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ARIZONA STATE ADVISORY COMMITTEE

TO THE

UNITED STATES COMMISSION ON CIVIL RIGHTS

CONSULTATION ON HOUSING OPPORTUNITIES

FOR MINORITIES AND WOMEN

September 28, 1979

TRANSCRIPT OF PROCEEDINGS

Tucson, Arizona

STATE OF ARIZONA)
) SS
COUNTY OF PIMA)

I, JAMES E. BOULEY, do hereby certify that I am an Official Shorthand Reporter; that I was present at the hearing of the foregoing matter; that I took down in shorthand all proceedings had and testimony adduced at said hearing; that the same was thereafter transcribed under my supervision, and the foregoing 111 pages represent a complete and accurate transcription of my shorthand notes so taken.

WITNESS MY HAND this 3rd day of October, 1979.

James E. Bouley (gc)
Official Shorthand Reporter

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ARIZONA STATE ADVISORY COMMITTEE

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UNITED STATES COMMISSION ON CIVIL RIGHTS

CONSULTATION ON HOUSING OPPORTUNITIES

FOR MINORITIES AND WOMEN

September 28, 1979

THOSE PRESENT:

MR. MANUEL PENA, JR., Chairperson

Ms. Lillian Lopez-Grant

Ms. Hilda A. Manuel

Ms. Irene Garcia

Mr. Philip Montez (WRO)

Mr. Arthur Palacios (WRO)

Ms. Maria E. Molina

THE ABOVE ENTITLED consultation was held in Room 4-B, Federal Building, 301 West Congress, Tucson, Arizona, on the 28th day of September, 1979, commencing at the hour of 9:00 a.m. on said day, and the following proceedings were had, to wit:

PROCEEDINGS

THE CHAIR: This meeting will now come to order.

This is the Arizona Advisory Committee consultation on housing opportunities for minorities and women in the state.

Dr. Morrison Warren is the chairman of the Arizona SAC but he's not able to be here today. I am Manuel Pena, Jr., a member of the Arizona Advisory Committee to the United States Commission on Civil Rights.

The state advisory committee advises and make recommendations to the United States Commission on Civil Rights upon matters which the committee or any of its subcommittees have studied.

The other members of the advisory committee in attendance for this meeting are, to my left, Hilda Manuel, from Sells, Arizona, and Lillian Lopez-Grant from the City of Tucson. And also with us today from the Western Regional Office of the Commission on Civil Rights, are Arthur Palacios, Mr. Philip Montez, to my left, who is the regional director, and Irene Garcia, who is out trying to find some water.

This consultation is being held pursuant to rules applicable to state advisory committees and other requirements promulgated by the United States Commission on Civil

Rights.

The commission on civil rights is an independent agency of the United States Government established by Congress in 1957 and authorized by the Civil Rights Act of 1957, 1960, 1964 and 1973, to, one, investigate complaints alleging that citizens are being deprived of the right to vote by reason of their race, color, religion, national origin or sex. And two, study and collect information concerning legal developments which constitute a denial of equal protection of the laws under the Constitution, and three, appraise federal laws and policies with respect to equal protection of the laws.

Four, serve as a national clearing house for civil rights information, and five, investigate allegations of voter fraud.

I would like to emphasize at this time that this is a consultation, and not an adversary type of proceeding. Individuals have been invited to come and share with the committee information relating to the subject of today's inquiry. Each person who will participate has voluntarily agreed to meet with the committee.

This consultation being held today is part of the on-going concern and interest on the part of the commission toward housing issues in the United States. In March of this year the national office of the United States Commission on Civil Rights released a report entitled the Federal Fair Housing Enforcement Effort, which details the enforcement effort of the federal government, its shortcomings and made specific recommendations.

In our attempt to get a well balanced picture of the housing situation in Arizona, we have invited individuals involved in housing issues on a day to day basis as well as those involved in housing programs.

Since this is a consultation, the press, radio, television stations, as well as individuals, are welcome. Any person discussing a matter with the committee, however, may specifically request that they not be televised.

In this case it will be necessary for me to comply with their wishes.

We are very concerned that we get all of the information relating to the matter under investigation. We are, however, concerned that no individual be the victim of slander or libelous statements, as a precaution against such a happening, persons making a statement here or answering questions have been interviewed prior to this meeting.

However, in the unlikely event that such a situation should develop, it will be necessary for me to call this to the attention of the person making the statement and request that they desist in their action.

If the testimony a person is offering, however, is of such importance, it may be necessary for the committee to hear the information at a 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 submits its report to the commission, every effort will be extended to get a complete picture of the situation as it exists.

We are concerned that no individual be the victim of retaliation for any statements made at this consultation. Witnesses are protected by the provisions of 18 United States Code 1505, which provides, whoever,...by threats or force or by any threatening letter of communication endeavors to intimidate, influence or impede any witness in any proceeding pending before any department or agency of the United States, or in connection with any inquiry or investigation being held by either house, or any committee of either house, or whoever injures any party or witness in his or her person or property on account of his or her attending or having attended such proceeding, inquiry or investigation, or on account of his or her testifying or having testified to any matter pending therein, shall be fined not more than $5,000.00 or imprisoned for no more than five years or both.

In the event that any person testifying before this committee considers any adverse action taken against him or her to be the result of having testified, he or she should immediately contact the Western Regional Office of the United States Commission on Civil Rights.

Now may we have our first scheduled expert, which was to be Mr. Phil Whitmore, but he's not able to be here so we have Ms. Angela Phillips, who is the urban resource specialist.

MS. ANGELA PHILLIPS

A. (By Ms. Phillips) I'm an urban resource specialist on the Inner City Development Team for the City of Tucson.

THE CHAIR: Would you have a seat?

Proceed.

A. First of all I'd like to state that I believe Mr. Whitmore was asked to speak because he was involved in the effort to get the legislation House Bill 2304 passed. And I'm not a bond counselor and this legislation is very complex. So I would very much appreciate, before anything should be published with regard to what I'm saying, if I have an opportunity to take a look at it and run it by a bond counselor to make sure that it is absolutely correct, you know, within the law. And what I'm saying, I'm not representing anyone in being here, I am not representing the industrial development authority for the city or the City of Tucson or for the Pima County.

THE CHAIR: All right. Okay, understood.

A. Okay. First of all House Bill 2304 was passed during the last legislative session. The legislature, recognizing that there was a lack of mortgage monies available which were within the financing means of low and moderate income families, decided that it would be in the public interest to do something that would make available low interest money within the reach of low and moderate income families and that's how House Bill 2304 came into being.

House Bill 2304 empowers the state and any -- any state authorized industrial development authority to issue tax exempt revenue bonds for the purpose of using those funds to provide mortgage financing on ownership occupied, single family residences for low and moderate income persons.

The State of Arizona has actually had legislation that would permit an industrial development authority to issue such bond or bonds for such purpose for many years. But no such bond had ever been issued for housing in the State of Arizona, and in view of the abuses that you might have read about across, around the country, persons in this state, who thought that issuing bonds for housing mortgages would be beneficial felt that it was essential that they go back to the state legislature and pass legislation that contained certain guidelines and limitations to prevent those abuses, because otherwise they felt that eventually state legislature would, if the federal government doesn't beat them to it, would repeal the legislation.

Thereby doing awayy forever with this opportunity, with this opportunity to provide low interest mortgage financing.

As I believe I stated a few moments ago, this legislation is very complex. As is probably all legislation because it's written by attorneys for other attorneys to read rather than for laymen. But this is particularly complex because it, the legislation sets out one set of rules and limitations for those bond issues where the proceeds will be used to provide mortgages on housing located in slum and blighted areas, and sets out another complete set of guidelines for those issues that will be used to -- on housing located outside of a slum and blighted area.

I probably should mention at this point that -- well, let me backtrack a moment. The reason the legislature wrote the legislation in this manner was because they recognized that there were -- there are slum and blighted areas in our state that are in need of special incentives to promote revitalization. Specifically to get people to move back into them because without people you can't truly revitalize your inner cities. And they saw the provision of low interest mortgage funds as an excellent tool for promoting or excellent incentive for getting people to move back into your inner cities.

There is a restriction on what slum and blighted areas can participate. Come within the purview of these provisions.

The legislation sets out that only those slum and blighted areas that are duly declared under the Arizona State Statutes and are located within cities of, with a population of a quarter of a million or more, are eligible. Therefore, these provisions are limited to the Cities of Tucson and Phoenix.

The, probably the most important limitation or guide-line set out in the legislation is that of income eligibility. Within areas of slums and blight, in the two cities that I just mentioned, low and moderate income households are defined as 2.5 times the median income as established by the state department of economic security annually. Outside of areas of slums and blight, the income limit is 1.15 times median.

The current median income in the State of Arizona is, I believe, $17,340.00 a year, okay? So 1.15 times that is approximately $9,900.00. So that would be your family -- your household income limit for eligibility to participate in this program.

In addition to the income guidelines, the legislation provides that for issues that will be used outside of slums and blighted areas, the bond issue must have a double A rating as -- and it must be rated, that must be a rating from a nationally recognized rating firm. It also requires that there be mortgage insurance on the bond issue that can be private mortgage insurance or it can be a federal mortgage insurance, like FHA, it also requires that all -- that the general plan for all issues outside -- to be used outside of slum and blighted areas again must be brought before a board that's known as -- called the state housing finance review board which was created for this purpose.

This board will consist of five persons appointed by the governor, we currently do not have such a board, I understand the governor is going to announce his appointments at any time.

The legislation further sets an aggregate maximum dollar amount on the total amount of bonds that can be approved by the state board statewide at any one time, can not exceed 400 million dollars. And they set an aggregate limit on the amount of bonds that can be approved for any single corporation at 75 million dollars.

The -- now what does this mean? What does this mean to a person of low and moderate -- of low or moderate income?

How can they get involved in the program? How does the program work? The way it actually works is IDA, industrial development authority, can sell tax exempt revenue bonds because they're tax exempt they can sell them at a much lower interest rate. And they can pass that savings along to the, eventually to the mortgage holder.

Just for, and please, these figures are rough estimates, no one but a bond counselor at a specific point in time could tell you what those bonds are going to sell for. But say that they sold for seven and a half percent. The industrial development authority then has certain expenses that they have to pay. That's what they get the money for, seven and a half percent, but out -- and they have certain expenses that are inherent to getting the issue out such as they have to pay bond counselors, underwriters, their own general legal counsel, they have to do a feasibility study, they have to pay for the cost of actually printing the bonds and all of that.

When all of those things are taken into consideration, say that, and they -- and they pass these mortgage funds through, they have to be funneled through a lending institution and the lending institution covers their cost and makes a small profit, and what you end up with, for example, say is eight and a half percent mortgage money.

What this would mean to the individual, say you were buying a house and the mortgage that you're taking out on that house is $50,000.00, and you wanted a 30-year mortgage, currently you probably, I haven't bought a house recently but I think you probably have to pay about 11 and a half percent. Your principal and interest payments monthly payments on that $50,000.00 mortgage would be $485.00. Now, if you could get that mortgage instead of at 11 and a half percent, for eight or 11 and a quarter, I should have said, I think that's the figure I used, at eight and a half, your monthly payment would then be $384.00, so that's a $99.00 a month savings, and that decrease, that roughly $100.00 decrease in your monthly payments makes a lot of other people eligible for the -- for a mortgage, than people who currently could not qualify under lending institutions' criteria because they wouldn't be able to make, they don't have the income to make those monthly payments.

How do you go about getting one of these loans? You can't go to an IDA directly, the IDA has to work through a lending institution. They can funnel these funds through a lending institution in one of three ways or they can do one of three things, I should say, with the funds.

Outside of the slum and blighted area they have two choices, they can either go through a mortgage, what's known as a mortgage purchase program or a loan to lenders program. If the project, if the houses that you're going to use the funds on are located within the slum and blighted area, they can also do, make a direct loan to developers. The way the mortgage purchase program works is that they go to the IDA once they decide that they're going to do an issue, they contact all the lending institutions they can. In some places they're not required to contact all of them, they set up some criteria on what lending institutions can participate.

They go to these lending institutions and they explain the program to them and they say, would you like to participate? And if so, give us a dollar amount of loan that you would be willing to make under this program for us.

The lending institution then announces to the public that they have this money available, they actually make the loans. The individual prospective home buyer goes into the lending institution, they have to qualify under that lending institution's criteria in addition to qualifying under the income limits established by the IDA, and the lending institution makes the loan and then they go back to the industrial development authority, they say the industrial development authority reviews the loan to make sure that it complies with the intent of the right/ state regulations and to make sure that it complies with their guidelines and if it does, then they pay, they buy, they purchase that mortgage from the lending institution.

