleasant area for the

purpose of determining what kind of treatment may be necessary for those areas in order to stabilize them, and the stabilization in our minds involves trying to assure that the people who are there have an opportunity to stay.

MR. LITTLEJOHN: Witnesses testified this morning that data is hard to come by with respect to what is going on in some of the revitalization areas.

Does your office, or your Department, feel that it has any responsibility in this regard to assemble data and to monitor what is going on in these areas?

MR. JACOBS: Yes we do, as I just indicated to you. One of the areas that we are going to study next year is the Mount Pleasant area.

MR. LITTLEJOHN: Are you studying any areas now?

MR. JACOBS: Well, yes we are. Washington Houses for an example, in Southeast is currently under study.

MR. LITTLEJOHN: Does your department attempt in any way to coordinate these activities in an area, like Mount Pleasant, or to monitor, as it were, the activities in those areas to keep track of what is going on with respect to development and people?

MR. JACOBS: We have not done too much in the areas that are outside of the community development areas.

Now we do that in those areas that have been specifically designated community development areas.

MR. LITTLEJOHN: Do you think it would be a good idea if your department were to expand it's operation to include all of the areas that are substantially involved in revitalization?

MR. JACOBS: I think it would be a good idea to have the capacity so that you could do that for the entire city.

MR. LITTLEJOHN: What are the impediments to doing that?

MR. JACOBS: Capacity.

MR. LITTLEJOHN: Capacity translates into what -- resources. Resources then translates itself into money or to manpower?

MR. JACOBS: Money, that is right.

MR. LITTLEJOHN: Back to this monitoring role again and trying to get a handle on the data.

We have heard testimony this morning to the effect that there is a substantial shift in population, that we do not know what is happening to many of the people who have been forced to move as a result of the revitalization process.

Do you know whether or not there is any organization within the District of Columbia government which follows that process?

MR. JACOBS: I don't believe, that certainly outside of community development areas, I'm not aware that anybody is adequately following that process..

Now, in community development areas, particularly those areas where we have a very extensive program, we are able and we do have data though it may not be readily retrievable that would indicate what has happened to those persons that have been displaced due to public action.

MR. LITTLEJOHN: I have one last question before I go to other members on the panel, and that goes back to my initial question about a policy of the District of Columbia government or a policy of the department vis-a-vis the revitalization of the area.

In your policy that is pending, is there a position taken with respect to a desirable, racial or social or economic mix in a community?

MR. JACOBS: No, there is none that has been quantified, but the policy position is that we think that there ought to be an opportunity that permits for a social or economic mix in these neighborhoods that we're

working in.

MR. LITTLEJOHN: Mr. Glickstein.

MR. GLICKSTEIN: I would like to follow-up on some of the questions that Mr. Littlejohn asked. Mr. Jacobs described some of the policies the District government could deal with individuals that are displaced by governmental action and, as you know, in this country, it was only after thousands, perhaps millions of people, were displaced by governmental action that we became aware that this was a problem and did something to assist those people. It seems that today there are huge numbers of people in the District, at least, that are being displaced by private action and we are now just beginning to realize that this is a problem. Am I correct in gathering from your answer that there really are no programs at the present time in the city to aid people that are displaced by governmental action?

MR. JACOBS: There is one. In the condominium law, you may recall, that there is a provision that requires the owner of a property that is converting to a condominium to provide certain relocation assistance and payment to those persons who will be affected by the conversion. So far as I'm aware, that is the first time that the District government has officially ventured into requiring

relocation as a result of private action, or what is essentially private action.

MR. GLICKSTEIN: Are we also defining what governmental action is somewhat narrowly, for example, one of the reasons, I believe, that certain areas of the city are being revitalized, there's a lot of activity there, is because of the construction of the subway. And the city, the government, has been responsible for the construction of the subway and that has made possible opportunities to private developers which has resulted in lots of individuals perhaps being displaced in those areas.

Is there any way to expand under the existing law the definition of what governmental action is that is causing the displacement of people?

MR. JACOBS: Well, because those are displacement due to metro construction, that is direct governmental action. . .

MR. GLICKSTEIN: Indirect displacement.

MR. JACOBS: Now, as it gets indirect, I don't think that the term has been interpreted as broad as you are suggesting. I would see no impediment, however, to the District of Columbia government either interpreting that term or imposing any new conditions it wishes to to provide assistance to people who are displaced by indirect

action, however indirect it might be.

