



**HOUSING – an
East St. Louis
challenge!**

IC ADMINISTRATION AND METROPOLITAN AFFAIRS PROGRAM • SOUTHERN ILLINOIS UNIVERSITY • EDWARDSVILLE

HOUSING--AN

EAST ST. LOUIS CHALLENGE!

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(Prepared for the City of East St. Louis)

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Metropolitan Affairs Program**

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The Public Administration and Metropolitan Affairs Program is a part of the University's Division of State and National Public Services with its operation centered at the Edwardsville Campus.

Through the joint use of staff personnel, it is linked as well to the Social Sciences Division and the Business Division, academic units on the Campus.

It is an urban studies and services Program, oriented principally to the Illinois portion of the Greater St. Louis Metropolitan Area. The Program undertakes and sponsors basic urban studies using the area as a laboratory, it engages in a systematic program of area data collection and storage, and it services governmental units and regional policy-making bodies with technical and consultative services.

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R. M.

TABLE OF CONTENTS

<u>Chapter</u>		<u>Page</u>
	Introduction	1
I	Present Housing Efforts in East St. Louis	6
II	Federal Housing Programs	22
III	Nonfederally Subsidized Housing Examples	37
IV	Conclusion	50

LIST OF FIGURES

<u>Figure No.</u>		<u>Page No.</u>
1	Areas Where Citizen Groups are Organized	11
2	Possible FHA Renovation Project in East St. Louis	12
3	Open Space Available for Development	18
4	St. Louis 221 (d) (3) Project	19
5	Concepts of Public Housing	27
6	Citizen 221 (d) (3) Projects Can Create	28
7	Church Efforts in Housing	39
8	Church Efforts in Housing (Contd.)	40
9	Examples of Rehabilitation	46
10	A Private Low Income Housing Effort	47
11	Housing Goal - 1300 New and Rehabilitated Dwelling Units Annually for East St. Louis (1966-1971)	53
12	Rehabilitation in East St. Louis, 10th-Washington, State-St. Clair	54

INTRODUCTION

The need to improve housing in East St. Louis is, without question, a most urgent problem. There has been little change in either the quality or quantity of housing over the last fifteen years. The existing housing is not being adequately replaced, and substandard housing is beyond the point of repair or rehabilitation. In this city of 82,000, only 29 permits for new residential units and 210 for remodeling and additions were issued in 1965. Only isolated attempts are being made to use the existing vacant land, and there are few large scale rehabilitation efforts.

This housing study set out to examine the condition and supply of housing and to determine the groups and individuals working for better housing in East St. Louis. Housing programs in other communities also received consideration in order to test their applicability to East St. Louis. It was recognized that the critical needs of the community cannot be met by one program alone, but only through a package of programs with public and private participation. It was apparent that the decay and obsolescence of housing is only a manifestation of other social and economic problems--problems which must be faced in East St. Louis.

Federal and nonfederal programs are discussed in this report to determine how they may be used as tools for redevelopment and physical rebirth in East St. Louis. Some programs will only apply to small areas such as a combination of lots, while others can be used for entire neighborhoods. In the last chapter, possibilities for coordination of the various

programs will be suggested. The entire city of East St. Louis should be given a design scrutiny, for though some portions will eventually require total clearance under some type of urban renewal, it is also clear that there are other areas which, with proper rehabilitation can be saved and made more habitable for occupancy.

The 1960 Census of Housing offers a partial description of the housing conditions in East St. Louis. Of all the housing units, 77.5% were single-unit structures, compared with 62.9% in the State and 30.3% in the central cities of the SMSA's in Illinois.² This relatively low urban density, which was confirmed by a visual survey, could constitute a strong force in rehabilitation if so many of the structures were not beyond the possibility of restoration and rehabilitation. In 1960, there were only 57.7% sound units with all plumbing facilities for the entire city and 31.9% for the non-white population.³

In addition to the poor condition of many residential units, East St. Louis also has a low vacancy rate for owned and rental property--lower than the State as a whole, Illinois urban areas generally, the St. Louis SMSA, and the Illinois portion of the St. Louis SMSA. As a result of the low vacancy rate, the high single-family occupancy and the generally poor housing conditions in much of the city, the residents have only a minimum choice of housing.

The most acute problems in housing are those of the non-whites who comprise a sizeable proportion of the city's population but are the least advantaged, economically and socially. In 1960, according to the Census,

40.7% of all dwelling units were occupied by non-whites. With an increasing exodus of the white population over the last six years and the movement of Negroes to the north and north central portions of the city, it is assumed that 60% would be a more accurate estimate of non-white occupancy.

This report is divided into four chapters. Chapter I is a description of those groups that are actively promoting better housing in East St. Louis. Chapter II examines some of the available federal programs for housing, and Chapter III describes examples of non-federally subsidized housing. Hopefully, the programs and examples outlined in Chapters II and III will be incorporated into future East St. Louis housing projects.

The final chapter of the report attempts to combine the programs applicable to East St. Louis and to propose residential planning goals. It was determined that at least 1300 new and rehabilitated units annually would be necessary for the next five years in order to have an impact on arresting blight and decay.

This report is based on the feeling that housing, particularly low income, should have a high priority in the City's future financial resource and human resource commitments and that local, state and federal government join with private profit and non-profit groups in East St. Louis to provide increased opportunity for good housing. The City needs a better supply of both single-family and multi-family units, and new thoughts and ideas must be directed to the type of units which will be created.

The January, 1966 edition of the Architectural Record (in a discussion of apartments) points out this need for a different and more humane orientation to housing. †

What we need is not just more, but more quality--more fresh thinking, more delight along with the commodity and firmness.

We need more new design concepts that will make rooms something other than featureless boxes and allow apartment buildings to seem at home in their sites.

We need more new thinking in the struggle to house what architect Bertrand Goldberg points out is 'a second generation of childbearing families who have never lived anywhere except in public housing projects.'

We need more new architectural and engineering approaches to the problems and opportunities of using the bypassed land in and near our cities (which we can no longer afford to bypass.)

We need more concepts for creating a pleasant environment for our apartment projects--something meaningful and not just a plot of grass with a dirt line dug diagonally across it by the heels of frustrated children.

We need more new ways to express the idea of community on each floor, and in the total apartment complex.

We need more new apartments that are places for people to live and not just places to store people. No architectural problem cries more loudly for attention.

FOOTNOTES

Introduction

1. Harry C. Tharp, "Report of the Building Superintendent for the Year 1965, "City of East St. Louis, Illinois, March 10, 1966.
2. U. S. Bureau of the Census, U. S. Census of Housing: 1960, East St. Louis, Illinois, Series HC (3) - 136, pp. 7-9.
3. Ibid.
4. Architectural Record, "Apartments: The Problem is Just Not More Space for More People," January 1960, p. 155, by Walter F. Wagner, Jr.

CHAPTER I

PRESENT HOUSING EFFORTS IN EAST ST. LOUIS

There is little indication of residential construction or large scale rehabilitation in East St. Louis. The few isolated houses being built and the high-rise project for the elderly in Lansdowne area are insufficient to meet the demand for better housing in the community.

Because there are no "brick and mortar" projects, it does not necessarily mean that there is not a demand for better housing. Many housing discussions have been held, and groups of citizens have been formed to undertake projects to improve their living conditions. Church and citizen groups and public housing probably will eventually develop programs which may fill the gap in building activity--a gap created by the lack of participation of private market forces. These forces, at this time, have not seen a profit potential in East St. Louis even though land is available for development.