And it is the payments, of course, on the mortgage that will pay off the bond.

The other route they can go, they can actually loan a dollar amount to a lender on the condition that the lending institutions then make loans in compliance with this program to qualified persons of low and moderate income.

There are advantages to both programs and we could discuss at great length which would be -- what the advantages are and when they would use which program, but that's a decision made by the industrial development authority at the time they do their bond issue. Anyone who thinks that they qualify, there will be a lot of publicity once this money becomes available. Say the city industrial development authority does a bond issue, they're going to have public notices in newspapers and such to notify the public of -- that this money is available and which lending institutions are participating in the program and what the limits are.

If someone were to see that notice and think that they qualify, then it would be their responsibility to go in and see one of those lenders and begin the process of the paper work. And I'm sure the lending institutions probably will publicize that also, so that's the way the public becomes aware of the fact that these loans are available to them.

Currently there are none of these funds available in the State of Arizona. The city, Tucson does have an industrial development authority and the county has an industrial development authority, I believe the county has been in existence for some time, but they've been handling primarily industrial bond issues. They have never done a housing issue, I understand from reading the newspaper articles, though, that they are contemplating such an issue and are working at putting one together right now.

The city IDA was created this past winter at the same time as the Downtown Development Corporation. The IDA was created to be the financing arm of the Downtown Development Corporation. And they will focus their efforts on providing low interest mortgages for housing located within the city's redevelopment areas to promote the revitalization of our inner city.

That was a real quick synopsis, if you have any questions I'd be happy to try to answer them.

THE CHAIR: Let me just point out that for a lay person, you understand 2304 much better than some legislators who voted for it do.

A. Thank you.

THE CHAIR: And the mechanics of how it should be working.

Are there any questions from the panel members of

Ms. Phillips?

Q. (By Ms. Lopez-Grant) I have a question. How do you define low and moderate income?

A. The legislation defines it as I stated, if it's low and moderate income is defined in the definition section of the legislation as 1.15 times the median household income. And that median income is established annually by the state department of economic security. Now, within slum and blighted areas, it is higher, it is actually 2.5 times median income. The idea there is to promote income mix in your inner city, to allow persons of higher income to move into your inner city.

I believe one of the things that Mr. Landel will probably tell you later is that the City of Tucson has a housing assistance plan and if you take a look at the housing assistance plan you notice that we currently, the city discourages or through city-federal programs do not promote the construction of housing for low income persons in the, currently in the inner city because the inner city has such a high percentage of low income persons presently, so, you know, this is to allow for a greater income mix in your inner city, promote revitalization.

Also, I might add, this is just -- excuse me, I don't have the document with me but the City of Tucson passed a resolution setting its own limits which are lower than

2.5. For the inner city. That's the individual IDA can establish its own income limits or the governing body which has to approve the issuance of these bonds can establish its own income limits, which could be lower, but they'd have to come, they'd have to be -- they can go no higher than those established by state law.

THE CHAIR: You don't have that figure, do you?

A. I don't, I'm terribly sorry. I'd take a guess but you're typing --

Q. (By the Chair) Well, your preliminary statement would take care of that, so --

A. I think that it might have been 1.75, 1.85. But I'm not absolutely certain, I haven't looked at it in a long, long time and we quit -- that was passed --

Q. One point seven five?

A. I believe so.

Q. That's higher than 1.15 --

A. No, this is just for inside areas of slums and blight.

Q. Instead of the 2.5?

A. Right.

THE CHAIR: Mr. Montez?

Q. (By Mr. Montez) As the criteria of the state as a median income figure of what did you say for Arizona, 17,000?

A. Yes, let me see, I have that here, 17,340.

Q. You're really talking about moderate income housing?

A. Low and moderate.

Q. You're not really talking about real poor people in that category, are you? I mean it seems to me now as an outsider, that you would have the lower income people really never quite be able to achieve -- your 19,000 at the 1.15 level is the maximum they're allowed to earn --

A. That's the maximum, the upper limit, yes.

Q. But then they also have to meet the criteria of income level for the lending institution, am I correct?

A. Yes.

Q. In other words, if you --

A. They have to be able to make the payments, you know, so you use whatever criteria the lending institution has and you can understand why that is, because the bonds have to be paid off.

Q. Right, the IDA, though, can change the criteria from the median income level of the state?

A. They can make it lower. They can not make it higher, they can not make it higher, that's the absolute upper limit. And there are other things that can be done. I really don't feel qualified to go into -- there are some techniques, some other ways and the City of Tucson, I mean the city IDA, I believe, intends to explore possibly some other ways of further subsidizing to assist lower income persons to participate.

Now, they may not be low income persons, but lower than what we're talking about. We're looking for some way to help out persons of lower income.

Q (By the Chair) That's important to our committee, that kind of information. Because our interest is the impact on minorities and women, and the low income, and if you can make that information available to this committee, we could make it a part of the record, to see what the City of Tucson is planning.

A Well, I don't -- I shouldn't, I don't want to mislead you and it is not, it will not be the City of Tucson, it would be the city IDA. But they are not to the point yet where they have actually identified what the mechanisms, they are just going to be looking for mechanisms. They are presently interviewing underwriting firms and an underwriting firm, once he is selected, the firm is selected, it would be the underwriter's responsibility to assist us in structuring a deal and hopefully they're going to be able to help us figure out some ways. Okay?

Q (By Ms. Lopez-Grant) It seems to me that this particular program is really not meant for low income people. In this town the incidence of poverty is greater among minority people, and female head of household. With that in mind, it appears to me that they are automatically being singled out and not -- that was not the intent of this program to help alleviate the situation, that a lot of us find ourselves in. Why was not that particular segment of the population taken into account first, instead of the middle and upper middle class folks around here?

THE CHAIR: I think that probably that is a good question for the legislature.

Q. (By Ms. Lopez-Grant) I thought it was a good question for the author of the bill.

A. This program will help, as you pointed out, moderate income people, and it does, it's not going to reach the really low income person without combining it with some other programs and doing something else more creative.

And it's not a lack of concern over the low income persons, it's just that it isn't within the purview of this program. It won't work out. See, this is through the -- these are not federal funds, these bond issues have to work, that means they have to -- you have to be -- you don't want them to go into default or you quickly, they cease to be, nobody's going to buy the bonds if they don't think that they're adequately secure. And this program by itself, it isn't going to reach the low income person.

I mean you have to make loans with these funds that are going to be repaid, you know, that have a good chance of being repaid.

Q (By Mr. Montez) Is there any -- pardon me, Mr. Chairman, may I?

Is there any within the state laws, that you can combine it with federal housing monies to -- is that possible through this --

THE CHAIR: No.

Q It isn't?

THE CHAIR: No.

Q I would have suspected it.

THE CHAIR: This is all private investor money.

A Yes, this is a private -- it's private investment funds.

Now, there might be some way of an industrial development authority -- gee, I really don't know how that would work because an industrial development authority probably would not be qualified to receive funds from the federal government, right? And therefore they would not, themselves, have the funds to couple with the bond proceeds.

THE CHAIR: Are there any other questions of Ms. Phillips?

Let me ask, in the plans, maybe, that are being promulgated by the city, IDA money is also available for rehab?

A That's right, it is available. Now, that is not covered in House Bill 2304, and quite frankly, I'm not very familiar with it but you're right. IDA funds, bond proceeds, can be used for rehab. of housing as well.

Q. (By the Chair) So my question is, is Tucson developing that kind of a --

A. A program --

Q. -- an approach?

A. They're not currently, they're -- there isn't a program in the works to use that but that's certainly something that the city will want to take a look at, and the Downtown Development Corporation I should mention, which is the organization that has contracted with the City of Tucson currently to operate the Pueblo Westward Development Project, the Rio Nuevo Redevelopment Project and the La Entrada Redevelopment Project.

THE CHAIR: Ms. Grant?

Q. (By Ms. Lopez-Grant) Yes, in the copy of the legislation that was given to the commission, it is -- it states here that, I might read it here, that the legislature find that within this state there is a crucial shortage of housing and mortgage credit for housing within the financial means of persons and families of low and moderate income.

I really wish that Mr. Whitmore were here since he apparently is credited with developing this bill and getting it --

A. Oh, there were a lot --
Q. -- moving it through --
A. -- a lot of other people involved in it.
Q. Yes. Well, I feel that perhaps it's misleading when they quote low and moderate income when it really, in fact, isn't.

THE CHAIR: Any other questions?

Let me point out that the governor has named the review board already, and I believe that one person from Tucson sits on it, I wish I had the names of the five people, but he did it just a few days ago.

A. Yes, it had to be within the last week.

THE CHAIR: So we have a board on board, so to speak.

Any other questions?

If not, let me thank you for your presentation. It was very enlightening, thank you.

A. You're very welcome, I hope it was helpful.

THE CHAIR: Our next witness is -- would have been Mr. Vince O'Callahan, but he's not able to be with us so Mr. Carl Landel, who is the Assistant Director of the Department of Housing Administration, City of Tucson, the Tucson housing program is entirely rent assistance and most of it is the United States Department of Housing and Urban Development section 8 housing.

The department also contracts with Pima County to administer its rent assistance program.

Mr. Landel is setting up.

MR. CARL LANDEL

A. (By Mr. Landel) Maybe if I had a few notes I talk a little bit, Mr. Chairman, commission members, federal people from western region, and others here, as spectators.

I am Carl Landel, my official title is Administrative Business Manager but in effect I do serve as Mr. O'Callahan's assistant executive director.

Mr. O'Callahan expresses his regret for not being here, he is in a conference in Atlanta, with the NAHRO

Our department is primarily involved in the low rent housing rental programs. We attempt to develop and operate conventional and the section 8 program as Mr. Pena has said, we do have a section 8 now that we have an intergovernmental agreement with which we operate, we have, in effect, 200 units out of the units that are authorized that operate under this intergovernmental agreement.

However, we have, we feel as though we have a commitment with HUD and with the county that we do not discriminate against anyone living in Pima County, and if they have -- choose to have, if they find housing and choose to live in Ajo or wherever it might be throughout Pima County, that we will serve that request to live there, so we feel as though we have opened the door to housing opportunities that maybe don't exist in another community where it might be more of a bedroom community.

Also in our application, we submitted a joint application, however the City of South Tucson chose not to submit their own application so we also applied for units for them.

So, part of our first application included 25 units in South Tucson. But as far as we're concerned, we serve all of the area, we have an open application, we do have -- and so that under the application program, we feel as though anyone in Pima County has the right to come in and apply and when their name comes up, unfortunately there's not enough housing to satisfy the names.

We do operate two different programs, I speak of it as conventional program, this is the old what's called public housing, it's where the city, in effect, owns the property, really the city owns it, however we have a note to HUD until the property is paid off. It's under a contract and that contract is usually a 40-year duration.

So, whenever HUD pays the money off or that contract expires, then HUD pays, and this is the way it's been, it doesn't have to be that way, whenever the contract expires, HUD pays the principal, up until that time they pay only interest.

Then they will turn the property over to the local PHA and it becomes wholly owned by the PHA. But it is ours in name, the City of Tucson's in name, and it's developed by the city. However, there are a lot of HUD strings that are attached during the development. And once it is developed, then we're committed to operate that as efficiently and in as good a manner as we can.

Then we administer what is called the section 8 program. And that is for, our program currently is for existing housing. Now, there are additional section 8 programs, this is a housing assistance program I'll talk more about it, but there are -- there is section 8 new construction, which can provide either private enterprise build the property and turn it over to a PHA for administration, or that they can deal directly with HUD, develop the property, manage the property, and HUD will administer the section 8 program out of the LA area office.

In any application that we would submit, regardless of -- as long as it is related to housing, we are committed to the -- all of the civil rights acts that are required.

We must give assurance regarding Title IV of the '64 act, Executive Order 11063, we must have and we may not --

well, that there may not be collusion of any kind in our operation and we must insure against it, so that our elected officials, for instance, are not allowed to participate in any housing program, if they -- under this, this is a lease-type program or on the private market.

Yet we can't have a contract, for instance, between a city official and our agency just to avoid conflict of interest or any type of collusion. Likewise we, as I spoke before, we must give opportunities to those people who are even expected to to reside as the HUD term is worded, but there are a number of assurances that are required before we can apply for any programs and they're just, they're built into any program that we have.

To give you a little further information relative to what we are administering, or what we have in the plans, we have under the owned program, or the project that I -- on the previous page that I termed conventional, we have in operation now, 602 elderly, 414 family for a total of 1,016. We have in planning, and we aren't -- we're hesitant, really, we're concerned about whether we can build them, the costs of property, the costs of building are going up tremendously, we opened bids, we haven't rejected them officially because HUD has to determine whether they are going to order us to reject the bids. We opened bids, I believe it was the 6th of September, on a 27-unit elderly project at 902 West Congress which completes a two-phase project, of an elderly garden-type apartment, the bids came in at $64,000.00 per unit.