I would suggest that the practical problem of funding that effort is really the problem, rather than any legal problem.

MR. GLICKSTEIN: Thank you.

MR. LITTLEJOHN: Dr. Jones.

DR. JONES: Mr. Jacobs, there is one question that I had, in certain kinds of areas such as we have accepted and that would be a comprehensive plan. Does that still exist?

MR. JACOBS: Well, yes. We have, for example, you're talking about urban renewal plans and we had a federal code enforcement -- federal assisted code enforcement plan -- out in Trinidad. Yes, those plans still exist.

DR. JONES: Do they take into consideration at all the potential for particular -- that I was trying to get at this morning and I think that revitalization will occur and that the District government has a responsibility in that regard?

MR. JACOBS: Oh, definitely! The purpose of the urban renewal plans, for an example, is to insure that revitalization does occur and that it occurs in a fashion that is consistent with the public interest.

DR. JONES: --

MR. JACOBS: Oh, yes! Yes.

DR. JONES: --

MR. JACOBS: They may provide that a particular site be developed for low income housing or a particular site be developed for business purposes.

DR. JONES: Let me ask you another question. In those instances where the revitalization is occurring, say, at 5th & M Street, or 5th and -- this morning, to what extent or are you taking any steps in that regard to insure that persons with low incomes manage to maintain their residence?

MR. JACOBS: What address is this?

DR. JONES: Spring Road and the 13th Street area is now being revitalized.

MR. JACOBS: Yes.

DR. JONES: And people are being displaced. Does the District have any policy at all with respect to what steps might be taken.

MR. JACOBS: Oh, sure! And then 14th Street -- that's an urban renewal area -- the city has a legal obligation with respect to those persons who are displaced due to government action to see that those persons are relocated in standard housing which they can afford.

And, we can't go forward with any development on public sites until that is done.

DR. JONES: -- on 14th Street persons who are displaced will not be able to be relocated in -- building or -- .

MR. JACOBS: Oh, well. There is no requirement that they be relocated in a particular building.

DR. JONES: You mentioned the fact that you only have limited resources for community type of things.

The Mayor has created an office of economic and business development and I think that the money came out of your program.

MR. JACOBS: Well, it is not my program. It's the city's money. We administered the black rent program.

DR. JONES: That might have been taken from the money that you had for housing purposes does it not, therefore, reduce the effectiveness of your program?

MR. JACOBS: Well, first that money is not required to be used exclusively for housing purposes. It's for housing and community development purposes and, of course, economic development we see as being very critical to the solution of the housing problem. And that money is used for other things, too. For example,

some of that money is used to provide to fund a hot lunch program, to fund nursery schools, and other kinds of things.

DR. JONES: But, the original intent of the block rent was to not increase the --- per se, but to increase the availability of better housing.

MR. JACOBS: No, I think it's just the opposite. I think the legislation, the 1974 Housing and Community Development Act, fully recognized that there is more to improving the quality of life for people than just providing four walls for them. You have to create a neighborhood, a viable community, and that's what we try to do.

MR. LITTLEJOHN: Mr. Darden.

MR. JACOBS: Some of the money is used for painting streets and putting in lights and building parks and other community development kinds of things.

MR. DARDEN: I have a few questions. I want to clear up one thing, first, though.

You mentioned that the Mount Pleasant neighborhood is going to be included in CD 3.

MR. JACOBS: Well, in the city three application that was submitted to the Council for its action, we propose that the Mount Pleasant area be designated a community development area in CD 3.

MR. DARDEN: I believe that in CD 3, there will be some neighborhoods that were not designated as CD areas in CD 2 that will become CD areas in CD 3. Is Mount Pleasant one of those areas that will become designated in CD 3?

MR. JACOBS: We recommended it for planning purposes.

MR. DARDEN: For planning purposes. So that in terms of becoming eligible for black rent money under CD 3, you are saying that the Mount Pleasant area will not be eligible because it's not going to be designated as a CD area. Is that right?

MR. JACOBS: No, I'm not saying that.

The black rent money will be used to do some planning in that area.

MR. DARDEN: To do some planning in that area, o.k. One other question. In other words, some of the other programs which become available to areas that are CD areas, will they now be, will those funds now be able to flow into the Mount Pleasant neighborhood?