The plans of local nonprofit and public groups must be translated into the creation of a desirable physical environment in which choices of housing will be available to all the citizens. Design and aesthetic considerations must be given to standard housing for low income family projects constructed by nonprofit groups and public housing authorities. Housing opportunities for white and non-white should be obtained, ultimately leading to a more satisfactory racial mix.

Existing conditions must be changed and the status quo abandoned, for the shacks get older, the fine brick houses become more rundown, and the investment opportunities diminish with no construction activity. The remainder of this chapter examines some of the efforts to change the existing conditions and to improve housing in East St. Louis.

Nonprofit Groups

Some of the most significant efforts in housing are those of nonprofit groups composed of citizens acting as sponsor-developers. These types of groups have been stimulated through provisions of Section 221 (d) (3) of the Housing Act.

In the South End of East St. Louis (a neighborhood needing redevelopment), the Denverside Improvement Association, Inc., a unit of Community Progress, Inc., is raising the necessary working capital to begin a low income housing project, under 221 (d) (3). The Denverside group eventually hopes to have redevelopment throughout the South End, with the citizens of the area participating in both the planning and projects. However, the South End needs public improvements, and the only way the City can supply the necessary streets and sewers is through federal assistance under urban renewal. The urban renewal process can be lengthy, so the group has selected an initial project area. The area lies between Sixteenth and Seventeenth, Gay and Boismenu Streets and contains 39 houses, most of which will be razed, and a church and school which will remain.

Since it appears that construction costs preclude minimum rentals below \$75 per month even under the 221 (d) (3) below market rate interest

provisions, the Denverside group hopes to be aided by the federal rent supplement program and the new leasing provisions of public housing. The rent supplements were recently funded, and the new provisions of public housing are also reality. Under the Housing Act of 1965, the local public housing authority can lease up to 10% of the units in a private project and even more, under conditions which seem applicable to East St. Louis, without approval of the Public Housing Administration. The Denverside Group could then control development and receive market rentals while apartments would be made available, at lower rentals, to eligible public housing applicants.¹ It would then be possible to obtain a desirable mix of public-subsidized and market rental tenants with no public housing stigma attached to the project.

The four-block area chosen as the first Denverside project is one of the few areas in the South End with sewers. The absence of public improvements for the 4,000 families in the South End (See Figure 1) made this section of the City a priority urban renewal area. Federal aid is necessary for streets, sewers, and lighting.

It is imperative the projects be initiated in the South End. It will soon be necessary to relocate citizens as a result of proposed urban renewal and highway construction. Without additional housing in this area, the low vacancy rate and the present quality of housing will make successful relocation impossible. There is land available for these projects, and many vacant and abandoned buildings to be torn down can be acquired for nominal amounts.

The major hurdles, according to Mr. Fred Teet, Chairman of the Denverside Improvement Association, are the placement of adequate public

improvements in the area, the accumulation of working capital, and FHA site approval. When these obstacles are overcome, Mr. Teer estimates a minimum of 100 dwelling units constructed annually. He further hopes to meet the rental needs of those who can only afford housing in the \$50-\$60 per month range and to prevent massive displacement of many long time residents who wish to remain in the South End. The concerns of Denverside are the concerns of many others--how to provide low income housing that is both economically feasible and aesthetically stimulating to the citizens of the South End without resorting to Public Housing for the solution.²

Similar projects are contemplated to the north and east of the Central Business District by another nonprofit group called the 101 Housing Committee. This Committee grew out of the Community Progress, Inc., and the Central City Organization (a North Side neighborhood association) with the Episcopal Church providing a housing consultant. One square block has already been optioned north of St. Clair Avenue to build approximately 65 units under 221 (d) (3) with rental supplements. The staff assistant of the Central City Organization, Father Lawrence Walker, is optimistic about obtaining rent supplements for his program. He feels that 9,000 units will be available in the first year, of which there are now project applications for only 4,000. According to his impressions from the statement of federal officials, East St. Louis would be considered a priority community in the allocation of funds for rent supplements.

There are other projects contemplated in the Central City area which lies approximately between Broadway and St. Clair, Collinsville, and 20th Streets (See Figure 1). These projects being planned now include construction

of 100 to 200 noncontiguous units of row house and garden type apartments. The Central City Organization (CCO) is also working on neighborhoods rehabilitation and code enforcement, especially of absentee landlords. The group wants the city to maintain code compliance through the inspection and legal processes. The CCO is also actively acquiring land from donations and county tax sales in an effort to upgrade their neighborhoods with both new construction and open space beautification.

A smaller project that deserves mention is attempted rehabilitation under 221 (d) (3). Led by the Reverend Wesley Wharton of St. Luke's A. M. E. Church, a nonprofit group is trying to develop a program that will renovate seven four-family flats on the west side of 14th Street directly north of the church and its properties. (See Figure 2.) The Reverend Mr. Wharton hoped to have an entire block of remodeled and well-maintained properties to use as an example for rehabilitation of the entire neighborhood.⁴

The St. Luke's group is underfinanced and is having additional problems in obtaining FHA approval for the rehabilitation project. The nonprofit corporation proposes to rent the flats for \$75-\$85 per month and hopes to obtain a 33-2/3-year loan at 3% insured by the FHA. It is estimated that approximately \$20,000-\$25,000 will be spent on each building if the project is approved by FHA.⁵

At this point, one building has been acquired and options are held on three others, but plans have been temporarily abandoned for the three farthest away from the church. Though the provisions of 221 (d) (3) for rehabilitation are another possibility in the total housing program in East St. Louis, it is our opinion that FHA insured mortgages for central city rehabilitation are