We had a base to go on, I hope I'm going to quote this right, it's in the neighborhood of less than 35,000 to go on. Part of the problem is that because of the growth in the community, because of inflation, because of the need for housing on the private market, the builders are not -- yes, the builders and contractors are not interested in going through some of the federal red tape that they're required to go through. Therefore, if you as a private individual or any private individual would go to a contractor, he could have a plan or he could say Mr. contractor, do you have any kind of plan for housing that you could build me some units and get them on the ground in six months?

He might have that. And on that basis he could sign the agreement today. If he had the money in the bank or had the wherewithal to finance it. And private enterprise could get that job started today. Whereas in the federal bureaucracies, we're part of it because all of our programs now are federally funded.

My whole department, everybody there is just federally funded under housing program of some description. But it is a serious situation, I think, not only in Tucson but especially in Tucson, but all over the nation. So we have

723 units that we could have 723 units that we could build in the City of Tucson.

We have a commitment to build these units on scattered sites so that we do give people an opportunity, do not spread themselves or not put themselves in high density, low income pockets.

The old housing programs were to put low income people in some bad part of town where you had a big lot that you got free or something of that nature, and so low income people were pocketed in areas, and it compounded the problems that they had.

We have some of those projects here, and we know how those projects are compounded. In 1969, the City of Tucson adopted a policy that they wouldn't, under the scattered site concept, that they wouldn't put more than 20 units on any one site.

I would say that it is effective except that one of the criteria that we didn't set was how big a site we would have. So we have some properties where there are nearly 20 units on a site, but even on that small site it represents high density, low income pockets, and unfortunately it was put in a low income neighborhood.

However, under our new concepts, we have, except in our housing assistance plan, now this is a plan that must be approved by the city, Pima County has their own plan, but it identifies the housing need, not only the housing for owned housing, and the need for assisted housing within the owned and the rental market, so that there is -- there are plans that are available and we have targets, at least, to put the units that we have in priorities one and two which are areas where there is a mixture of incomes, that the HUD criteria now is that you don't necessarily go, develop housing by racial mix, but the theory is that if you get economic mix you will have racial mix.

In theory, I think it's a good theory. How it works out, we haven't built enough units to really identify that because we are -- our scattered site has improved, however just finding the property, just finding the lots where three or four years ago we could find a lot for two to $3,000.00, now we think in terms of $5,000.00 per unit and up, we're lucky if we can even find one for $5,000.00.

So anyway, these are plans. They look nice on paper, but HUD, this reserves federal money, this commitment from HUD reserves federal money for us and if we can't produce, something's going to happen that we're going to lose those. And we're trying the best we can to, number 1, on these 27 units, we're hoping that HUD will, number 1, increase the prototype, that prototype is a base cost ahd HUD allows us and they say we'll allow you funding up to this base cost, plus 10%. But no more. If the contract comes in more than that we'll have to ask that you reject it and that's the situation on these 27 units that I mentioned.

So there's -- the only alternative we have to get these 27 units, even though we own the land, we have the plans, we bid it once, the only alternative one is to get lower bids the next time around. Two, to get HUD, if the bids do come in higher, to get HUD to give us some extra money so that we can meet that contract if it's reasonable.

But we know the costs of construction are high in Tucson. Under the HAP plan or housing assistance payment program, which we call section 8, you'll probably hear me talking about that more, we have for elderly 392 units, we have 1,034 for family and 1,426 total. So these are the total units that we could be providing within the City of Tucson and of course, the section 8 would go beyond that, go beyond the city limits of Tucson.

But we could, if these could get off the ground, be up to 3,165 units that the City of Tucson is providing. The -- our HAP plan is approved, as I say, by the mayor and council, and it identifies the need. This is pulled, I've combined the Pima County needs and the city needs in the most recent HAP plans that have been submitted.

While we showed you, I showed you that there are absolutely over 3,000 that we have even available, these are needs over and above.

Now, I'm not addressing other needs, there's 236 housing, there's 202 housing, there are other types of housing that are assisted through the community. But the only type of assisted housing are those that we have applied for as a City of Tucson PHA or Pima County PHA. With intergovernmental agreement for us to operate. But this will give you an idea, that this many households, 17,500 households, if you take that, multiply it by whatever you feel is in a normal household, you have to -- that would include eldery also, but there's a lot of people out there and these are based upon older statistics.

We just take the 1970 statistics and update them. When the new census comes out, I feel as though the need and especially with the inflation that we have, I feel that we're going to identify greater, greater needs in Tucson for low income assisted housing of some kind. But this just shows you, here you can see that a minority of those needs, over a third, and slightly under a third are minority heads of household.

The section 8 or both of our programs are and here we talked about income limits earlier, there are income limits I guess for income limits, but anyway, the section 8 is technically 80% of the median for the SMSA. The conventional is the city, these -- this has not been adopted, these are brand new income limits, the city council will be presented this new income limit, at their third Monday in October.

However, I've put the new ones down to give you an idea. This is 90% of the section 8. We choose to use 90%, we can use 80 to 90% of the section 8 income limits, it gives a greater opportunity for participation in the programs. But these are the present income limits, so that anyone, and we have meetings to encourage people, try to get to all the meetings where there are ethnic groups or anything like that, that we can meet with and explain our section 8 programs or our conventional programs, encourage them.

Now, one of the things that I think that we're unique in, I see a HUD official here that I think we're legal on, but we have an open continuous application process, that anyone can walk in at any time and apply for either our conventional or section 8, we encourage them to apply for both programs.

Section 8 is more unique and more people feel as though they have freedom of choice with the section 8 program. So there's more -- there are more people applying for the section 8 program than apply for the conventional. But we encourage anyone that comes in to apply for both programs, because, you know, you never know, they never know when their situation might get worse and they'd be happy to settle for one of our other types of programs.

The conventional housing is, as I explained earlier, it is strictly a development type program, we operate and manage it. The HUD pays the interest and principal under an annual contribution contract, and HUD provides, after our operating costs are taken -- our budget is determined for our operations, after we take our needs for expenditures, we subtract the rents that the tenant pays, and HUD, hopefully, gives us the difference.

Now, due to inflation, the HUD is even having some problems here, and there is a performance funding system that determines the subsidy that we get, and we have contended to HUD that the subsidy, when they established it, didn't consider our scattered site concept. That the formula is based upon a national formula, so that a building so high throughout the United States takes so much of a factor to maintain. And a building so old takes so much of a factor to maintain.

A building in population area takes a factor. So they use all of these factors and come up with a base subsidy that we get.

Now, our hope is that the difference between what the expenditures are and what the resident can pay will be able to be made up by this HUD subsidy but as inflation creeps in on us, why we keep getting less and less and less and it's more difficult for us to get this difference in subsidy.

But when you consider that some parts, materials and supplies have gone up as much as 100%, like a range knob that's lost or any part for a range, we have so many things that we have to supply to these projects, that we're just, we're just getting behind.

And this is a problem nationally. I understand even that some of the conventional housing projects are actually in situations where they want to turn their project back over to HUD, that they don't have the wherewithal to finance it.

We're getting more pressures from HUD to get higher income residents in. In other words, you got two factors that make our resources, number 1 is higher income persons, and the other resource is subsidy from HUD. One way or the other we've got to get it so HUD is pressuring us to keep our accounts receivable as up to date as we can, and number 2, they're saying well, get a mix of income. Don't -- get away from that low income, having all low income, get a mixture of incomes.

I might -- when we talk about the income limits, there are factors that are taken into consideration. In other words, assets are a factor and equated into this income limit. However, -- and then if a person has unusual medical in the section 8 program or in the conventional, there is a discount from whatever gross wages they have and you start deducting, it's almost like income tax.

Anyway, from the income that is provided, the resident pays 25% of that income, whatever it would be. And that would be the rent that he pays. And the easiest way I can explain it there are people in our program that have no income, so nothing from nothing is nothing that they pay rent. And on that basis, that is what we look, we hope we have a balance, at least, so the HUD subsidy can come in and make up the difference.

The section 8 program is operated quite similarly except that it is a different, it's a different program because, as I say, the resident has freedom of choice. In this program we apply to HUD to administer a contract, we're the housing agency, the applicant and then the owner of private housing is involved in this program. So we apply to HUD and HUD says there are these units that are available so we try to get our finger in the pie whenever we can and then we've got these 1,426 units now allocated to us.

On that basis, the applicant, they come in and we take their application, we verify, screen them and establish the people on priority lists, notify them whether they have been certified or whether they are, their application is accepted or not. The acceptance is based upon whether they have supplied us with the information or whether -- with minor screening the information that they have supplied is correct.

Primarily it's verification of employment or verification of income tax to -- or verification of income through income tax statements and the like. If the units are then available, we call these applicants in for a briefing. It's usually a one-hour briefing, we have it oriented bi-lingually, and have it, right now we're having briefings twice a week.

If persons come up and we have units available, we have these briefing sessions, and at that time, they are told to go out on the open market, find a unit that they are willing to live in, now it isn't all that easy because we're saying that unit has to meet certain fair market rents. Now that's a HUD determination. That's another little gimmic that we put in here.

In fair market rents, HUD determines that including utilities, we can not exceed for an efficiency apartment, 183, for a one-bedroom, 222, for a two-bedroom, 261, for a three bedroom, 301, four bedroom, 340. So if the applicant goes out into the private market and he can find a landlord who is willing to rent him his two-bedroom or whatever his family composition warrants, he would then negotiate with that loaner, show him the lease, he has a packet, describing the equal opportunities that -- from the owner's point of view, he also has a packet telling him that he can not exceed rent of this much which includes the utilities, he has a sample lease, there are, well, the last I looked there was something like 40-some documents that were in this packet that the tenant is required to be handed.

This is one of the bad parts about it, but I guess with any bureaucracy, why, we have to have paper work. But anyway, he will find this owner that is willing to rent him the property and knows that he goes through -- some of the federal red tape that we have to go through.

Now, we don't like to, we don't like to say how bad it is but there are owners that do not want to participate because they don't want the extra paper work. Or they've had some bad experience dealing with the federal government in the past or they know that there's a lot of people that want their units and they don't have to worry about all this hassle.

Anyway, let's say they have found the owner, we will -- we give them at this briefing even a shopping list, owners have called us and said I'm willing to participate, and so there is a shopping list that the tenant can take and he can just go down the shopping list or he can find it on the open market, wherever he can. But the one thing we don't take them by the hand in this case, and the elderly we do, there are provisions that we can take the elderly by the hand and help them. But as far as families, it's their choice, their free choice to live anyplace in Pima County that they want. However, they have to find the place, and find the owner that's willing to participate.

All right. They come to the point where they can now participate, and they bring the packet in to us, a signed lease by the owner, we will review it and then we inspect that property. And determine if there are deficiencies. If there are deficiencies we will ask the owner to correct it and give him a time limit for correcting it and if that, if we can work that out, then we enter into a HAP contract and it is signed, and in this instance here again, like if you go back to the 25% example, the tenant pays the 25% to the owner, the city pays the balance to the owner. So that's 75% of his ability to pay is to the owner.

Now, there are complications if the owner doesn't pay the utilities, then there are times when we have to give a payment to the tenant so that he can pay his own, if his utilities are higher than what his ability to pay is, if he is very low income, he's not under the 25% of his income, but he's under a 15% of his income payment.

So there are little technicalities in there and I don't have all the answers myself, some of the requirements are so complicated that we leave that to staff to work out the details because each individual is a separate situation.

So, as I explained, the HAP is the fair market rent and this is like for a two-bedroom unit that's $261.00 the tenant it's determined that he can pay $55.00, which would -- get a little ahead of myself, let's say the income for this person is 220 a month after it's adjustment, adjusted, and his 25% would be $55.00. Likewise we can set up a similar example except when it comes to families, they can get exemptions similar to income tax or minorities and again there are other factors like for medical bills and so forth.

But if we take the 25 -- yes, the elderly situation here, then this is the fair market rent. Now, we're not obligated to pay that exactly. In other words, it's the market rent for the neighborhood that we're committed to pay. So this is saying that this $261.00 is market rent for the neighborhood. So then the tenant can pay $55.00 and we would pay to the owner the $206.00.

The section 8 is a good program, it, as I probably have implied to you, it's -- there's a lot of paper work in it, and I think I've covered basically our programs that we have. If I could answer any questions I'd be happy to do so.

THE CHAIR: Thank you, Mr. Landel.

Do any panel members have questions for Mr. Landel?