MR. JACOBS: We don't anticipate implementation of any programs such as we're implementing in 14th Street or H Street.

MR. DARDEN: O.K. So that will come sometime after CD 3.

MR. JACOBS: Hopefully, yes.

MR. DARDEN: You mentioned that your monitoring of housing patterns is not a city wide effort because your resources to do so are limited.

MR. JACOBS: Well, yes. We do not monitor to the extent that we think the District government ought to.

MR. DARDEN: That's what I'm getting at. Aren't you required under the Uniform Relocation Act to monitor housing patterns?

MR. JACOBS: Well, we monitor the availability of housing resources, but that's just a small piece.

MR. DARDEN: So, you are meeting all the requirements of the Uniform Relocation Act.

MR. JACOBS: Oh sure, absolutely! We could never get our HUD money if we didn't.

MR. DARDEN: How many units of new housing were constructed, or have been constructed, in the past three years, as a result of city action?

MR. JACOBS: I would want Knox Hayes to respond to that.

MR. HAYES: Over the last three years.

MR. DARDEN: Yes.

MR. HAYES: Of all types of housing, new rehabilitation and existing housing, this is lower income housing.

MR. DARDEN: Say it again, I can't hear you.

MR. HAYES: Lower income housing.

MR. DARDEN: Well, are you asking me if I want that. Well, if you give me the total number first and then the lower income housing.

MR. HAYES: All I have available is lower income housing.

MR. DARDEN: O.K.

MR. HAYES: Complete or under construction during the last three years, of the lower income housing was 3,666 units. About 3,600 units.

MR. DARDEN: About 3,600 units.

MR. HAYES: Correct.

MR. DARDEN: How does that compare with the established need for new units?

MR. JACOBS: It is a drop in the bucket.

MR. HAYES: In the housing assistance plan for the third year community development program using data out of the 1974 annual housing survey, there are estimated to be about 50,000 units needed of housing for residents in the District.

Depending on how you define need, that could go higher or lower, but in terms of overall data for the city that is it.

MR. DARDEN: And with a need of about 50,000 new units you have been able to contribute about 3,600 of these in the last three years. Now, one of my questions fall on Dr. Jones's question.

Was any of your total funding returned to the Federal government last year as a result of being unused?

MR. JACOBS: No indeed.

MR. LITTLEJOHN: Ms. Pauline Tsui has some questions.

MS. TSUI: Mr. Jacobs, the planning construction of this city will have quite an impact on Chinatown and, according to the recent survey, it will affect 50 households including 4 small businesses, and the Chinese-American communities is very much concerned.

What are your plans or your existence for their relocation?

MR. JACOBS: Well, if that project goes forward, then we would have an obligation to relocate persons displaced by that project just as any other project, which means that they would be eligible for assistance to locate other housing, they would be eligible for

relocation payments. Before we could go forward with the project, we would have to relocate those persons and provide them with decent, safe, and sanitary housing, at a cost they can afford.

MS. TSUI: I have another question.

If the project should materialize, then the -- would be very essential for the construction of the housing project for those who are going to be relocated and also for senior citizens in D.C. Department of Housing and Community Development to assure their existence to the Chinese community.

MR. JACOBS: We have provided in the contingency budget of the CD application, funds for the acquisition of two sites at 6th and H Streets, I believe, which together with a third site which is now owned by the National Capitol Housing Authority could be available to provide some new housing on those three sites.

MS. TSUI: Thank you very much.

MR. LITTLEJOHN: Ms. Bustos.

MS. BUSTOS: Yes. This morning we heard a lot of testimony from people saying that they didn't have very many statistics, specifically on the number of people who have been displaced, in this city.

Would your office have some statistics that they would be able to give us?

MR. JACOBS: No. I just don't think there is any information that I am aware of that is available on the matter that you are interested in. We're hoping that this hearing and the Commission's study will generate some of that data because I think it's very important.

Sometimes this issue becomes very emotional and a lot of people have their own ideas based on very limited information about what is happening. And I am one of those who have an idea based on very limited information.

But, I think at this time, we really do not know what's happening. For example, some of the testimony given here today indicated that there was a lot of resettlement in the Adams-Morgan or the Mount Pleasant area.

It would be interesting to know where these people came from. It may be that there are people in the District who are upgrading their housing, or it may be that there are people coming into the District from other places.