Figure 1
Areas Where Citizen Groups
are Organized

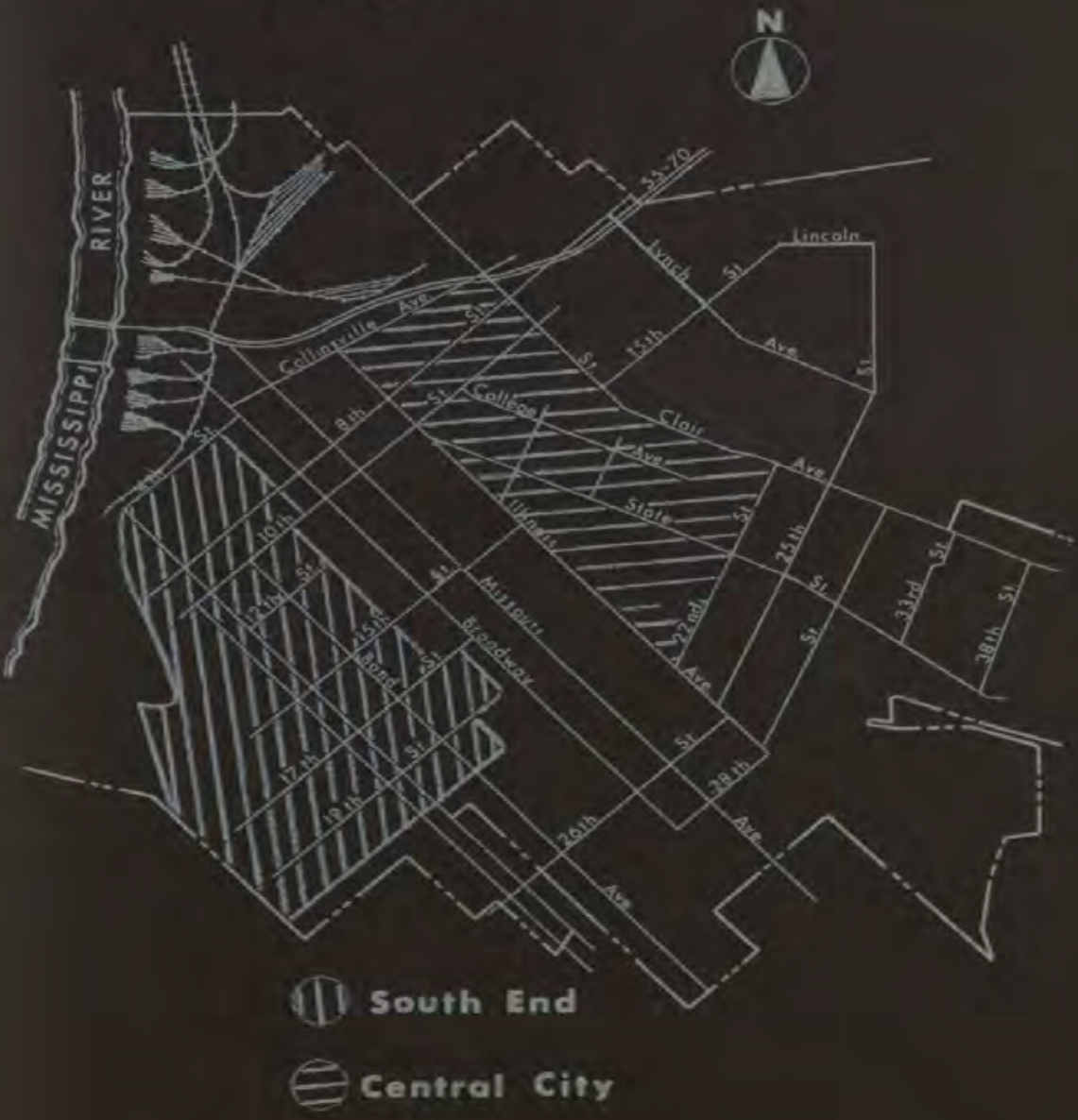


Figure 2
Possible FHA Renovation
Project in East St. Louis

Originally 7 four
families on 14th St.



Sponsored by nonprofi
church group

Major remodeling
is a necessity



very difficult to obtain, as FHA insurance has been directed traditionally toward suburban growth and new construction.

The present activity in housing in East St. Louis is predicated on federal programs and assistance. The private market has not functioned well in this community of depressed land values and low profit potential, and it is unfair and unreal to place the entire burden of housing needs for low income citizens on public housing.

Public Housing

The East St. Louis Housing Authority is in the process of applying for 1,000 units of low rent housing to meet the demand of the 1,200 eligible applicants unable to get into public housing and the demand generated by displacement of families through future highway construction.⁶

At present, 1,700 units of public housing are in operation, and 285 are being constructed for the elderly in the Lansdowne Area. The new program calls for 100 units to be leased from private owners and real estate investors. New and existing units can be leased; thus public housing can both provide an impetus to new construction and neighborhood rehabilitation. The Housing Act provides that units must be standard or brought up to standard by rehabilitation as a consideration of the lease.⁷

This leasing program, though only a small part of the contemplated housing authority plan, is very desirable for the investor who may be able to secure a lease from the Public Housing Authority for a period up to 10 years.⁸ The return (rent) is guaranteed at the market rate, while the rent charged to low-income families is determined by public housing standards. It

is a good program for the housing authority which can obtain larger units to meet the immediate relocation needs created by highway construction and which can acquire units at a cost considerably below new housing. The city benefits from the leasing of new and existing units because tax revenues are not diminished in the already inadequately financed City of East St. Louis. The success of leasing will, however, depend on the efforts of local realtors to provide suitable rental housing.

One of the provisions of the Housing Act specifies that the community may not have less than a 3% vacancy rate to qualify for leased housing. This stipulation was inserted to prevent a substantial inflationary effect on the private rental market.⁹ East St. Louis showed a 4.1% vacancy rate in the 1960 Census of Housing--a figure acceptable to the Public Housing Administration. The acceptance of this figure will benefit East St. Louis, because many of the units included in the rate are dilapidated and unsuitable for human occupancy. As a result, some of the units leased would require rehabilitation and thus would have a dramatic impact on the physical appearance of the city.

Hopefully, new construction of public housing (900 new units in the next three years) will be given aesthetic consideration and become a design focus for neighborhood development. The new philosophy for construction of public housing projects, according to the Public Housing Administration, seeks to integrate the residents into the community. Isolation of projects and the branding of occupants as "undesirable elements" are to be avoided through smaller and more intimate projects spaced throughout the community.

Code Enforcement and Rehabilitation

The City of East St. Louis is applying for Federal financial assistance

for code enforcement under Section 117 of Title I, Housing Act of 1964.

The initial area selected is from 5th to 9th, Illinois to St. Clair Streets, which has undergone intensive code inspection by the building department.¹²

The first area, called North Central Area "A," will be followed by two others farther to the west, and the City has estimated that the project will cost \$300,000 over a three-year period. It is necessary in applying for the grant to assure the federal government that there are enough violations in the area to warrant federal assistance. Once this is done, the following financial aids are available:¹³

1. Federal grant to the municipality to assist in planning and carrying out a concentrated code enforcement program, including the provision of eligible public improvements. Grants will be made on the following basis:
 - a. Up to two-thirds of the cost of the program for municipalities with a population of over 50,000 according to the 1960 Census.
2. Federal relocation grant to the municipality to cover the entire cost of relocation payments to eligible families, individuals, businesses, and nonprofit organizations that are displaced because of the code enforcement program.
3. Direct Federal 3% loans to eligible property owners or tenants for financing the rehabilitation required to make property conform to applicable code requirements. (Section 312 direct rehabilitation loans.)
4. Direct Federal rehabilitation grants (not to exceed \$1,500) to eligible families and individuals for repairs or improvements required to make property conform to applicable code requirements. (Section 115 rehabilitation grants.)
5. Federal Housing Administration mortgage insurance for properties eligible under Section 200 of the National Housing Act, including home improvement loans under Section 220.

A wide spectrum of federal aids become available once the program is approved by HUD. A larger staff can be hired for code enforcement, and

public improvements such as streets, curbs, and planting can be placed in the area. Many of the benefits of urban renewal are available under this program without the usual lengthy waiting period, but, under code enforcement, the city cannot buy and re-sell land unless it is necessary for project improvements.¹⁴

From a housing standpoint, the program offers many benefits, especially in the upgrading of existing neighborhoods. Under Section 312, long-term financing can be arranged for rehabilitation which can combine an owner's present indebtedness and rehabilitation costs into one long-term loan at 3% interest. These loans are direct loans approved by HUD, and do not have to go through FHA which has not traditionally been playing an aggressive role in rehabilitation. In St. Louis, the Land Clearance Authority acts as "mortgage bankers for the federal government" with the long-term loans of 3% interest ultimately bought by FNMA.¹⁵ In addition, the grants, available to low-income families enable rehabilitation of residences where this was never possible.