Q (By Ms. Manuel) I have a question, justaas a point of clarification. When you say that any person can make an application, anyone living in Pima County, you don't mean to include the Papago Indian Reservation?

A. No, I'm sorry, I'm sorry on that one.

Q That's what I'd like to have clarified.

A. Indian programs are a little bit different. Just, I don't know whether the rest of you are aware but there are conventional programs for -- with the Indian programs and they are completely administered separately and they operate only within their own boundaries.

THE CHAIR: Ms. Grant?

Q (By Ms. Lopez-Grant) Currently do you have units available?

A. Yes.

Q There are some available?

A. Yes.

Q Because I know occasionally that there are none available and --

A. We -- now this isn't, when -- you know, so that there's clarification, someone just can't walk in off the street, we have them available that they're being rehab'd, or something, and there's a constant -- there's turnover, we don't have much turnover but there is turnover so that the units that we have are turning over so someone on the top of the list is getting housed every once in a while, whenever there's turnover. Now, when I say are there units available, we are issuing these section 8 certificates, we've just been allocated another 105 units, I guess about three months ago. And we have individuals out with this, I call it a hunting license, they take this certificate we give them after this briefing and they go out and shop in the community for that.

When they find it, why, then they have that number and that license is for them only until they give up on housing. We normally give them 60 days with this hunting license to find appropriate housing.

Again speaking of today's inflation, today's market, I heard on, I believe it's one of the newscasts the other day, that we're talking of the availability of rental housing to be less than 3% in Tucson. So when it's available, we have the certificates that people are out hunting for property, but they might not all be finding it.

Q One other question. Your matrix that you had there, that this number of bedrooms as it relates to the dollar amount, understanding that a lot of people have large families, and have perhaps in the past been used to making do, let's say, maybe four people in one bedroom, is there a restriction on the number of people that can --

A. Yes. We -- it's usually two to a bedroom. The HUD guidelines even encourage 1.2 persons per bedroom.

Q. How do you put a 1.2 in a bedroom?

A. This is an average apparently.

No, 1.2 is what they encourage, but we have some serious situations where, you know, two high school boys, teenagers are in one bedroom, and it makes it very difficult. But that's our criteria anyway of two per bedroom.

Q. (By Ms. Manuel) I have a question, just, how does the housing information that you presented or your program, how does it get out to the public, in particular to minorities?

A. We -- we've met with various organizations, just about anybody that needs someone to come in, I mean the Indian programs we've -- to the in-town Indians, we've met with the Indian Alliance, I believe.

Q. Traditional Indian Alliance?

A. Traditional Indian Alliance but any time there's a program like that, why, our staff will participate in it and there are times that we've even had meetings where we would go out and actually sign them up when we were out there.

Q. (By the Chair) In your search for these people, are minorities and women a priority for rents?

A. The only -- we can not discriminate because of race, creed, color, sex or national origin. On that basis, to give any preference to women, we could not. The women's commission has met with us and said, well, what can we do about, you know, a special preference. And our comment is, we think you should cool it because about 80% of our units are occupied by women or the section 8 program are by women, single heads of the household or in the case of the elderly, why, it's a lone head of the household.

Q And in developing eligibility, for an individual, what is income? Is it welfare payments, social security?

A Yes, any -- anything would be income with that. Now, if there's a stipend or something that they get occasionally from a -- from one of their children or something like that, that would be excluded, certain educational benefits, if it's under a federal program, something like that, is excluded from income, but otherwise it's -- I would say it's a broad based income, similar like what you would use for income tax.

THE CHAIR: Any other questions from the panel members? If not, Mr. Landel, we thank you for your presentation.

We are now scheduled for a break and so why don't we take a ten-minute break and come back in ten minutes, at 20 minutes to 11:00.

(Short recess)

THE CHAIR: Let's reconvene at 10:45, and our next witness is Ms. Nancy Tarpley, who is the Director of the Housing Counseling Program for the Tucson Urban League.

The urban league counsels clients in all areas of housing problems and situations. About 84% of their work is with clients who are delinquent in their mortgage payments. Ms. T

Ms. Tarpley, would you take the table up front and proceed?

MS. NANCY TARPLEY

A. (By Ms. Tarpley) Okay, as you stated, the majority of the clients that we see are in the areas of default and delinquency in house payments. Those are referred to us through HUD or the mortgage companies in trying to help the clients to maintain their homes.

And in the counseling, we intercede with the mortgage company, try to help them get assignments, look at the situation, to see if their finances have changed from the original loan kind of things, if there has been a sickness or if they have been laid off from their job their financial situation might be such that would warrant a HUD assignment, you know, for a temporary period while they are going through these changes.

In many situations we have no choice but to recommend that for their own credit purposes that they sell their house because they just can not afford the house. The biggest problem that I am finding is with the low income people in the rental situation. As the gentleman that just finished, he mentioned some things that I found very interesting about the section 8 situation, being a good program.

Our experience is that the concept is good but the reality of it for the people that we deal with is not very good. You're talking about people that are low income, the cost, knowing Tucson to be as widespread as it is, running around looking for a place, the cost of transportation, the fact that fair market housing exceed the figures, generally, exceed the figures that was listed on that material, and that my experience in talking to landlords about the section 8 program, we try to, being that public housing does not have sufficient listings of landlords willing to participate in that program, we have tried on our own to develop that resource and in talking to landlords to make sure that they know about the program, and the response that we have gotten is that I've tried it and the red tape was unreal. I lost three months, two or three months' rent waiting for this to be processed, another landlord stated that he had waited eight to ten months to get his portion of the rent from the program and not from the client but from the program, and the specifications of the investigations, you know, like you go into a two-year old house where we would find it fine to live in, but generally the inspectors could find something wrong, the cost of, you know, changing these things, and so forth.

So it's not, it has not been very practical for the majority of the people that we deal with.

Our program is totally funded through contracts. We have a contract with HUD where we counsel people in preownership counseling, and this is something that we like to spend more time with to avoid the delinquent-default situation when possible, down the road.

We stress the value of budgeting, home maintenance and the responsibility involved in being a property owner. And the majority -- with the majority of the people being low income, a lot of them have not been exposed to home ownership and all the responsibilities, you know, involved before.

So we do stress those things and have followup sessions for them to kind of -- for supportive purposes.

A second contract that we have is with DES, which is the department of economic security. In that contract we are -- we agree to do housing counseling as I have mentioned, in addition to some case work kinds of situations. Because it's common sense that when you're having a financial problem regarding your house, generally there are other kinds of problems that lead up to the situation.

So we try to work on the total problem for self-sufficiency using that as a goal. And make appropriate referrals to other resources within the community and try to keep the whole program coordinated for that particular client.

The third contract has been with the city, right now it's kind of defunct waiting for a HUD turndown letter, whatever that is, but waiting for that and that was from the block grant monies, and for clients in specific areas where they have been doing renovation or moving people into houses once their houses have been declared unliveable-kind of things, working with those people.

And that's about it.

THE CHAIR: Do the panel members have any questions?

MS. LOPEZ-GRANT: Yes, I do.

THE CHAIR: Ms. Grant?

Q (By Ms. Lopez-Grant) You mentioned that in -- well, let's go back a little bit, this other gentleman that was here said well, this gives you a freedom of choice, but then, when you've got a limit like that, those limits are within the same areas of the community and so you're really not getting anywheres, am I right? You end up with poor people still living in the same place?

A. That's true, or poor people just not having anyplace to go. The number of evictions that we come in contact with that can not get on a priority list that is productive, you know. It's one thing to be on a list to say yes you're eligible to be on a list but to be able to have your problem solved or have shelter is, you know, completely different thing.

You know, like you say anyone can come in and apply and be determined eligible, but it is even difficult for -- we don't even bother to refer people to our public housing as an immmediate solution. Because they will tell you they have like over 2,000 people on their waiting list and it could be a year and a half to two years, so you contact them every six months and let them know you're still interested.

But for the people that have been evicted or whose incomes are such that they can't pay the fair market rent, it really is a problem.

Q. What do you do with them?

A. Beg, borrow and steal.

Sorry about that. No, we try to work with landlords and we are not in a position to guarantee anything, we have no monies to give anybody, we are strictly a counseling and supportive organization. We have a contract with rental index, which is in town and it inventories available rental places within the area.

Of course, the property owners call those in and have them listed. And we try to, and we work with them for our very low income people trying to find something suitable, you know, that's available.

I'm sure it wouldn't meet public housing standards, but at least it would give them shelter. But we have many families that we work with that are living where you might have one head of household with five children and another with four to six living in a three-bedroom house because they have no other alternative. And then sometimes in situations like that the original resident of that home is given an eviction notice because you've overcrowded the house, you know, when these situations started out to be temporary but when you couldn't find anything to alleviate the problem, you didn't have any choice, at least everybody had a roof, kinds of things.

Q (By the Chair) Let me -- do you also assist people in finding money when they want ownership?

A When they want to purchase?

Q Yes.

A No. We do tell them about the different programs and the procedures, you know, who to contact for different things, but we do not follow through on getting financing.

Q Are you aware of any red line area, do you know what red line is?

A I know what red lining is. I don't know that much about what goes on in Tucson in red lining.

Q Are you familiar at all with House Bill 2304? The IDA, industrial development act, bonds for housing, ostensibly for the poor?

A Yes.

Q Can you make a comment on it? Do you think it will work?

A Well, not for the poor. In that they -- they have to meet conventional eligibilities for the funding and their income generally is not such to permit that, so they get left out again.

THE CHAIR: Any other questions?

Q (By Ms. Manuel) I have just a question, in your counseling, what do you find is the -- you know the figures they gave this morning about the median, average income for families in Arizona, what do you find as, dealing with the clients that you deal with? What is the average income level?

A I've never looked at it specifically, but I would say it would run about the same.

Q About 19,000?

A. Oh. Oh, heavens no, I was thinking of the figures that the gentleman from public housing used.
Q. No, in reference to the bill that was --
A. Oh, no. No. Oh, under 12.
Q. Under 12?
A. Under 12, the majority of the people we get would be under 12.
Q. (By Ms. Lopez-Grant) In your opinion, do you think that the eligibility standards that are set by HUD in the various programs that they have, are they realisitc in terms of what's really happening here in Tucson?
A. I do not think so.
THE CHAIR: Any additional questions?
If not, we thank you for being with us today and sharing your thoughts.
Is Mr. Corky Poster here yet? I think we're a little bit ahead of time. Why don't we then take Ms. Lilyquist?
MR. PALACIOS: Sure.
THE CHAIR: Who is here, and Mr. Montgomery too, I suppose. You can bring up a couple of chairs, if you'd like.
MS. LILYQUIST: Okay.
THE CHAIR: Ms. Marie Lilyquist is the Deputy Director for Single Family Development for the Los Angeles Area Office of the United States Department of Housing and Urban

Development. She is an architect and has served in several departments and in several positions in the department of housing and urban development.

She will make a presentation on programs funded by the department of housing and urban development, in the Phoenix and Tucson.

MS. MARIE LILYQUIST

A. (By Ms. Lilyquist). It's a pleasure to see you again, Mr. Pena.

Some of the material we'll be covering this morning will be information you heard already in Phoenix, but hopefully it will be of benefit to the other two commission members.

We expected Mr. Durant from the Tucson Service Office to be here, I don't think he's probably going to arrive until 11:30, but if he comes we'll ask him to join us up here.

HUD has a number of main purposes in delivering programs that are mandated by Congress. We are responsible for assuring decent shelter for all Americans, for revitalizing our urban areas, for providing a choice of living places, and for enhancing the capability of local government to rejuvenate their communities. We do this in a number of ways and use some tools. For example we use grants, we use guarantees, loans, mortgage and loan insurance programs, home ownership and rental subsidies, and technical assistance to localities.

The organization of our field offices I think is very important in how we deliver these programs. We went through a major reorganization last year, those of you who have dealt with our offices know, have felt some of the impact, I think especially in Arizona.

We have a regional office that's located in San Francisco which is responsible for the overall management of our programs, we then have three area offices, the one that covers the Tucson area is located in Los Angeles and it has five offices under its jurisdiction. It has Los Angeles, San Diego, Santa Ana, Tucson and Phoenix.

We also have within the State of Arizona, two offices, as I mentioned, that report to the LA office, the Tucson and Phoenix office. Their responsibility is only for single family home ownership programs.

All other programs are operated out of LA, these include the multifamily housing programs that you've heard discussed this morning, our community development programs, equal opportunity programs are all operated out of Los Angeles.

We'll be talking today about single family insured housing, we'll be talking a little bit about the multifamily programs and some experiences locally here in Tucson. We won't go into much detail on the community development programs which include our block grant programs to the Cities of Tucson and Phoenix, our planning programs or our code enforcement 312 programs.