I think, most of the comments I've heard, have indicated that people think that everybody who is coming in displacing somebody is coming from suburbia.

I had an opportunity to talk with the sales agent of Highpoint-Bonamy project last week and they are developing one hundred and seventy some units out in South East and he indicated to me that, of the units that he has sold, 93 per cent of the people who are buying those units are people from that immediate area which indicates that there is a lot of demand for home ownership right there in that area, not people coming from any other place.

And I think that it's very important that we try to get some data about what's happening.

MR. LITTLEJOHN: Mr. Owens.

MR. OWENS: Mr. Jacobs, how do you determine what areas should be designated as CD areas?

MR. JACOBS: Well, we have a process that we go through and, we don't have our plans here right now but, generally, what we do is we try to take those areas which have problems that are soluble by the tools that we have or we think we will have.

In short, that's what we do.

It has worked out -- for the most part -- we have gone into those areas where most of the population is low income. For an example, the 14th Street area, the Shore area, the H Street area out in South East but we have a regular process that we go through for selecting the areas

that are designated CD areas.

MR. OWENS: Of the 3,600 units that you had mentioned earlier, were they just public housing or public housing units, or were there any single family dwellings in there?

MR. JACOBS: Some of them were public housing but the vast majority of them were private housing.

MR. OWENS: I see. What about this loan program, could you elaborate a little bit more on that? And how it works?

MR. JACOBS: Well, we have a local program under which we use community development funds to lend money to property owners at three per cent interest to assist them in rehabilitating their homes.

This makes it possible for those home owners to rehabilitate their properties at less cost than it would be if they had to go out on the private market and borrow money at ten or eleven or twelve per cent.

MR. OWENS: Do you have any idea how many people have used that loan program and how much money is available?

MR. JACOBS: Well, we have another 312 Federal program.

MR. HAYES: Under the local loan program, I believe, there are about 100 applications in the pipeline right now.

representing slightly more units. Some of those are multi-family buildings so that may be that there is more than 100 units. Under the 312 program over the past few years well over 100 buildings representing more units, again, have been rehabilitated for lower income home owners as well as lower income rental units.

MR. LITTLEJOHN: Mr. Stridiron.

MR. STRIDIIRON: Are we finished?

MR. JACOBS: In the local program we have about five million dollars.

MR. OWENS: Could you give me some specifics on where products of CD 1 and CD 2 are?

MR. JACOBS: You mean REHAB, or the loan program?

MR. OWENS: In any area that you use CD 1 and CD 2 money.

MR. JACOBS: All that new development up on 14th Street is money that is supported in part by community development funds. That's 406 units -- on several sites -- up at 14th and Harvard, and there's another 72 unit development up at 16th and Meridian. We just completed over at 16th and F Street a 92 unit apartment building for low income persons. We just started out at 15th and H another development of 166 units. It's all over.

MR. OWENS: Can you tell me about what percentage of that money has actually been used? Money in CD 1 and CD 2 for construction of housing units as compared to other types of programs?

MR. JACOBS: Well, let me say now. So far as construction -- if you're talking about new construction -- CD money cannot be used for direct construction costs.

MR. OWENS: Well, just making available housing units.

MR. JACOBS: I don't have that. But we can make that available. I don't have those figures with me.

MR. OWENS: Thank you.

MR. LITTLEJOHN: Mr. Stridiron.

MR. STRIDIRON: The local program that you spoke about, is that the SCATTER SITE Program, is that the same thing you were talking about where you made loans available?

MR. JACOBS: The SCATTER SITE Program is a public housing program, the one I was referring to.

MR. STRIDIRON: Does any agency in the District government monitor or get information on the number of new starts or REHABS in the private sector? Does anybody have a grasp of that?

MR. JACOBS: I don't think there's any place where that information is systematically generated at this time. We are working on a program with the Municipal Planning Office that, hopefully, will develop that information, make it available on a computerized basis.

MR. STRIDIRO: Does the public roles or the waiting list that exists for public housing indicate or give you some indication of what the displacements problem is in the District? Does it offer anything or does it simply indicate that there are people who need subsidized housing.

MR. JACOBS: I wouldn't think that the waiting list would necessarily be any indication of displacement. First, those persons who are displaced by government action are not on the waiting list, because we can't do anything unless we place them first. So they're not on the waiting list.

MR. STRIDIRO: Thank you.