Private Profit Developers of Housing

There is no building boom in East St. Louis, to say the least, for few new apartments and residences have been built in recent years.

Scattered homes account for most of the 29 residential building permits in 1965. This small number is significant, for there is sufficient land available for a considerably larger number of housing starts, as shown in Figure 3. There are many vacant parcels where 10 or 12 single-family houses could be constructed, and a moderate number of much larger parcels for 221 (d) (3)

housing similar to that in Figure 4. The possibility of future annexation and urban renewal could create very large land areas for private profit development.

Private profit developments depend on financing, and both conventional financing and FHA-VA mortgages have been impossible to obtain in many areas of East St. Louis. As a result, many homes were purchased on a "bond for deed" basis at higher interest rates and shorter payment terms. Mortgage funds have also been difficult to obtain, especially for non-whites who occupy many of the poorest housing areas in East St. Louis.

Though the private sector shows little confidence in the profit opportunities for housing, bankers, financiers, and realtors still have a sizeable investment in the city. This investment can be made more valuable by improving the physical, social, and economic conditions which have hurt the profit potential. In other communities, housing efforts have been spearheaded by farsighted businessmen who realize the stake they have in the community and their responsibility toward it.

Figure 3
Open Space Available for Development



Land for development
in the South End

Can be used for
parks, playgrounds



Should be razed-
vacant and abandoned

Figure 4
St. Louis 221 (d) (3) Project



Commercial service
to residents

Common open
space in project



Examples of
cluster housing



FOOTNOTES

Chapter I

1. U. S., Public Housing Administration, Housing and Home Finance Agency, Section 23 Leased Housing, Circular 10-6-65.
2. Interview with Fred Teer, Chairman, Denverside Improvement Association, April 7, 1966.
3. Interview with Father Lawrence Walker, Staff Assistant, Central City Organization, April 14 and 15, 1966.
4. Interview with The Reverend Wesley Wharton, St. Luke's A. M. E., East St. Louis, Illinois, March 21, 1966.
5. Ibid.
6. Metro-East Journal (East St. Louis, Illinois), April 1, 1966, p. 5.
7. U. S., Public Housing Administration, op. cit.
8. Interview with Preston S. Caplan, Economist, Chicago Regional Office, Public Housing Administration, March 23, 1966.
9. U. S., Public Housing Administration, op. cit.
10. Ibid.
11. Interview with W. H. Williams, Director, East St. Louis Housing Authority, March 18, 1966.
12. Interview with Harry C. Tharp, Building Superintendent of East St. Louis, Illinois, March 21, 1966.

13. U. S. , Housing and Home Finance Agency, Policies and Requirements for Local Code Enforcement Programs, Local Public Agency Letter No. 345, August 18, 1965.
14. Interview with Phillip Snyder, Jr., Urban Renewal Administration Representative, St. Louis, Missouri, March 21, 1966.
15. Interview with Albert Votaw, St. Louis Land Clearance Authority, March 20, 1966.

CHAPTER II

FEDERAL HOUSING PROGRAMS

In a community like East St. Louis where the tax effort is great and the tax base is very low, outside assistance is essential to survival. Federal programs providing loans, grants, anti-poverty funds, etc., are all necessary, for without them very few projects could be contemplated. It is a sad paradox that the communities having the greatest need for public improvements have the least ability to pay for them.

The Federal Housing Acts are the legislative basis for financial assistance in the field of housing. The new programs and the revitalized old ones must be utilized in every way possible to benefit East St. Louis. This chapter describes briefly the major program elements and suggests their possible application in East St. Louis.

Public Housing

The 1965 Housing Act provides for 240,000 additional public housing units in the next four years. There will probably be 60,000 obtained through acquisition and rehabilitation and 40,000 through long- and short-term leasing. Rehabilitation and leasing should help alter the public housing image--an image which portrays the housing project as standing alone, (as shown in Figure 5) isolated from the community.¹

The tentative provision of 40,000 leased units or 10,000 each year is found in Section 23 or the flexible formula in Title V. This program is

designed to develop an immediate stock of housing, avoiding the previous delays in planning and construction associated with public housing. Experience with leasing was gained through the Low Income Housing Demonstration Program under Section 207 of the Housing Act. Washington, D. C. and New Haven participated in the demonstration program and were so favorably impressed with the results that, on passage of the 1965 Act, immediately submitted requests for approximately 250 units each for leased public housing units.²

Under Section 23, cities can act swiftly! Only a city council resolution approving participation and an agreement between the local housing authority and the Public Housing Administration is needed. The other requirements of a formal annual contributions contract between the local authority and the PHA, and community's certified workable program are not necessary.³

The experience of Washington, D. C. with leased housing, under Section 207, was favorable. In 1963, when the program began, there were 6,000 applicants on the National Capital Housing Authority waiting list--a number that would take an estimated four years to process. Two primary goals of the leasing program were to service the needs of large families and to avoid the difficulties of acquiring sites and building new housing.⁴

A grant of \$200,000 was made to permit the authority to lease 50 houses for a period not to exceed 24 months. Houses were leased from private owners at market rates and re-rented to public housing applicants on the basis of income--the difference in the two figures being covered in the grant. Social and educational services were provided to the tenants who, in all but one case, responded well to their new environment.⁵

In this demonstration, all the houses had to meet the housing codes which resulted in an average rehabilitation cost to the owners of \$1,500. In many cases, the rehabilitation had a considerable impact on the neighborhoods and spurred further renovation and upgrading.

Washington has one of the lowest vacancy rates and highest charge for rentals. The resultant rent paid to the private owners by the authority averaged \$138 per month exclusive of all utilities except water. The authority then charged the tenants approximately \$40 to \$110 per month including all utilities except electricity.⁶ Owners of the residences generally took care of maintenance except for repairs necessary from tenant's negligence which were handled by the authority, who then charged the tenant for this neglect.

A negative conclusion of the demonstration was that there were no actual additions made to Washington's housing stock since there was no acquisition or new construction. This was considered a minimum drawback, however, in view of the effect the program had on upgrading deteriorating blocks and as a result of the general satisfaction of the tenants who felt this type of housing was superior to other public housing projects.⁷

As a result of the success of the demonstration in Washington and other cities, provisions for leasing were put into the Housing Act of 1965. The following procedure is necessary once the leasing program has been agreed upon by the city council, the local housing authority, and the Public Housing Administration.⁸

1. A survey of the rental market is made, and a list of dwellings suitable for low income housing is prepared by the local housing authority.
2. Owners of eligible dwellings are requested to make properties available.

5. The local authority inspects the properties and, when acceptable to them, negotiates a lease with the private owner. Many clauses in the contract are optional, such as the selection of tenants which can be made by either the owner or authority. The contracts run from one to three years and can be renewed up to ten years, with options available to either the authority or owner depending on the terms specified.

If the residential units are substandard, the lease can still be negotiated between the housing authority and the owner based on specific improvements to be made by the owner. This type of program has many advantages including removal of the stigma attached to occupants of public housing, the promotion of neighborhood rehabilitation, and the retention of real estate on tax rolls.

The Housing Act of 1965 also permits the local authority to acquire a rehabilitated structure or to buy a substantial structure and perform the necessary renovation.