We also have a group called the NVACP which is a new part of HUD, and it deals with the educational level of the consumer. It is responsible for working with the housing counseling agencies for consumer organizations, they are in the process of holding some major consumer forums to educate the consumer. We also have a fair housing and equal opportunity program which is operated out of Los Angeles, which is responsible for looking at housing choice in making sure communities are dealing with that issue.

We're taking steps against discrimination in a more active role, and for making sure that our units are marketed in an affirmative way to distribute them throughout the community.

I'll talk a little bit first on the single family programs. Our single family programs are, have as a basic goal the provision of mortgage insurance to facilitate home ownership and construction and financing of housing. We do not actually loan the money to consumers, we instead insure lenders against loss with the hopes that this will encourage them to invest capital into the mortgage market.

I think it's helpful to go back to the original purposes of our programs and to see what has happened to shift the emphasis.

When our programs were established in the 1934 Housing Act, we were coming out of a depression and our major concern then was with stimulating jobs in housing construction. We became actively involved in home ownership for the middle income, White family, predominantly in suburbs, we were involved in setting up the first construction standards in housing. Our goals have shifted substanially since 1934. We are now providing home ownership opportunities primarily for moderate income families, we are involved in urban areas rather than suburbs, declining neighborhoods, areas undergoing renewal, and our emphasis on housing construction has also shifted.

Our basic program in single family is the 203B program, it insures a family -- I'm sorry, it assures a loan to a financial institution for up to 97% of the property value. That basically means the family makes a down payment of 3% or more, depending on their qualifications. The loans are processed in a two-phase operation, first the property itself is appraised and it's, a determination is made whether it's acceptable as a basic unit.

Second thing that is looked at is the buyer and we're looking there at the credit history of the buyer in terms of his ability to make mortgage payments and to make the necessary cash investment.

Our maximum mortgage amount is $60,000.00. That basically tells you that we are -- the reason we are in the moderate income area is because of the limits on the mortgages. Middle income families are by far in a much higher mortgage amount. The advantage to the consumer under our programs are the lower down payments, the lower interest rate, which is ten and a half percent, and an assurance of a certain quality of a home.

We instituted, in 1977, our second program which is taking over almost all of our business in the west coast, called the graduated payment mortgage program. Under five different plans of different kinds, the payments start out lower in the first year and increase over the term of the mortgage. It allows younger families and families who otherwise would not qualify to qualify in the early years of a mortgage with the idea that their income will rise over time.

The third program which is our subsidy program for home ownership is the 235, for those of you who have been involved in our programs in the past, 235 was widespread use in the early '70's. And resulted in quite a few disasters and was stopped under the moratorium.

It was revised in 1974, and the attempt of the revision was to zero in on those areas which had abuse. The current program subsidizes mortgage interest rates down to 4%. And it has restrictions for who can use the program.

First of all it's restricted to families who are at 100% of the median or below. It's restricted to new and substanially rehabilitated units which is a difference from the old program which was for existing housing.

Families must pay up to 20% of their gross income, they must pay a down payment of at least 3% of the cost, the mortgages are limited in the Tucson area to $38,000.00 for mortgage for a three-bedroom.

We require housing counseling so that the families are aware of what they're getting into when they move into one of the homes. In a particular subdivision no more than 40% of the units may be subsidized, this is an attempt to have a mixture of incomes in all of our programs.

I think one of the sad side effects of the 235 is that when the homeowner sells, the subsidy is lost. Unless it's sold to another family who qualifies and in most cases it's not. So it's, you know, phases out over time.

The last program that I'd like to talk a little bit about is our section 223E which is used widely in older areas. It is for housing in declining neighborhoods. It's an attempt to deal with the red lining issue, most of the houses in these areas are houses, because of the neighborhood, would not otherwise be made.

Because the neighborhood's in a changing posture, it's going to commercial, it's in a mixed land use, it would normally not be a good credit -- a good risk for the lender. However, if the house is a good house and has a chance of remaining so over the life of the mortgage, we insure it under the special program on the special risk program.

There are several proposals in front of Congress now to deal with some of the changes that are necessary, one is to increase the mortgage limits themselves, most of the west coast is experiencing situation in which the cost of housing is so astronomical that the mortgage limits are not very applicable. They just increased the interest rate two days ago so that has been changed.

They're looking at the acceptance of condominiums as another way of dealing with the cost of housing in projects that were not built by us. And they are also looking at lowering down payments requirements under the 245 program.

I'll ask Colin to talk a little bit about the multifamily programs before we open up for questions.

MR. COLIN MONTGOMERY

A. (By Mr. Montgomery) After listening to Mr. Landel this morning, I don't have too much to add to what --

THE CHAIR: Would you identify yourself?

A. Excuse me. I'm Colin Montgomery, multifamily housing representative from the Los Angeles area and I represent the State of Arizona from the Los Angeles area.

Mr. Landel covered basically what our multifamily programs are, and it's almost without exception a rental-type program in the multifamily entity.

With the possible exception of a cooperative. We do insure cooperatives, and it is a form of home ownership. But that's about the only home ownership type program that we in multifamily are involved in. The rest is strictly a rental assistance program, to all communities.

I think maybe I should give a little bit of background on how the funding cycle actually works. As Mr. Landel pointed out this morning, there are certain numbers that we talk about, so many units to each community. Every community participating in community block grant funding is required to put together a housing assistance plan. This shows the need, the entire needs of the area, it covers family, single heads of household, elderly, small family and large family. It also evidences some realistic goals depending on the funding availability that's made to us through Congress.

Initially there's a top dollar granted by Congress nationwide. This, in turn, is shared on what we call a fair share basis. Primarily that's population, poverty, elderly and certain communities. And each community is then given a fair share percentage of the total dollar amount. That fair share then comes out in the way of section 8 funds, either for existing programs which is administered by the local housing authority, or for new construction and substantial rehab., which is open to any developer, builder submitting proposals.

Again, I can't add too much to what Mr. Landel has already said about the section 8 and public housing, but perhaps I can respond to any questions that any members of the commission may have.

THE CHAIR: Okay. Ms. Lilyquist, were you through with your portion?

(By Ms. Lilyquist) Yes.

THE CHAIR: Do any panel members have a question?

Q (By Ms. Lopez-Grant) You mentioned that you have a program, this 235E that deals with declining neighborhoods and with the red lining thing. How, exactly, are they -- is that supposed to affect the red lining, assuming that the red lining is done by the lending institutions, that's just -- let's just assume that right now --

A. Okay. I think the assumption on red lining is that the reason lenders don't go into those areas is because the risk is too high.

The risk of losing money in those particular areas is too high. By our insuring the lender that if you go into those areas, we're going to insure you against any loss, you could possibly take on the program, they are more likely to make loans in those areas.

And in fact, we do have a very high percentage of 223E loans that are made in declining areas. The interesting thing I think about that program is that over the time we've had it, it has not shown that the risks are very much higher. You know, it's a separate thing so that you can track the risk but it's actually not substantially higher than it is in other areas.

Q. A couple of years ago, closer to three years ago, there was an article in the Tucson paper on the red lining of not really by the -- by the lending institutions but by the FHA itself. And in -- later on, that people from the Phoenix office, lending office, were questioned about this. They said yes, you know, there are some places we will not go into because of the declining neighborhoods and because of all these other kinds of, same reasons that we understand that the lending institutions use.

But then, if the federal government itself is red lining in areas where they're pouring their own money into, I mean it seems to be a little inconsistent.

A. I don't know how many years ago you're talking about when you say that.

Q. Nineteen-sixty-even and just as recently as last February.

A. Well, I know that, you know, years ago in the Los Angeles office, there was a lot of that going on and in fact many of our appraisers even had books that were lined and they were lined for reasons of risk, saying that in fact they're bad risks.

It was one of the reasons that the 223E program came about which was to allow us to go in areas and to actually look at the structure itself and see if it was a good structure and if it was capable of an acceptable risk and as far as I am aware, that is not going on now. You know, if individual cases come up I know in our particular jurisdiction we follow them through and find out in fact that it's happening.

But I think what many of the people were concerned about is under the old program it was a, basically a money making program for the government, the standard 203B was a money making program, I mean we insured the loans, the consumer paid a percentage on it and that paid for the running of the program and they were very proud of the fact that it was a money making program.

If you get into high risk areas, then it means you start losing money so they tried to separate those programs out. And since that has happened, I think that we've been fairly successful about not, in fact diligently working with the lenders about not red lining.

Q Because last year, last February, as a matter of fact, you know, HUD has poured a tremendous amount of money into the City of South Tucson, rehabilitation programs and whatnot. And it was brought to the attention at a meeting of the grantees of Tucson and all of the small communities that have participated in HUD programs, to the -- to the people from Phoenix and from the regional office. And yes, well, so it happens, you know, and there's -- because we had specific instances.

And that I know of, nothing has ever been done, you know. We'll look into it-kind of thing. And it just seems to me that you know, if federal dollars are going to be poured into neighborhoods like that, then it should count for something. Because it has been, in my own personal experience with, working with some of these programs that lending institutions go, they'll lend to anybody if they're going to insure it.

A. That's right. Well, I can just tell you some of the experience we've found out is that our single family unit, which is compounded by the reorganization because the single family people in Phoenix and Tucson do not have the kind of cooperation that they should from the people in our, say our community development unit, which are responsible for the grants so what we were finding was there was just a lack of information, an individual appraiser would go out into a community and see that the whole thing was falling apart, including the individual house he was appraising and reject the unit, not knowing that the community development people were putting money into that program to set up a rehab. program to rehab. it so we have, right now, an extensive program of educating our single family people to what's going on in the communities by our community development people.

And it just, I mean it's just compounded, as I said, because of the reorganization with people in the, Los Angeles who are responsible for what's happening in Tucson.

So, hopefully, we're starting to address that issue, but I agree with you, it was a massive lack of information going back and forth within our own office.

Q. (By the Chair) You probably stated it, but how old is 223E?

A. I'm sorry, I don't know the -- I would say it's about ten years old but I can't tell you exactly.

Q. Mr. Montgomery, Mr. Landel alluded to the limitation of money, of funds. And then, of course, you told us how -- what formula is used for the allocation of funds. Is there a program where, when they appeal, for more money for the units that they have planned, that they can't build because of the high cost of -- because of inflation, is there a formula that they can use?

A. (By Mr. Montgomery) Yes, there is, and that particular project we had only recently increased the funding for it, prior to it going out to bid. And my recommendation to increase the funding was based on the prebid estimates that the city's own architect had come up with.

However, when the job went out to bid, the bids came in at -- what are we talking about, 200% over prototype costs. It was averaging out $52,000.00 for a one-bedroom unit. There just isn't that kind of money to go back.

Now, we are going to go out and readvertise, I can make a recommendation to go even and say 110% over prototype, and I've already submitted a request through our cost section to revise and to go out into the field and update the prototype costs and yes, we will go back and request more funding if, you know, if it is actually required. But there is mechanism to increase the funding.

Q. Is the prototype cost developed according to the -- to the area or is it a regional thing or a national?

A. No, each prototype is according to the immediate geographic area, and we have appraisers and cost analysts actually going into the field, meet with contractors, obtain facts or figures from them, in addition to that they have at their, literally their beckon call, reams and reams of computerized data from all over the country as comparables, but at the end result is yes, they go out into the local area and get the costs.

The prototypes themselves by virtue of being a Federal Register printing, comes out once a year, however during that year at any time, we can submit a request for an increase in prototype cost if we have the justification out in the market place for it. So it's not set in concrete.

THE CHAIR: Are there any other questions?

Q. (By Ms. Manuel) I have a question. We heard earlier two comments by Mr. Landel and also the woman that preceded you, about how the landlord refuse to participate in the section 8 program because of the red tape and the length of time it takes to process whatever papers are necessary for them to receive their money. Is there something that can be remedied or --

A. I think -- I believe it's something that's constantly being worked on. To reduce as much of that up front red tape as we possibly can. The actual administration of the existing section 8 is, of course, between the local housing authority and the individual. We do not come into the picture to any great extent.

Where it is new construction and substantial rehab., HUD deals directly with the owner through the HAP agreement, housing assistance plan agreement, and that is not a time consuming piece of work, you know, at the end of construction.

I think Mr. Landel's, and many other housing authority's problem, is very often the constant turnover and they've got to go through the same process time and time again. All I can say is that yes, we're constantly trying to find speedier ways to eliminate the red tape that's inherent in any government function.

THE CHAIR: All right. Ms. Lilyquist and Mr. Montgomery, we thank you for your presentation, for being with us today.

And we are about to take another break. And wait for Mr. Corky Poster. He should be coming in soon.