MR. LITTLEJOHN: Ms. Matory.

MS. MATORY: Mr. Jacobs, I'm very concerned that the District does not at this time have a comprehensive housing plan. I don't know how revitalization can proceed in a logical and orderly manner without it. I wonder if you would for us at this moment describe briefly the contents, what you anticipate to be the contents, of your comprehensive housing plan?

MR. JACOBS: Well, the department along with the Municipal Planning Office, has a joint responsibility for developing that plan.

As you know, under the home rule legislation the District government is required to develop a comprehensive plan. The housing component is just one component of it. There are other components, transportation, and all the rest of it.

We have made a submission to the Municipal Planning Office for their review for purpose of incorporating that into the larger, comprehensive plan, and we can make available to the Commission a copy of that submission. But it deals with relocation, it deals with community revitalization, it deals with many, many things that we think should be included in the comprehensive -- in the housing component of the comprehensive plan.

MR. LITTLEJOHN: I think we will have only three questions now. Mr. Owens has a question, and I see Ms. Brooks has a question, and Mr. Darden has a question.

MR. OWENS: I still want to know how much money is available in the loan program? Did you give me a figure?

MR. JACOBS: Five million dollars. That was the total funding for the local loan program.

MR. OWENS: Is that amount still available?

MR. JACOBS: No, it is not.

MR. OWENS: How much is available now?

MR. JACOBS: I don't know exactly. I indicated to you that I would be glad to submit that. My impression is that we have probably made loans in excess of a half million dollars, somewhere in that area.

MR. LITTLEJOHN: Ms. Brooks.

MS. BROOKS: Mr. Jacobs, I would like to ask you if you could give me some information on people who are being relocated and have families, some of whom are grown and able to go out on their own. Do you give them so much money for relocation?

MR. JACOBS: Let me have Mr. Ransom explain that to you or Mr. Millen.

MS. BROOKS: How much money do you give to each individual?

MR. MILLEN: Yes indeed. Displacees are eligible for both relocation assistance payments to assist in paying rent in excess of what they had to pay before they were displaced. They are entitled to money to pay the cost of moving expenses and either tenants or home owners are both entitled to money to assist in the purchase of a replacement dwelling. The amounts vary. A home owner can receive

up to \$15,000 to assist in the purchase of a replacement dwelling, a tenant can receive up to \$4,000 to assist in the down payment.

MS. BROOKS: Just one individual.

MR. MILLEN: One family, one household. Yes madam. If a tenant wishes to become a home owner then, of course, he's entitled up to \$4,000 to assist him. Regardless of the size of the family, whether they're tenants or home owners, they are entitled to money to assist in the cost of moving, the actual payment of moving expenses.

MR. LITTLEJOHN: Mr. Darden.

MR. DARDEN: I'm trying to get something of a view on the overall performance of the District government in trying to address housing problems and what I'd like to do is restate a question that I asked earlier and I probably asked it badly.

I'd like to know something about how successful you are in administering and carrying out the objectives of your existing programs. And to do that, I'd like to find out if last year you had portions of your budget which had to be carried over which were funds that might have been planned for but had not been used and, if you did, what was the amount of that?

MR. JACOBS: First, let me say I think our program is extraordinarily successful. We did have, last year, carry over funds of what -- we did have some carry over funds -- I don't recall exactly what it was but my recollection is that it was probably seven or eight million dollars.

MR. DARDEN: Seven or eight million dollars?

MR. JACOBS: That's my best recollection, which was carried over to CD 2. But, it did not go back to the Federal government.

MR. DARDEN: But this is seven or eight million dollars of programmed money that was not executed. Programs that were not completely executed.

MR. JACOBS: Most of it probably was programmed money. Some of it may have been other kinds of money, too.

MR. DARDEN: Thank you.

MR. LITTLEJOHN: Thank you very much, gentlemen, for appearing before us. We have a number of questions that call for factual information and we would like to submit them to you. We would be happy if you would get this information to us. We will get these questions to you after the proceedings.

Thank you again for appearing before us.

MR. JACOBS: Thank you.

MR. LITTLEJOHN: We will now recess until 2:00 P.M.

(Whereupon, at 12:15 p.m., the hearing in the above-entitled matter was adjourned, to reconvene at 2:00 p.m., April 15, 1977, at the same place, after the lunch recess.)