The new programs of public housing advanced by Commissioner Marie McGuire offer an opportunity "to embrace the living environment... and to create good neighborhoods where families of low income have their residences."⁹ Therefore, no new public housing program will be placed in an area where there are no local plans for improvement of the area.

Another new part of the public housing program is the "turn key" method of project building in which a developer enters into a contract to deliver to the local housing authority a completed building on an agreed site, which meets the standards and procedures of private commercial construction. There are fewer requirements made by public housing in this program, and the administrative and financing costs of old public housing methods may be reduced. The introduction of competition amongst builders can be a further impetus in cost reduction. ¹⁰

Another significant trend is the growing relationship between local public housing authorities and nonprofit associations through joint development and ownership of housing projects. Under one particular contractual agreement, a tenant is allowed to remain in the project when his income increases beyond public housing limits. At the time of the income increase, he ceases to be a tenant of the housing authority and becomes a tenant of the nonprofit association by paying rent at a higher economic level.¹¹

Today, public housing must be viewed as one of several tools available to improve the physical and social environment. It is not valid to consider public housing as providing the entire solution to housing for the least advantaged. But the new programs of public housing can be utilized in ways never conceived of in the past. Public housing can be a force for rehabilitation through leasing and acquisition of existing properties, and can be an influence on redevelopment through architectural and planning techniques which integrate, rather than isolate, public housing from the remainder of the community.

Section 221 (d) (3) of the National Housing Act

The provisions of 221 (d) (3) are designed to make housing available to those families whose incomes exceed public housing specifications, but are too low for the private market, and for those who are displaced by government action.¹² Some of the benefits of 221 (d) (3) projects are seen in Figure 6.

The program originally was included in the 1961 Housing Act and received greater stimulation when 3%, 40-year term mortgage money was made

Figure 5
Concepts of Public Housing:
traditional-standing alone
and isolated



recent-scattered sites and
part of community



Figure 6

Citizen 221 (d) (3) Projects Can Create:
greater housing choice-



removal of abandoned buildings-



available in the 1965 Act. The projects under this Section may include proposed new construction or rehabilitation of existing properties, but must be at least five units in size. There must be a Certified Workable Program in the community where projects are initiated (the Workable Program is the plan of the community to attack slums and blight, and to promote sound development.)¹³

The interest rate on these projects can be either market (which is now 5-3/4%) or the below market rate. Mortgages at the below market rate are ultimately purchased by FNMA after FHA endorsement. Under the 3% interest provisions, the FHA mortgage insurance premium of 1/2% is waived. Those who may undertake a project include public bodies, private nonprofit groups, cooperatives, limited dividend corporations, and other groups approved by the FHA.¹⁴

Mortgages for new construction by public agencies, cooperatives, and nonprofit sponsors are limited to the replacement cost of the project which can mean the construction costs plus development costs including architectural, consultant, and administrative fees. In the case of rehabilitation projects undertaken by public agencies, cooperatives, and nonprofit sponsors, the mortgage would cover the value of the existing properties and the estimated cost of rehabilitation. The maximum mortgage for limited distribution projects can never exceed 90% of those available to nonprofit bodies, but, in both cases, the length of the mortgage can never exceed the lower of 40 years or 3/4 of the economic life.¹⁵

In these projects family income limits are applicable only in the case of below market interest projects and rental supplements (explanation to follow). However, there are restrictive FHA controls on carrying charges

occupancy requirements, and prepayment provisions which provide that no prepayment is allowable without FHA approval except for limited dividend mortgagors who may pay off the loan after 20 years.

The 221 (d) (3) provision is an important part of the rent supplements which was recently funded to the extent of \$12 million for the year ending June 30, 1966. The program was authorized by Title I of the Housing Act of 1965 in which the Secretary of HUD can make payments to owners of projects to supplement rents. This supplement is the difference between the market rental of the housing unit and 25% of the tenants' income, provided the payment is not less than 5% or more than 70% of the unit rental. Projects with rent supplements will be insured by FHA under Section 221 (d) (3) at market interest rates. These same projects are also available to nonsupplemented tenants with rental income limits only applying to those who receive supplements. New construction or rehabilitated structures can be included for rent supplements and the projects can be owned by nonprofit, limited dividend, or cooperative groups. In the case of rehabilitated structures, however, at least one-half of the mortgage amount must be spend on basically substandard units.¹⁶

In addition to the basic program under 221 (d) (3) at market interest rate there are several other programs eligible for rent supplements:¹⁷

1. An experimental program in which not more than 5% of the appropriated rental supplement funds can be in projects under 221 (d) (3) below market interest rate,
2. Another 5% of the appropriated funds are available to experimental programs under FHA Section 231 and CFA Section 202, housing for the elderly projects. Under 231 the owner must be nonprofit and the project must be approved for rent supplements prior to final endorsement. Under CFA 202 the project mortgagor

may be private nonprofit, cooperative, or a public body or agency. Rent supplements may only be made to a maximum of 20% of the units and under 202, FHA will only be concerned with rent supplement provisions.

Code Enforcement Assistance

Federal financial assistance for code enforcement was authorized in the Housing Act of 1964 and later modified by the 1965 Act. Under these provisions, grants can be made to cities, municipalities and counties that meet specified requirements, including enforcement of housing, building, and other related codes.¹²

Though this is not the same as an urban renewal program, grants are made on the same basis with East St. Louis having to provide only one-third of the project funds. Federal assistance can be used to provide public improvements and additional staff for code administration. The program is not complex and allows a community to obtain grants for more than one geographic area so long as the specific areas will be covered by code enforcement within three years. Need for code enforcement, based on inspections showing a high percentage of violations, must be demonstrated. Other requirements include certification of the Workable Program by the Department of Housing and Urban Development, assurance from the local body that present levels of code enforcement expenditures will be maintained, and establishment of a program to provide necessary public improvements in the area.

However, some of the most important benefits of this program are those which make available direct loans and grants to property owners in code enforcement areas. Property owners can execute long term, below market interest loans to rehabilitate and refinance their buildings, and those with

incomes below \$3,000 can receive outright grants of \$1,500. These direct loans and grants do not have to be processed through the FHA, avoiding delays and red tape. (In the case of St. Louis, the Land Clearance Authority acts as the mortgage broker for the Federal Government in processing the loans and grants.)¹⁹

Total neighborhood rehabilitation is made possible with a double attack on blight--one through the direct loan and grant phase and the other through assistance for public improvements. Neighborhood stability is the goal of the program, as evidenced by the following quote from LPA 345:

The municipality shall provide (1) evidence that it has considered the total needs of the area for public facilities including, but not limited to, schools, parks, neighborhoods centers, streets and sidewalks, and street lighting, and (2) adequate insurance that any additional facilities needed to assure the stability of the area will be provided prior to completion of the concentrated enforcement program or within a reasonable period thereafter.²⁰

CFA 202

The Senior Citizens Housing Loan Program authorized by Section 202 of the 1959 Housing Act (as amended by the Housing Act of 1961 and the Senior Citizens Housing Act of 1962) provides for financial assistance through low interest loans at the current rate of 3% for periods up to 50 years. These loans can cover 100% of the development cost and are available to nonprofit corporations, cooperatives, and public agencies.²¹

The Community Facilities Administration of the Department of Housing and Urban Development is the agency in charge of this program, which is aimed at providing the construction of rental units for the elderly whose income is above public housing levels and below the requirements of the private market. The following goals are built-in features of this program's design:

1. Project planning and design should take into account the desires and needs of older persons for privacy, participation in social and community activities, and access to community services.
2. Loans will not be made for isolated projects which deprive occupants of the access they need to the society of persons of all ages and to the activities that are so essential to continued activity and health.
3. All sponsors should be firmly community-based; be able to demonstrate the support of the governing body of the community in which they will be located; be willing and in a position to maintain a continuing interest in the project.²³

Economies are stressed in the guidelines for CFA 202 projects to develop lowest possible rents for the elderly. All available existing services for the elderly, which are in close proximity to the project, must be utilized. In addition, proceeds of the loan can be made available for facilities within projects such as craft rooms, dining areas, laundry, and barber shops. The Community Facilities Administration publishes a program guide which fully discusses eligible related facilities, eligible development costs, legal and administrative conditions, project planning and design project construction and financial requirements for developments built under this section of the Housing Act.