(Short recess)

THE CHAIR: Let's reconvene and we have now with us

Mr. Walt Durant, from the local HUD office, he's the service officer, the supervisor, I believe, of the local HUD office.

Mr. Durant, would you come up to the front and --

MR. DURANT: Here?

THE CHAIR: Yes, sir.

MR. DURANT: Okay.

THE CHAIR: We're a little ahead of time but it's an example of efficiency in government. If you want to believe it.

MR. DURANT: Yes, I believe it.

THE CHAIR: We've already had Ms. Lilyquist and Mr. Montgomery testify and we understand you have some information that you'd like to give to the committee, so would you proceed?

MR. WALTER DURANT

A. (By Mr. Durant) All right. I don't know what's transpired prior to my arrival here but what I did, I gathered some statistics that you might be interested in relating to Tucson area alone, okay?

What I did I took a sampling of the firm commitments that we've issued from the period of time July, '78, to

September 15, 1979. That's a period of about 14 and a half months or exactly 14 and a half months. And during that period of time we issued 188, 235 firm commitments. We issued 1,224 graduated payment mortgage plan commitments. That only represents, however, about 3% of the total firms issued on 235's and about 19 and a half percent of the total firms issued on graduated payment mortgage plan.

Now, that in itself really isn't very significant, but you can look at it another way and the way we look at it is we had total of 1,402 families now, even a home where previously or under normal circumstances perhaps they would not be able to.

At this present time, I don't believe either program benefits my concept of a low income family.

And the reason I'm making that statement is because it's been our experience that a buyer must make around $1,000.00 a month in order to minimally qualify for 235 loan. Even with the subsidy.

The average payment that a buyer makes is running around 248 to $250.00 a month. Our portion of the payment is running around 180 to $190.00 per month. And if you get any less than $1,000.00 a month it's very hard to qualify, even though we do subsidize it down to as low as 4%.

I think the program has been fairly successful here in Arizona, I believe it's more successful than in some areas of California. But I believe that there are other areas in the nation that are doing a great deal better than we are in the 235 program and in the 245 program.

The biggest impediment to 245 program in the State of Arizona is the differential in points. Mortgagees are charging anywhere from a point to a point and a half difference for processing that type of a loan, and it's due to the problems that they're experiencing in servicing that type of a loan.

I don't know what else you might be interested in in that respect, regarding a 235, 245 program, except I would like to say that right now the 235 participation is decreasi and the participation in 245 program is increasing. And it's due to the rapidly escalating values that we have here in Tucson.

I thought I'd tell you a little bit about the assignment program too, if you're interested. The main purpose of it is to avoid foreclosure and enable people to keep their homes because they're in some kind of a temporary financial problem. The mortgagee must notify the buyer that they do intend to foreclose, and there's some other things that must be inherent in the situation which would qualify them for the assignment program.

This must be three payments in arrears, it must be the principal residence of the homeowner, can't be a rental or something like this, the default must be caused by something that was beyond their control, such as a serious illness or curtailed income for one reason or other, or uninsured damage to the property, and now they're suddenly faced with this big financial crisis and they can't make their house payments.

They must also have a reasonable prospect of being able to catch up in their back payments. And in that respect, if we do accept the assignment, we can sit down with them and we can tailor a payment plan that's suited to their particular needs. And it could be a reduced payment for three or four months or whatever, until they get back on their feet again, and can continue making the regular payments.

We do meet with the homeowners and we do send them for counseling. If we are unable to help them. They have an opportunity to come in and bring any evidence they want to bring in, including an attorney, to represent them, in the meeting with us, it's an informal meeting, however, they do have that option.

And they can try to convince us that if we do not accept that assignment, that we should. That's about what I was going to present today and I'd be happy to answer any questions you may have.

THE CHAIR: Do panel members have any questions of Mr. Durant?

Let me ask, on assignments, is there a difference in economic levels, that is do the lower income have to go through the assignment program more than the higher income or --

A. Unfortunately, it seems to -- there seems to be no certain income levels that are particularly afflicted with financial disaster at some time in their life. It happens to all types of individuals. We have an individual where the husband and wife have both been working and making a lot of money, now the husband died and the wife finds that her being -- she's sick or something like this, and it doesn't seem to be restricted to just simply low income people.

Q. (By the Chair) Points charged by mortgage companies, make it difficult for people to own homes, to get into a home. You talked about the problems that mortgagees have in servicing 235's. What are some of those problems?

A. Well, the problems are that under certain plans there's a negative amortization and they have to, some of the plans are structured for five years, some for seven, I believe one for ten and they have to figure out the payments for that entire period of time.

And due to the negative amortization and the fact that they have to go through all these calculations, they're charging more money before they'll deal with them. Some won't handle them at all, they don't want anything to do with them. They find out it's a graduated mortgage payment plan, they won't handle it.

Now, other companies are beginning to set up computers and they're getting this stuff computerized and I would imagine eventually, particularly if they that start making a lot of conventional loans of this type, that perhpas the point differential will be done away with, but at the present time it's about a point to a point and a half.

And that represents 1% of the mortgage amount. So, for a $40,000.00 loan it could be 400 bucks.

Q Can you talk to us about discrimination complaints generating out of your office? Do you have any?

A We receive maybe one or two a year and it's usually a discrimination in rental. And it's handled by San Francisco. We refer it to a gentleman there in San Francisco who investigates it. Each one is investigated.

Q Just one or two?

A Yes. And the -- concerning rentals.

THE CHAIR: Any other questions?

If not, Mr. Durant, we thank you for being with us.

I have one question but maybe I'll ask you, you could pass it on to Ms. Lilyquist. You know, there is a concern to provide housing for low income and minorities and women, and looking for ways to perhaps subsidize part of the cost of homes, can you tell me how big is the FHA insurance fund?

A. I'm sorry, I don't know.

Q. (By the Chair) How big is it?

A. I haven't the slightest idea, do you?

A. (By Ms. Lilyquist) I know for the first time last year it was in the red, since we started getting involved in 235, 223E, and we actually have gone in the red for the first time.

Q. Well, so much for that fund.

A. Yes, that takes care of that, doesn't it?

It used to be a money making thing.

THE CHAIR: Okay, Mr. Durant, thank you very much.

Our next witness is Mr. Corky Poster, who is a director of the Tucson Community Development and Design Center, which is a private, nonprofit corporation, founded by a group of young architects. It is designed to assist low income people in communities in housing problems and community development problems.

Mr. Poster, would you take the front table?

MR. CORKY POSTER

A. (By Mr. Poster) Thank you. I want to thank the commission for this opportunity to talk with you today. I thought I'd prepare a somewhat general discussion that gets, eventually, into more specific things.

But first, what I'd like to do is outline the kinds of things I'd like to talk about today for you. First I want to go through a fairly brief discussion of an introduction of myself, the Tucson Design Center, the kind of work we do and the kind of experience we've had in this community.

Then I'd like to go into a brief discussion of the nature of discrimination, where it's sources are as we perceive it here in the community.

The third section on demographic trends in Tucson, how things are changing over time and how it affects people.

Four, a discussion of trends in housing, what changes we're experiencing here in Tucson in housing, and how that relates to national trends. And then I think most importantly what I'd like to discuss is what relief is in sight, what kind of programs are operating and a bit of analysis of -- analysis of those programs, how they work and how, perhaps, they don't work.

Just to back up a little bit, my name is Corky Poster, I'm an architect, planner, I've been in Tucson since 1973, and that entire time I've worked at the Tucson Community Development Design Center.

As Mr. Pena said before, the design center is a private, nonprofit, architectural housing, planning, advocacy and research organization.

Then I'll go a little bit about how we were funded and I think you'll understand the way we operated the Arizona first. The design center was formed in 1971 and 1972 by a group from the American Institute of Architects called the Social Responsibility Subcommittee who were concerned about the fact that poor people who, by definition, should need the expertise of architects more than anyone else, in fact had least access to architects, planning, and those kinds of professional fields.

So a group formed of basically architectural volunteers to set up the Tucson Design Center, which they saw as an organization to serve the low income community here in Tucson.

Our first work, and our background for a very long time kind of the bread and butter of everyday work that we did was dealing directly with low income families who had specific need for designers in improving their home.

Typically there'd be a family that had a small home and a growing family, they didn't have enough space in the home and they wanted to add on a bedroom or a bathroom or enlarge the kitchen, and in order to do so here in Tucson you need a building permit, in order to get a building permit you need some drawings, in order to get a set of drawings you need someone who can do that.

Most people that we have worked with in the past or many of them do the work themselves, it's a selfhelp program for the most part. We, over the past five and six years have worked directly with these families to provide the architectural services at no cost to them, providing they qualified by income, and in that work we were at first worked on a voluntary basis, that was followed by support through the Model Cities Program. And that work has continued up until fairly recently.

Immediately, however, after that work began, we also began getting into some larger projects that we felt had a more significant impact on the community as a whole. And over the following years we worked on a variety of projects of varying size, for example a project to remove outhouses from families that didn't have any indoor plumbing and add a new bathroom addition to their house. At no charge to them.

We did demonstration housing, we did a project of housing for urban Indians, we did neighborhood planning and were fairly active in the development of some of the neighborhood centers here in Tucson, most recently the A Mountain

Neighborhood Center and the Northwest Neighborhood Center, which is now under construction.

Most of those programs were operated under the heyday of Model Cities where money came into this community. For the most part was under fairly direct community control and went on a fairly unrestricted basis for a combination of physical and social improvement programs.

As you know, that, in 1976 I believe, that legislation was replaced by the community development block grant, as a community development act, and I think with that change, we saw here in this community and it had a direct effect on our organization, it was a real change in the emphasis of federal funds into community development here in town.

The authors of the Housing Community Development Act were Halderman and Ehrlichman under the Nixon Administration, and in my opinion, the legislation was considerably more conservative than the Model Cities legislation that it partially replaced, and I think over a period of time, up until the present, we've seen a deterioration of the citizen participation process in control over where those funds went. We see the, I think the fact that those funds are really not going to community organizations any longer, and in fact, as they were designed to do, go directly to developers, to builders.

It's very much more of a subsidy of the building industry than it is a service to the low income community.

That had a direct effect on us as you might imagine, in that we were an organization that has a community controlled board of directors, and our funds, at that point, starting from 1976 and continuing to the present, have continually dried up.

Our staff in 1975, to serve this community, was 25 full time people. We are now down to five full time people. As a consequence, we've had to make some strategic changes in how we approach problems, we simply don't have the funds, the budget to do an overall program the way we have in the past.

So, instead, what we've tried to do is kind of muster our more limited forces at this point and get involved in projects that we feel have a more significant impact for the amount of time and effort that go into them. So, as a result, we've been involved most recently in housing development, per se, direct housing development, we've been involved in direct contract work with community organizations, that is fee for service architectural work, partially as an additional source of income to keep the office open, typically those kind of projects include community projects or, for example right now we're doing a project on a fee for service basis for the Arizona Training

Program for the Mentally Retarded. It's about a quarter of a million-dollar addition to the facilities out there.

And the third area that we've moved into is the kind of thing you do when you don't have much money, but perhaps some ideas we've got into what we call the issue advocacy and that is trying to bring out certain issues in the community, trying to publicize certain problems, trying to do some analytic work in the sources of problems and perhaps what solutions there are.

I say that's important in the sense that all you need is a printing press to do it, you don't need a lot of hammers and nails and building materials. Any way that gives you a kind of a little summary of our organization, the kind of work we've done in the past and where we stand relative to housing at this point.

What I'd like to do is lay out a little bit of analysis of how I see the issue of discrimination, specifically discrimination along racial and sex lines here in Tucson. And I think the most important thing I want to bring out at this point is that, in my opinion, the major issue here in Tucson is not over discrimination per se, that is discrimination indirectly attributable to people's, their sex or their race or their income.

But I think it's a more, we need to step back one step from there and realize that we do live in a racist and sexist society, and that for the most part, and in the most part, racisms and sexisms manifests itself in the economic sphere.

And that all other forms of racial and sexual discrimination grow out of that essentially economic discrimination.

It's really not very complicated. We live in a society that says that the color of your skin is Black or brown or red, that your economic chances are considerably lower than if you're White.

For example, nearly half in Tucson at the present time, nearly -- in Pima County, nearly half of the minority households with young children earn less than $8,000.00 annually. The unemployment figure for minority workers in this community averages twice that of the work force as a whole.

Similarly, if you are a woman, specifically a female head of household, you find that society doesn't really offer you many economic opportunities as well. Again in the figures for Pima County, is that 73.1% of female heads of household in Pima County earn less than $8,000.00 and 94.3% earn less than $12,000.00.

The reasons are for discrimination and -- the reason for those figures in the case of female head of household is simple, women employed full time in this community earn, on the average, 60% of their male counterparts. What I'm saying, I think is that we see the results of discrimination in housing, we see the results of discrimination in education, and that we're quite tempted to say we need to go to -- we need to talk to the educational institutions and have them stop doing that kind of discriminating, we need to go to the bank and have them stop doing that kind of discriminating, I don't think that's where the bulk of the discrimination is taking place.

Certainly there are abuses, but the discrimination that concerns me far greater is the discrimination that grows directly out of people's economic status. And that grows directly out of racism and sexisms in our society.

It's been my experience that builders, bankers, developers, have one aim in mind, there's one thing they're interested in doing that is making money, making profit. And that if they saw the minority community, single female head of households, as a source of profit for them, I do not feel for a minute they would hesitate to provide housing to that group of people.

In my experience, most builders, banks, developers are more than happy to take anyone's money. And that's far -- what they're more concerned about is the color of your money rather than the color of your skin. What turns out is that there's a real high correlation between how much money you have and the color of your skin or your sex. And that in that sense, they discriminate, but it's only in a secondary sense for the most part.

Obviously there are, there's direct economic discrimination, I don't doubt that for a minute. That is in the case of red lining and direct discrimination against female heads of households, against Black, Indian or Chicano families, but seems to me we're not going to solve any of those problems until we solve the more fundamental economic problems that really give birth to all the rest of the problems that we have to deal with.

Tucson, as you all know, is undergoing significant change, the changes happening more rapidly every year, and I think it's important to look at how that change, how the -- specifically the change of our population, the demographic aspects of our population affect minority people in Tucson, affect women, affect the elderly. Tucson has an annual growth approximately 5%. Which puts it right at the very top of one of the fastest growing communities in our country. It's important to realize that that in-migrant population, is for the most part White, is for the most part middle class, well educated, and skilled.

And what we're seeing in our community is a change in the numbers of the makeup of our community. Not so long ago our community was viewed very much as a multiracial community. And I think each year as we see this population change occurring, it is becoming more and more an Anglo community.

The proportion of Mexican-American communities decreasing, the portion of the Black community is decreasing, the portion of the Native American community is decreasing. Now, that has a lot of significance, I think, for Tucson as a whole, certainly in a political sphere. The political game is the numbers game and often one's clout is in correspondence to one's numbers.

More often correspondence to one's money, but in many cases correspond to one's numbers.

And I think minority in terms of numbers, minorities in this community are playing a losing game against the in-migrant population. I think more important that has real economic aspect to it and that is that the minority personnel living in Tucson, the single, the female head of household in Tucson, the elderly in Tucson, are more and more having to compete with the in-migrant for jobs, for housing, for education, for all the things that they're on the short end of in the first place.

And what's happening is that both, in all categories, they're in not a good position to compete with the people coming into town. People coming into town have more money than the people who are here, for the most part they are better educated, for the most part they have more skills, and often I think this is really important, they have left a major city in the east, moved to the sunbelt, have sold their house, in many cases in the east where housing costs are inflated over our local costs, and they are in a very good economic position to compete with the cost, to compete with local people in buying housing.

I think also over, about the past five years we've seen a real change in our institutions, we've seen a change in the responsiveness of our city council, the responsiveness of our board of supervisors to the minority community, and I think it's directly a result of their perception of where the future is. Of where the future of political power is in this community.

We've seen a considerable move to the right on -- in all aspects, in all institutions, in all political institutions as well as, I believe educational institutions here in town.

Now, on top of this demographic trend, Tucson also plays a particular role in the national housing picture, and I think it's very important to understand the trends that we're facing in housing. I think we all know just anyone who reads the papers, that the cost of housing is skyrocketing, skyrocketing nationally, especially skyrocketing locally. I think it's critical to understand those numbers, to understand exactly what's going on in town before you can get an understanding of how, perhaps, we might go about solving that problem.

Tucson, in the past, historically has always been on terms of its salary level, in terms of its housing costs and in terms of its consumer costs, has always been significantly below the national average. Approximately a year and a half ago the Tucson, the cost of housing in Tucson was 80% of the national average. It is fast approaching the national average. Now, what does that mean when our rate of increase in cost is closing in on the national average? Well, nationally the annual rate of increase of the cost of housing is 15%. That's over an inflation rate of about 12, so the cost of housing is increasing even faster than the inflation rate.

Locally, we're witnessing an inflation rate in the cost of housing of close to twice that. Which accounts for the closing of that gap. For the first half of this year, from June 1st to July 1st of 1979, there was a 12% increase in the cost of housing. Now, spread out over that whole area that indicates a 24% increase, in 1979, of the cost of housing here in Tucson.

That's almost what, 24% versus 15% is the national average. So what we're seeing here is an extra pinch, especially in the area of housing.

As you can imagine, that would be caused by that mechanism I described before, families leaving high housing costs come to Tucson, bring the income from sale of that housing with them, developers and banks are well aware of that, and the prices rise upward to meet what those people are used to paying. That's complicated by a severe shortage, both nationally and especially locally, in housing.

I read fairly recently that it's rare to find a house, a new house whose foundation is poured that is not yet sold. There's both nationally and locally the vacancy rate is at an all time low, which indicates a significant shortage of housing. In Tucson, that 24% annual increase that we're now experiencing translated into dollars means that a -- the average cost of a new home on January 1st was $50,000.00, on July 1st that same home was $56,000.00.

I think it's important to be able to translate that into what that means for families trying to buy a home. The figures in this area are really remarkable to me. In 1970, 40% -- 47% of the population could afford to buy a medium priced new home. That is virtually half the population was priced out of the median new home market. In 1976 that figure was down to 27%, and the projected figures nationally in Tucson, are projected to be about at that national average, is that by 1980, 15% of our population will be able to afford a median priced new home. That means

85% aren't able to buy that home. And that's in a period of ten years. It's gone from 47% down to 15%. And I don't see any end in sight to those percentages.

It's important also to keep in mind that last figures I have are in 1975, of 39% of the household in Tucson are renters, it's not merely a home ownership problem we're dealing with, it's a rental problem and a recent newspaper article has suggested that Tucson has among the highest rents in the nation.

So it's a real critical problem in rental housing as well as you might imagine, and also as would make sense, that impacts significantly on those portions of our community who have no opportunity to participate in ownership which would be the minority community, the low income community, and female heads of households.

I think, just try to briefly lay out the dynamics but I think is important to know the situation is bad, it's very bad and it's getting a lot worse.

We're especially feeling that pinch locally because due to movement patterns in this country and also due to the boom, so-called boom that we're experiencing, we're getting especially in a squeeze and that squeeze, as usual, is borne by the low income people, by the elderly, by the minority community and by the female heads of households.

What I want to focus on in the final section of this brief presentation I put together is to examine in a fairly analytical way what solutions are proposed and delve a little bit into what those solutions perhaps would mean.

I think historically in this country at the end of World War II, just prior to World War II, the home mortgage really was a rarity. Percentage of people with home mortgages was very, very small compared to the participation at this point in time.

The home mortgage is really a phenomena post World War II phenomena, it's important to realize that a very basic government decision was made at the end of World War II and that was that for the most part, the middle class people who have steady jobs, would be able to become homeowners. Anybody below the middle class would become renters. It's a policy that's been pursued throughout the federal programs, since that time, and it says that low income people are renters, middle income people are owners.

Now, the statistics I suggested before that by 1980, 15% of the population would be able to afford a new medium, general priced home, suggests that that situation has even gotten worse, that in fact now the middle class is largely also priced out of the new housing market, they have two choices, one is to become renters, the other is to adjust their budget in such a way that they are spending more for housing than they can afford, that comes away from education, that comes away from clothing, that comes away from food, that comes away from transportation. More and more families are winding up in the situation that poor people have found themselves in for quite some time and that is that their shelter for they have a decent house but they really can't afford to have that house, they're paying far more than they can possibly pay and it becomes more and more of a hardship to be able to hold onto that.

Okay. Now, there are two major programs that I want to discuss, two government programs, that are the most recent ones that I'm aware of that try to impact on this problem in the community.

There's two that I'm not sure have been talked about in detail yet today. I was not here for most of the session so I can't say for sure. The two things I'd like to talk about is community development block grant and the housing financed mortgage plan. As I said before, the community development block grant in the Housing Community Development Act and a number of other federal community development acts that were, at that point, separate legislation.

Locally, the Model Cities program was a poor people's program. The money came into this community, was used virtually exclusively for poor people and to a large extent, through a fairly extensive citizen participation process, was controlled by poor people. As to where it would go and who would benefit from it. I think one of the most significant aspects of the community development block grant here in Tucson is that that is no longer true. I don't believe for the most part that the money from that goes to benefit poor people, I don't think the majority of the money does go to benefit poor people, certainly not the way the legislation was intended. I am certain that that money is no longer controlled by poor people in this community.

The citizen participation process virtually doesn't exist at all, its most recent change was to change the citizen participation board from an elected board to an appointed board by the city council, and I think that's sort of the final stage of taking control over where that money goes out of the community.

It's become more and more controlled by, within the city department itself, and it's become more and more aimed at channeling money to developers, to builders, to banks here in town. And I want to give you five examples of particular projects in this and recent, this current and in recent block grant applications. Which I think not only don't serve poor people, but in fact negatively serve poor people in terms of their impact.

One is the industry Parade of Homes which you're all fairly familiar with, that was a project over on the west side of town, the west side of the Santa Cruz --

THE CHAIR: Mr. Poster, may I break in just a second. You weren't here earlier when we talked about the ground rules. And you have a right to refuse to be televised if you so wish.

A. No, it's okay.

THE CHAIR: It's all right? Okay.

A. Industry Parade of Homes was a project conceived of by the City of Tucson, and essentially is a program largely aimed at middle and upper middle income families. To build a so-called model community within the west side of Tucson.

The program operated by making so-called -- by making programs which in the past had been called infeasible, feasible here on the west side. What that meant, translated in terms of dollars, was that for the most part at least the first phase of that project built houses that theoretically would have cost $80,000.00 and used federal funds to write down that cost to the purchaser to approximately $60,000.00.

In my opinion those are not poor people, in my opinion that project was not directly aimed at poor people, and I also feel that the claims that projects like that will indirectly help people on the west side are largely not true, I think if you talk to any people in the Manzo and Menlo community, they see the inner city Parade of Homes as an intrusion in their community, it has a big wall around it and a big wall that says very clearly on one side of the wall live wealthier people who, through government subsidy, have been able to move into your community and on the other side are poor people.

Wealthy people get new houses, poor people get perhaps some improvement to their existing house.

A second project which has been going on now, I believe the second year, is a project called Rio Nuevo. It also has a similar impact, it's a project aimed at a development of approximately 1,000 units on the west side of the Santa Cruz and again this project has all very much of the earmarkings of the inner city Parade of Homes, which essentially was an experimental prototype for this development to occur.

And I think it's, I think we need to look at it exactly as a prototype and I think the results of that Rio Nuevo project will be very similar in terms of community acceptance to the inner city Parade of Homes.

It's important to understand that the Rio Nuevo project is being subsidized for money that was intended to go to poor people, and not only is it a short term commitment of those funds, but through community development block grant by payment of a 108 loan, which is proposed to pay for that project, community development block grants have been committed for the next ten years to repay that loan on the project.

Third project is called La Entrada, which when it first came out in the papers was subtitled Fun Housing, it's just to the west of us right here, a little to the north and a little to the west, and as I understand the program it was aimed largely at attracting young professional people, single people, basically young, upper middle class, middle class people into the inner city.

Now, I have no problem with that, what I have a problem with is spending money that could be going to repairing homes that have leaky roofs. Money that could be going into desperately needed housing in Indian communities in our city, in Chicano communities in our city, in poor White communities throughout Tucson.

I have no problem with the Anglification of the inner city, what I do have a problem with is using poor people's money to do that.

The fourth project is the Santa Cruz Linear Park, which money has gone into for several years now, I think a polite term would be to call it a fiasco, anyone who's walked down the Santa Cruz River can see that nothing's happening, certainly nothing that has benefited the west side community, and it seems to me that it's an amenity that is kind of earmarked for these little pockets of wealth that the city is planning to sprinkle on the west side.

And a fifth project and I suspect there are more, is the new downtown beautification project. If you look at the housing community development application, that project says that it is aimed directly, mainly at low and moderate income people. Those businesses are privately owned and the project calls for an improvement of the facades of the windows, of the doors of those buildings. It really does stretch my logic to be able to attribute the spending of that money to help low and moderate income people here in town.

I think the accusation I'm making is very clear. I think the city is spending poor people's money to subsidize the middle class in Tucson, but more importantly, they're subsidizing builders and developers into whose pockets that money eventually goes.