Summary

There are over 150 federal programs involving the urban scene. The federal government has made the urban area the most important non-military consideration and has emphasized housing as a major part of total human and physical redevelopment.

The housing programs presented in capsule form in this chapter are not the only aids, nor should any discussion of housing fail to mention urban renewal. Urban renewal, though criticized at times, has been a

major vehicle through which assistance has been tendered to local communities for clearance, rehabilitation and conservation. The lessons of urban renewal, as well as the caveats of other federal programs, indicate the need to place the federal role in perspective.

Housing programs, as well as urban renewal, must be considered tools through which the local decision-makers can embark upon projects based on planning. The federal programs are not a panacea to all the ills and woes besetting the City of East St. Louis. They can, however, if intelligently employed, be utilized in assisting and achieving goals and objectives of comprehensive planning.

East St. Louis needs federal aid as much, if not more, than any American city. This is not a community with surplus funds to initiate programs at will-- or to initiate at all, without outside assistance. Indications are that the federal government realizes the city's economic and social plight, and will respond with special consideration to East St. Louis' programs. The plans must be rationally conceived and must reflect the goals and aspirations of the citizens.

FOOTNOTES

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CHAPTER III

NONFEDERALLY SUBSIDIZED HOUSING EXAMPLES

To achieve the type of housing program necessary in East St. Louis requires participation by business, church, nonprofit, and citizen groups. These groups, not normally identified with housing have developed new and innovative approaches to housing development, through experimentation.

In this chapter, examples of housing projects are described. These examples are, by no means, comprehensive, but should suggest the need to involve many groups in attacking residential deterioration. East St. Louis is virgin territory in which to develop new techniques and to apply proven programs. There is so much to do that every responsible effort to upgrade housing can provide marked improvement over existing conditions.

Church Efforts in Housing

St. Bridget's Catholic Church, located in the heart of the must-discussed Pruitt-Igoe Public Housing Project in St. Louis, is attempting a personal approach to human development, which includes improved housing. The philosophy of this dedicated group of priests, parish workers, and volunteers, is to prevent family disintegration and financial exploitation of those that are least advantaged. Jobs are found for heads of household, and area residents are tutored by volunteers to upgrade their education. In addition, the low-income citizens are encouraged to develop sound financial habits through use of the

public housing project credit union, established through parish efforts.¹
(See Figures 7 and 8.)

Once a family has achieved a level of stability, they can then buy a home in the neighborhood that has been renovated by the Bicentennial Civic Improvement Corporation. This corporation, beginning as the St. Bridget's Housing Fund with \$5,000, is composed mainly of local prominent businessmen. However, one of the executive directors is the Reverend Joseph Kohler of St. Bridget's, an instrumental force from the inception of the program. The Bicentennial group is nearing completion of a program to create a revolving fund of \$100,000 for renovation and financing assistance. Union Electric donated \$33,000 as a challenge grant if \$67,000 additional could be raised, and other corporations such as Anheuser-Busch, Southwestern Bell, and Laclede Gas immediately responded.²

To date, approximately 50 homes have been purchased, remodeled, and re-sold as part of the program. All the housing units were located on several blocks adjoining the Pruitt-Igoe Project and were purchased by Bicentennial for approximately \$1,500 per unit. Most of the units were small (three or four rooms) and, as a result, two units were combined to provide housing for large families. A typical example of the mechanics of the operation is shown in the following three steps:

1. Purchase of a four-family flat of 3 rooms for about \$4,000.
2. Renovation and alteration into two units of 6 rooms each at a cost of \$8,000.
3. Sale of each unit to eligible purchasers at \$6,000 each.

The purchasers put "no money" down and receive 100% financing from Pulaski Savings and Loan Association, and have approximate payments

Figure 7
Church Efforts in Housing



**St. Bridget's Catholic
Church in St. Louis**

**Site next to Pruitt
Igoe Public Housing**



**Beginning results
of rehabilitation**

Figure 8
Church Efforts in Housing
(continued)

Improved and financed
by business groups



Provision for meetings
and social activities



of \$60 per month including principal, interest, taxes, and insurance. In return for the 100% financing, the Bicentennial group advances 20% of the loan in a pledged collateral account with Pulaski. Interest is paid on the pledged account, and the principal is returned to Bicentennial when the purchaser's loan is decreased by a specified amount. The term of the loan is 15 years, at 6% interest, with no commission charge for the loan.³

Every attempt is made to cut costs and to keep the payments as low as possible, and special arrangements are made with the contractors, the title companies, and the lending agency. The purchasers are selected and approved by a committee of their peers and the priests at St. Bridget's. Father Kohler hoped that the entire process would eventually be handled by Bicentennial and the citizens group, with the church moving into other needed social programs in Pruitt-Igoe. Since most of the purchasers are achieving financial stability for the first time, Pulaski waives credit report requirements, and when there is a rare delinquency, the lending agency looks to the church group for corrective action.

There have been several offshoots of this program--one being a multi-million-dollar fund set up by the Savings and Loan League in St. Louis making loans available for similar projects throughout the City. No projects have been initiated by this group pending passage of a bill in Congress introduced by Representative Lenor Sullivan of St. Louis which would allow nonprofit groups to finance rehabilitation through long term loans at 3% interest. This new bill permits acquisition and renovation of rows of houses or other multi-family projects by nonprofit groups at the low interest rate. When the properties are remodeled, divided, and sold to individual families, the 3%

interest rate and long-term provisions would be transferrable to the individual purchaser.⁴

The St. Bridget's group is now trying to obtain permission from the St. Louis Board of Aldermen to declare a nine-block area blighted under Missouri law. Through a new entity--the Mullanphy Area Redevelopment Corporation--past efforts will be expanded and rehabilitation will be on a much larger scale. When the area is "blighted," the new corporation will have the power of eminent domain. Then the new corporation plans to apply for federal funds to renovate and re-sell property and to plan new open spaces in the area.⁵ As a result of this program for improved human development, business, church groups, and private citizens have combined their efforts to upgrade the quality of housing and to provide financial stability for selected residents of the area.

Housing Projects in Harlem

Two projects have been undertaken in the slums of New York City that are relevant to this discussion. One project is being supervised by a group called the Metro North Association which has coordinated the activities of a building-by-building tenant resident committee, a Protestant parish, and a settlement house.⁶

Their plan for new and rehabilitated housing, which is sponsored by the Kate Maremont Foundation, includes a seven-block area. Proposed in the plan are rehabilitation of over 600 units, construction of 120 new units of nonpublic housing, a six-story 275-unit public housing project, a parking garage, a narcotics rehabilitation center, a new elementary school,

a central plaza, 350 units of low-rise nonpublic housing, and a new church.⁷

The planners and architects are working to avoid the problems created by high-rise public housing in their creation of a village approach based on low-rise new and rehabilitated housing combined with desirable open spaces. Renovation has begun on five tenements which are six-story buildings having 33 units in each structure. Liveability is being stressed by changing the present room arrangement to provide alternative housing choices and better room relationships in the apartments.⁸

This program, nonfederally sponsored, will reflect the goals of groups already living in the area, thus creating a meaningful form of citizen participation in housing. Rehabilitation can be a strong force in neighborhood redevelopment and can be an aesthetic attraction, as shown in Figure 9.

The other project, in the same general area, was devised and conceived by the United States Gypsum Company and reflects a growing urban concern among large industry. U. S. Gypsum had several purposes in mind in undertaking this project, one of which was to advertise the use of their products in rehabilitation. However, they also wanted to demonstrate that rehabilitated buildings, featuring a minimum of tenant dislocation, could be sold off to non-profit groups who would receive a legitimate return on their investment.⁹

The company purchased six adjoining tenements and began by modernizing a six-story, twenty-four unit building. The cost to acquire and modernize was approximately \$9,000 per unit, which is considerably below the \$22,500 per unit cost of public housing in New York. It was felt that the experience gained in the first building could result in savings of subsequent renovation for additional structures.¹⁰

Tenants in the first building selected were moved to units in adjoining buildings. When modernization was completed six months later, they were brought back to their refurbished quarters. The interiors had been completely rebuilt with new kitchens, modern baths, and electric heating systems, while the exteriors were refurnished and sound systems were included for each apartment. Rents were re-set at \$65-\$85 per month, which are very low in items of New York rentals.

The involvement of large industry in urban problems such as housing, expands the possibility for coping with blight and deterioration. In Harlem, slum properties were altered to create a desirable physical environment for the tenants, and a meaningful addition to the tax rolls. There is sufficient industry in the St. Louis Metropolitan Area generally and the East Side, in particular, to have a comparable undertaking.

Private Low-Income Housing

Private projects, locally and nonfederally financed, can also be developed in East St. Louis. It is not inconceivable to contemplate the private sector initiating meaningful programs with legitimate rates of return to the investors.

In St. Louis, for example, a fourteen-family project was built on the near South Side with units having a basic rental of \$45 per month. Each unit is a studio apartment consisting of two rooms and bath with stove and refrigerator included. Air conditioning is an optional feature adding \$5 per month to the rental.

The building is of very simple design, being a one-story garden type

constructed with concrete blocks. There is no basement, but washers and dryers are provided in a large utility room. To the rear of the project there is a paved parking lot and each unit is small--approximately 550 square feet. As a result, the occupants are elderly, and there are no children in the building. (See Figure 10)

All the units are rented, and the project appears to be a successful commercial venture, privately owned and financed by a local real estate company. The 100% rental is remarkable in this low-income neighborhood where there are many vacant units. The surrounding residential property, though old, could be attractively rehabilitated, but the buildings have not been maintained. Most of the units in the adjoining buildings are also small in size, but are rentable as evidenced by the success of the newer project.

The building was not constructed under FHA standards, and would not qualify for FHA financing. However, projects of this type do create housing opportunities at low cost that were previously non-existent. Private development has opportunities in East St. Louis--certainly more opportunities than are indicated by the twenty-nine residential building permits in 1965.

University Participation

More and more universities have shown a greater concern for metropolitan problems and are offering and providing extension services to local communities.

Recently, however, Harvard University and M. I. T. acted jointly to provide half of a \$1 million fund for the development of low rental housing

Figure 9
Examples of Rehabilitation

Garages torn down-
for attractive yards



Back porches and
stairways redesigned



Parking provided
in the backyards

Figure 10
A Private Low Income Housing Effort



Rents begin at
\$45 per month

Parking area,
utility room in rear



Site of possible
future project

in Cambridge, Massachusetts. This money is to be part of a revolving fund in which private contributions must match the universities' efforts. As private contributions increase, university participation could ultimately be raised to \$1 million.

As mentioned before, the solution to housing in East St. Louis will not be the result of one program. Many new and untried projects must be employed in the community where hopes and aspirations are in abundance and brick and mortar sorely absent. If this report is meaningful, it will suggest courses of action for housing projects that have not been previously considered, and will result in new additions to the housing stock in a residentially-deprived community.

FOOTNOTES

Chapter III

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CHAPTER IV

CONCLUSION

There is little doubt that the present housing inventory in East St. Louis must be upgraded. Expression of the need for more new and rehabilitated dwelling units is demonstrated in the planning study of Evert Kincaid for the local housing authority, and also by the long waiting list for public housing, and by the very low vacancy rate.

Actually, a visual survey of the city is sufficient to detect the critical shortage of standard housing. A survey of this type was made of every block in East St. Louis, in the preparation of this report, in order to become generally familiar with housing conditions. Few vacancies were found, and these were usually vandalized or unfit for tenancy and, in real estate for sale, very little new construction and many rundown and sub-standard properties were observed.

A minimum amount of standard housing is available for low-income families and there are few choices in housing for the more affluent citizens, both white and non-white. Few, if any, projects are being built that could alleviate the shortage of good housing, and hope exists only when the present programs are translated from plans into construction.

The creation of more dwelling units cannot be left to public housing alone, even though the 1965 Housing Act makes public housing a much more valuable tool in total redevelopment. East St. Louis does not need more

of the old stype public housing projects standing alone and segregated from the rest of the community. In discussions with responsible professional and lay leaders of the local authority, the necessity of incorporating future projects into existing neighborhoods was stressed.

The citizens of East St. Louis should also have a role in planning for the future. This role has been assumed by the formation of non-profit groups interested in developing their own housing projects. The private sector has a place in the total housing program for the community. A commitment of financial resources and knowledge from banks, savings and loan associations, realtors, and developers can create greater housing opportunities immediately and improve the investment potential in the long run for the city. To round out the total picture, the local government should give housing the highest priority in scheduling public improvements.

It is certainly within the realm of possibility to improve housing in East St. Louis in the next five years. Therefore, an adoption of broad development goals for this period seems not only advisable but necessary. The goals must be flexible enough to allow for change, while at the same time, sufficiently rigid to provide guidelines for growth. It was determined that the City of East St. Louis should have, at least, 1300 new and rehabilitated dwelling units annually over the next five years to effect a noticeable change in the community. Taking into account present plans and future programs, the breakdown of the housing goals are displayed in Figure 11.

This program is not impossible, for many of the projects are now in the planning stage. These projects are, basically, dependent on federal assistance and it is assumed, in this report, that East St. Louis will get

its fair share of these funds. Federal officials at all levels of government have indicated a willingness to cooperate and promote responsible programs and plans in East St. Louis and have demonstrated this desire through the large grants to the anti-poverty programs.

Of the programs included in the goal of 1300 units annually, rental supplement programs account for 200 units each year. Public housing plans include an immediate program for 1000 new and leased dwelling units over an approximate period of three years. Their program can be designed with a scheme to incorporate the units into total neighborhood plans for development and rehabilitation. Building on scattered sites has been extremely effective in Mount Clemens, Michigan. The results of this kind of construction are better neighborhoods and increased land values, and the following comments by an executive of their housing commission attest to the program's merits.