I have no complaint with the kind of economic crunch that the middle class is under in Tucson and nationally, they are also dealing with 12 and 12% inflation, they are also dealing with the skyrocketing housing costs, and programs like this are very much welcomed in that community. But really what's happening is that that money is being funneled through those people into developers, into banks, and into builders here in town, who are already making considerable profit, and some sort of social engineering project that I frankly don't understand, certainly don't accept.

Now, at whose expenses is this money being expended? Well, I think a short trip around Tucson would show that if you travel, for instance to Pasqua Village, the Yaqui Indian Village on Grant and Miracle Mile, you'll see that the community that has received virtually no community development block grant money since the inception of that law, and it's a community that lives in perhaps the worst housing, I've not only seen in this community but worse housing I've seen anywhere. It's a desperate situation, Pasqua Village, and for the first time this year, there's $300,000.00 earmarked for replacement housing in that community.

I don't think that's soon enough and I don't think it's enough money, and I think that the reason Pasqua Village had to wait all these years for that money, is because the inner city Parade of Homes, the Santa Cruz Linear Park, the La Entrada and all those other projects had precedence over them.

I think if you traveled through Barrio Kroeger Lane, for instance, you'll see that they're in need of significant better housing in that area. Barrio San Antonio, El Rio, Barrio Central, Barrio Anita, El Rio, just north of Speedway, not south of Speedway, there are a number of neighborhoods and I'm just listing a small group of them, who are in far worse shape, the need, desperate need, the infusion of these federal funds who are being asked to wait or told that they're not getting any funding at all to make room for these other grandiose schemes that had social engineering in Tucson.

The second program I'd like to look at is the one that's been touted as a great savior to the need for low cost housing in Tucson, that's the housing finance mortgage bond. Which is a new mechanism which is not yet operating to bring down the cost of housing so that low income people can begin to afford housing in our town.

The program works essentially like this, there's an industrial development authority formed which is able to issue municipal tax free bonds, which investors then buy up, that money is available at a considerably lower interest rate, either directly to builders or through savings and loans, which translate into an interest rate in the market place of about 8%.

We're now looking at 11 and a quarter percent plus two points, which is about 11 and three-quarter percent locally for a standard housing mortgage, and so 8% looks terrific, I think. But I think you need to look at it a little more closely how that program will work, and perhaps who will benefit from it.

I always find it useful in trying to figure out how good a program is to look at who's supporting it and in what way they may benefit from it. The biggest supporters aside from City of Tucson for this legislation, has been the savings and loans themselves. That always makes me suspicious and I looked a little more closely at that and tried to look for a reason why someone who's getting 11 and three-quarter-percent would be excited about 8%.

Well, I think the key to that lies in that 15% figure that we mentioned before. What's happening nationally and locally as well, is that the housing market is becoming smaller and smaller, as more people are priced out of that market, the potential sales of mortgages, the potential population to whom one can sell a new housing mortgage, becomes smaller and smaller.

Now, I think that worries banks, and what they need to do is figure out a way to enlarge that population so that they have a bigger business. Which translates to more money for them. So they also need to look for a way that they can do that without hurting the fairly large profit they're making on that, the current high interest rates and the current development.

And I think if you look at the legislation the way it's written, it fits that to a T. What it does is it takes basically a federal subsidy, although it's an indirect subsidy, by way of the tax free nature of the bonds, it's indirect in the sense that it's not taking federal money that exists but it's taking potential federal money they might perhaps come back into this community in the form of housing aid, and it uses that to subsidize the interest rate without affecting the market that they already have.

What it does is it simply enlarges the population that they can do business with. For the builders it's the same logic.

The more volume builders have the more money builders make. However, they want a program that does not cut into the current building they're doing nor to the current profit margin that they're making. And you can see how this project would fit both into the savings and loans' needs for increasing their market as well as the builders' needs for increasing their market in terms of new housing.

It gives them access to additional money to build more houses.

My next response was to say well, at least even though it helps the savings and loans and it helps the builders, at least it also helps poor people. But I think when you look more closely at that you find out that's really not true either.

First of all there's the basic fact and that is that when the average cost of a new median home is $50,000.00 in January, now up to $56,000.00, you'll find out very quickly that a poor family, a low income family can no better afford a $56,000.00 house at 8% than they can at 11 and three-quarter-percent.

No poor families will be able to participate in this program without significantly putting their own personal budget out of whack.

The other thing, and it was when I checked into it in more detail, one of the more surprising aspects of the program, is that the income guidelines, there are two -- it's a two-tier level for the income guidelines who qualifies for the program. One tier is an 80% of median income tier, the other is a 1.25% median income. The way this works is median income in Tucson is approximately 17, a little more than $17,000.00. It's hard to keep track on a daily basis with inflation but it's somewhere in that area.

So, for the part of the program that is aimed at 80% of the median income, we're talking about families that have yearly income of approximately $14,000.00.

Okay. The other half of the program is aimed at families making 1.25% of the median income, which would be about $22,000.00. The way the program works or at least the way it's drawn up, it has not yet gone into full operation, is that in slum and blighted communities, in our -- in our -- in Tucson, the maximum income level will be set at 1.25% of the median income level. In the rest of the city, it will be set at 80% of the median income. What that means is if you are a young minority family living on the west side, perhaps in rental housing, and you're interested in buying a new home in your community, and want to take advantage of the new bonding capacity and this new mortgage program, you really have two choices, assuming you're at, say a low median income of 14,000 a year.

You can move to the east side in which case you'd qualify for the 80% of median income program and compete with all those other people who'll be competing for those funds, or you can compete in your own community, what you're competing competing with people who have an allowable income of up to $22,000.00 per year next to your $14,000.00, which means that those people make half again as much as you do.

And it seems very doubtful that in that competition for mortgages, the preference or the lower income people will come out on top. And I think the way that program was framed there's really no -- there's no bones made about it, the program is very clearly to get minority people to move to the east side and to get Anglo people to move downtown.

That's fine if that's what the people's choices are.

But if that's not what the people's choices are, their only other choice is to basically not participate in the program.

So what that now shows, I think, is that a program that has been ballyhood as the savior of low cost housing in our community largely will benefit builders and savings and loan institutions, and will only benefit those low income, won't benefit low income people at all, but people on the lower end of the median income it will only benefit those people who choose to live in the parts of the community that the city says they should be living in.

And on the basis of those things, I am not looking forward to a very successful program in terms of the needs of low income people in our community.

I think I'd like to stop there and just ask if there are any questions of the commission that I might be able to answer?

THE CHAIR: I don't know of any. You had good news and bad news, and the good news, of course, is that you exist, the bad news is that the poor folks are in worse shape now than they have been in the past. Do an

Do any members of the panel have questions?

Q (By Ms. Lopez-Grant) Yes, I do --

THE CHAIR: Ms. Grant?

Q Corky, you mentioned about the lack of citizen input into the process of determining where funding and how they're going to be spent. To your knowledge, do you know of any kind of citizen input that was given when the Parade of Homes, El Rio Nuevo and the La Entrada projects were decided on?

A. Yes, there was a fair amount given, it was just totally ignored. The way the community development block grant is put together, is that there is to some extent citizen participation process, however that process is somewhat independent of a parallel city process, the recommendations go to the city council and it's been my experience that more, largely true in the past but more and moreso in the present, the citizen recommendations are ignored, largely ignored, except for very vocal groups.

I remember lots and lots of citizen participation programs where the opposition to all of those projects was virtually a concensus, I also recall probably unanimous votes in the city council to push all those programs through. What's happened, again I don't think it's by accident, what's happened is that control of those funds, the decision making of those funds in the political process had, the control that has been wrested from the community and it lies almost entirely in the fairly well fed bureaucracy that has grown up around that legislation.

Does that answer your question?

Q Yes. I have another.

Do you know of complaints from the minority community that have been made to the city or that have even been made to HUD? And if so, what came of it, if anything?

A I know of one complaint that was made, this was a, well, there were lots of individual unofficial complaints that were made throughout the process. I know of a second official complaint that was made this year by the Tucson Barrio Association in conjunction with Legal Aid, that was, and I've seen a copy of that, it was what's known as an administrative complaint, it was filed directly with HUD in Los Angeles, we spoke to people involved in that, both during the process and after the process.

And those complaints were, to my knowledge, totally ignored.

I developed a little bit of a cynicism about that process in that in discussions with both the people at the barrio association and with Legal Aid, it's been my experience that complaints lodged against city use of those funds, that HUD in Los Angeles and our own city staff very much support each other when it comes to those kinds of things.

It's like malpractice insurance with doctors. Doctors are very loath to testify against another doctor in a malpractice case. I think that there was a significant basis for that complaint, and I am a little disgusted but certainly not surprised that no action was taken on it.

Q What other things do you foresee need to be done to make all of the government agencies, federal as well as local respond to these kinds of complaints and to the inconsistencies?

A. There are two alternatives I think. One has been tried to a large degree and am not sure it will succeed, that is a political route, that is to get people affected by it, negatively affected by the use of this money, people on the west side, the minority community, the community we're addressing here in this discussion, to organize those people into a significant political force to be able to affect that decision making process.

I don't see that happening, in my opinion. And I think for some of the reasons I outlined before. I think the strength of this minority community in Tucson, in terms of political power peaked in approximately 1974, 1975, and it's been purposefully eroded both by the political demographic trends across the country and by a real effort locally to quiet people down, to buy people off, to divide people who in the past had been quite vocal.

Second alternative is a legal alternative. That has not been tried, to my knowledge, certainly not on a significant level, and that would be direct legal action in federal court against the application and versus the way the law is written.

That's a possibility.

Q Corky, in all of these federal programs there has to be a process followed with the environmental review, with -- and several other, that require citizen input or if there are any complaints that citizens at that particular time file those complaints or file those objections to those -- to that particular grant application.

Do you know if any of those kinds of things have been done by any group of -- in order to try and put a stop to some of this?

A I'm not very familiar with what specific complaints were filed. What I do know is that in the opinion of the people that put together the administrative complaint, one of the strongest points they had was the fact that the environmental impact statement for most of those programs was a pro forma environmental impact statement, it was going through the motions and no one really sat down and had a real hard look at what the true significant, what the significant impact of those programs would be on the low income people on the west side.

But that also was ignored. And I think perhaps that was the strongest aspect of that complaint.

THE CHAIR: Questions? Okay.

You answered most of the questions that I was going to ask in your presentation.

Earlier we were told that vacant land in Tucson has become scarce and expensive. Do you find that to be true?

A. Yes, I do find that to be true. I think it's also a real change in that trend as well. In early '70's, we saw leapfrogging effect going on in this community where land on the fringe was being developed more and more, and anything that was marginal or had too high a price tag to it or wasn't exactly right, got skipped over because there was enough land east and northwest to build on.

I think for a number of reasons that edge has been stretched and has been an about face by developers, by builders and marching back toward the center of town, I think you look at the development on the corner of Wilmot and Broadway, it's going crazy on that corner, that was land that was skipped over and I think you can watch that development process marching back east, you can watch it on Sixth Street, you can watch it down Broadway, and what that's done is a couple things.

First of all through rezonings, it begins to increase the value of that land for people that own it, it begins to put pressure on land values back toward the center of the city. And it also starts to make land scarcer and scarcer and the price goes up and up.

I think it's merely a matter of time before we're going to watch that same process going on right downtown. It's just sort of working its way east, it's probably at about Craycroft right about now.

Q. (By the Chair) You touched briefly on red lining. How, in your opinion, extensive is red lining? And by whoever? By FHA or HUD or --

A. I really don't feel qualified to comment on that. Virtually none of our work has been dealing with red lining. And I have read very little on it, and I just simply don't feel qualified to comment.

Q. You did mention it in your --

A. Yes, I mentioned it as a kind of very clear discrimination. But -- and I'm certain that it goes on. But I don't know, I don't have much in the way of facts and details on that, and I'd just as soon not stick my neck way out without really knowing what I was talking about.

THE CHAIR: All right. No other questions, we thank you for your presentation.

A. Thank you for the opportunity.

THE CHAIR: It's very enlightening.

That concludes the consultation for today. And on behalf of the Arizona State Advisory Committee to the United States Civil Rights Commission, I want to thank all of those who gave up some of their time from their daily duties to testify today and give us the benefit of your thoughts on housing for minorities and for women.

The complete report on this consultation will be made available soon, and each of you who have participated will receive a copy, at which time attitional comments are going to be invited and we do, would appreciate it if you would make comments on any phase of the report.

That should take perhaps 90 days for the whole thing to be completed, but we thank you for being with us and this meeting is now adjourned.

(Meeting adjourned)

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