- "1 - Our public housing, because of its modern design, has upgraded the various neighborhoods and has forced slum landlords to remodel their dwellings or lose tenants.
- "2 - One hundred and seventy new homes, valued at between \$13,000 and \$17,000, have been constructed and sold next to or in close proximity to our public housing sites.
- "3 - A \$50,000 home was built directly across the street from one of our sites.
- "4 - Permits totaling approximately \$300,000 have been issued by the City of Mount Clemens to homeowners over the past three years for remodeling substandard dwelling units in the public housing areas.
- "5 - Property values have risen considerably. In 1960, when public housing was available for occupancy, the real assessed valuation was \$27,226,710; in 1965, it had risen to \$29,854,610--an increase of \$2,627,900.

Figure 11
Housing Goal-1300 New and Rehabilitated
Dwelling Units Annually for East St. Louis
(1966-1971)

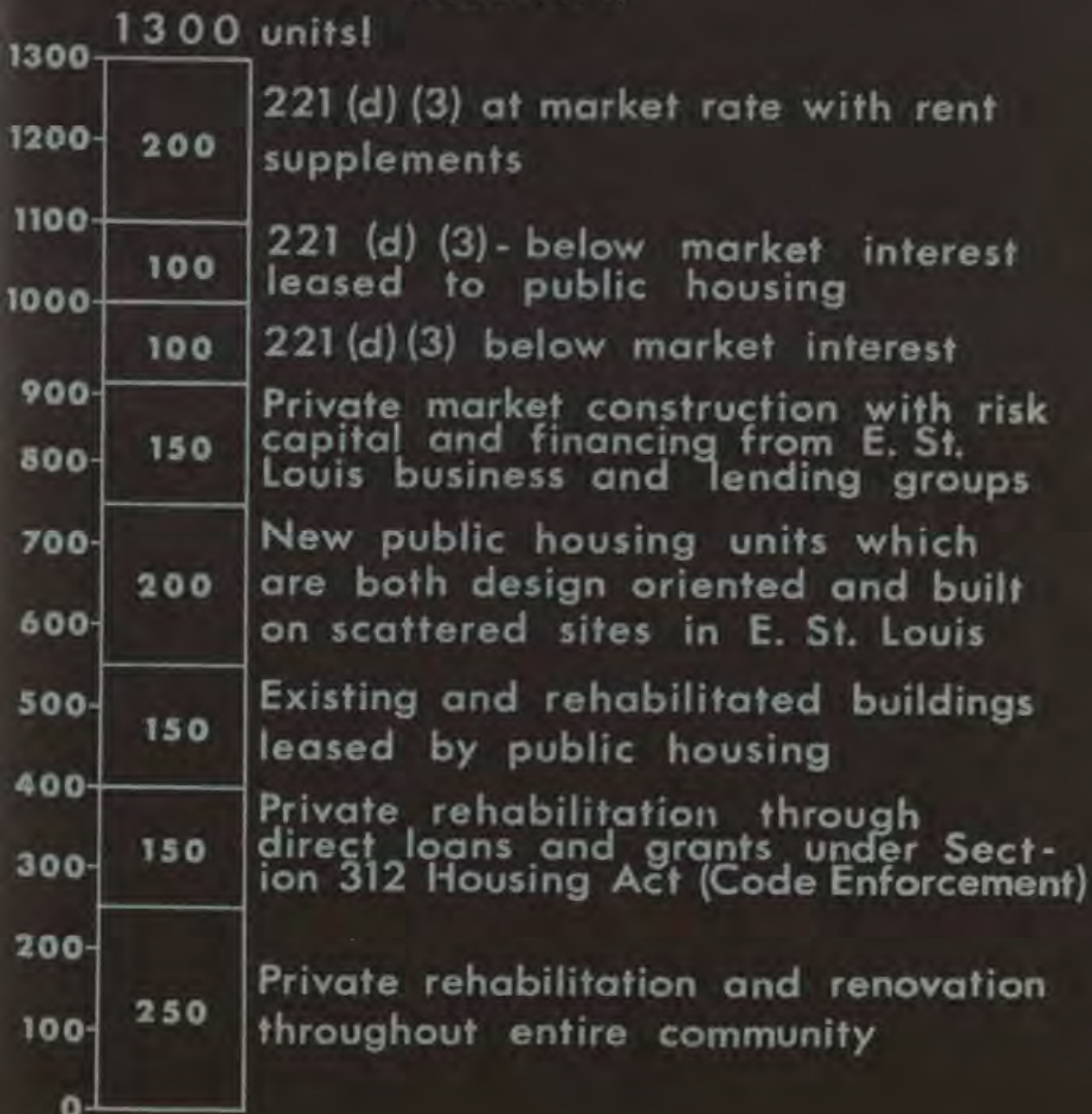


Figure 12
Rehabilitation in East St. Louis
10th-Washington, State - St. Clair



Fine buildings in
the area

Open space with
school in background



Can be rehabilitated
and conserved

" . . . It is our firm belief that if public housing is properly designed and maintained it certainly will be an asset to any community . . ."

The different programs contained in the housing goal should be coordinated geographically to benefit the entire community in physical and social redevelopment. The north and northeast sections of the city will probably be the major rehabilitation and conservation areas. Particularly in the area of Broadway to St. Clair, Collinsville to 20th Streets, the code enforcement program of loans and grants and private rehabilitation can restore the well-constructed but deteriorating structures. (See Figure 12.) Rehabilitation will certainly be more difficult in the South End where many residences were either poorly built originally or are beyond the state of rehabilitation. Even new construction in the South End is inhibited by the lack of public improvements, such as streets and sewers.

Resignation or pessimism in the face of the many problems, however, will never result in obtaining 1300 new and rehabilitated units annually in East St. Louis. Deteriorating units must, wherever possible, be rehabilitated through public housing lease programs, and to this must be added a fresh new stock to replace the worn and obsolete buildings.

The inertia in residential activity over the last decade must be altered in East St. Louis. It is to be hoped that the picture of housing in 1976 will not be as grim as that found in 1966, and that the City will be able to look back, with pride, to accomplishments of the coming decade.

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- _____. Personal interview with Father Joseph Kohler, St. Bridget's Catholic Church, St. Louis, Missouri, March 15, 1966.
- _____. Personal interview with Paul Pirtle, East St. Louis Housing Authority, March 23, 1966.
- _____. Personal interview with Phillip Snyder, Jr., Urban Renewal Administration Representative, St. Louis, March 21, 1966.
- _____. Personal interview with Fred Teer, Chairman, Denverside Improvement Association, April 7, 1966.
- _____. Personal interview with Harry Tharp, East St. Louis Building Superintendent, March 21, 1966.
- _____. Personal interview with Albert Votaw, St. Louis Land Clearance Authority, March 20, 1966.
- _____. Personal interview with Father Lawrence Walker, Staff Assistant, Central City Organization, April 14 & 15, 1966.
- _____. Personal interview with The Reverend Wesley Wharton, St. Luke's A. M. E., East St. Louis, March 21, 1966.
- _____. Personal interview with W. H. Williams, Director, East St. Louis Housing Authority, March 18, 1966.