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# Report on Policies and Operation of the Housing Authority of Portland

City Club of Portland (Portland, Or.)

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REPORT  
ON  
**POLICIES AND OPERATION**  
of the  
**HOUSING AUTHORITY OF PORTLAND**

*The Committee:* LAWRENCE S. BLACK, WILLIAM A. COMRIE, HOWARD L. GLAZER,  
DR. HERBERT W. GOODMAN, GEORGE C. MCFARLAND, WENDELL O. WALKER AND  
THOMAS P. DEERING, *Chairman.*

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*"To inform its members and the community in public matters and to  
arouse in them a realization of the obligations of citizenship."*

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**REPORT  
ON  
POLICIES AND OPERATION  
of the  
HOUSING AUTHORITY OF PORTLAND**

To the Board of Governors,  
The City Club of Portland:

## I. INTRODUCTION

The Housing Authority of Portland (HAP) is a public corporation of the State of Oregon, activated and organized by the Portland City Council pursuant to a state statute for the purpose of implementing a federally subsidized housing program for persons of limited means.

The operations of HAP, which came into existence on December 12, 1941, and have been the focus of public concern in the past, have been brought prominently to public attention in recent years because of accusations from civil rights groups that the Authority's policies were consciously or unconsciously abetting racial segregation, and because of a dispute within the Housing Authority and between the Housing Authority and private housing interests over the propriety of an HAP program of high-rise housing for the elderly.

This Committee was assigned the responsibility of making a general study of HAP with particular reference to its legal background, history, financing, administration, eligibility standards and tenant selection methods in general and as they relate to economic, social or ethnic segregation or discrimination. Organization of the Committee was authorized in November of 1963, in response to charges that were being leveled at HAP at that time. The Committee was inactive for some months except for monitoring the work of the Portland Intergroup Relations Commission, which held hearings in late 1963 and early 1964 on HAP's activities and the charges being made against it. Following the adoption by the Commission of its subcommittee's report in February, 1964, this Committee proceeded with its investigations under a new authorization, a copy of which is included as Exhibit A to this report.

In furtherance of its assigned objectives, your Committee has conducted the interviews, made the inquiries and studied the reports and materials described in the attached Exhibit B. The following report is based on these investigations.

## II. LEGAL AND REGULATORY BACKGROUND

### A. GENERALLY

The Federal public housing program, which is embodied in the United States Housing Act of 1937 as amended,<sup>(1)</sup> is administered by the Public Housing Administration, a Federal agency (PHA). The objectives of the program are accomplished through a local housing authority authorized under State law. In Oregon, the authorizing statute is the Housing Authorities Law comprising Oregon Revised Statutes Chapter 456. HAP is a public body organized under this law. The United States Housing Act of 1937 was originally enacted September 1, 1937 and has been amended numerous times, principally in 1949, 1959, 1961 and 1965. The Oregon Housing Authorities Law also was originally enacted in 1937, was amended in 1941 and 1943 with respect to defense housing and has been amended in minor respects on a number of occasions since.

Both the Federal and the State laws authorize public housing on the stated premise that there are persons in the society who are unable to afford decent

<sup>(1)</sup>42 United States Code, Sections 1401-1435.

housing when supplied by private enterprise. Both statutes recite that the public housing program is designed to be noncompetitive with private enterprise by serving those persons who cannot through private enterprise be provided with adequate housing at rents they can afford. Under a provision added by the Federal law in 1949,<sup>(2)</sup> a local authority applying for Federal financing must satisfy PHA that there is a gap of 20 per cent between the upper rental limits for the proposed housing and the lowest rents at which private enterprise is providing "a substantial supply of decent, safe, and sanitary housing toward meeting the need of an adequate volume thereof." This rule is also incorporated in PHA's regulations.<sup>(3)</sup>

Under the State law a local housing authority is established by the governing body of the city or county involved. Reference to the voters is not required unless a referral petition is filed with a specified number of signatures. An authority established by a county is controlled by five commissioners appointed by the county governing body; an authority established by a city (such as HAP) is governed by a board of five commissioners if the city is under 10,000 population, and seven commissioners if the city is over 10,000—in each case appointed by the Mayor. The commissioners serve without compensation for staggered five-year terms unless removed by the appointing authority for "inefficiency or neglect of duty or misconduct in office" determined after a hearing.

State law gives housing authorities generally the powers necessary to carry out the Federal public housing program including specifically the power of eminent domain and the power to issue bonds but not including the power to levy taxes. An authority is admonished to operate on a nonprofit basis, to keep rents at the lowest possible level while producing the revenue necessary to service the authority's bonds, and to pay the cost of operations and create and maintain a reserve equal to the total principal and interest payable on the bonds in any one year. An authority's income and properties are exempt from taxation but it is authorized by state statute and required by the Federal law to make payments to local government in lieu of taxes.

## **B. CONTROL OVER POLICY**

### **1. Federal vs. HAP Control**

The United States Housing Act states that:

"It is the policy of the United States to vest in the local Public Housing Agencies the maximum amount of responsibility in the administration of the low-rent housing program, including responsibility for the establishment of rents and eligibility requirements (subject to the approval of the PHA), with due consideration to accomplishing the objectives of this chapter while effecting economies."<sup>(4)</sup>

This statement of policy was added in 1959. Prior to that time, there had been no comparable general statement on the relationship between the federal and state agencies with respect to the responsibility for fixing policy.

Particular public attention has in the past been focused upon the extent of local control over (a) income limits for eligibility, (b) rent levels, and (c) types of projects constructed or acquired. As will be seen, these three matters are inter-related, since (1) the amount of federal operating subsidy is limited to a percentage of the project cost, (2) rental (except for established minimums) can be and usually are based upon a percentage of the tenant's income, and (3) the local authority must meet certain minimum obligations out of its own income, the bulk of which is rent, in order to remain solvent. Thus, it must be recognized that to a considerable extent neither PHA nor HAP is free to exercise full discretion on these matters.

#### **a. Income limitations**

Prior to 1959 the United States Housing Act provided specifically that no one could be admitted to public housing if his income—with certain adjustments

(2) USC Sec. 1415 (7) (b).

(3) 24 CFR Sec. 1520.4.

(4) 42 USC Sec. 1401.

for minor family members—exceeded five times the annual rent including the cost of utilities.<sup>(5)</sup> This was eliminated in 1959 in favor of a statement that the local authority should fix the income limits with the approval of PHA, taking into consideration rent-paying ability and the solvency of the project.<sup>(6)</sup>

The present schedule of income limits established by HAP and approved by PHA is set forth in Exhibit C to this report. The limits range from \$3,000 for two persons to \$4,800 for five or more persons (including seven minors) for admission and from \$3,500 for two persons to \$5,500 for five or more persons (including seven minors) for continued occupancy. In addition, HAP has a net asset limitation of \$3,500 for non-elderly and \$5,000 for elderly,<sup>(7)</sup> excluding automobile, clothing and household furniture.

The Committee has been advised that HAP has currently under consideration by PHA an application for a reduction in certain income limits. Whether or not such a reduction would be permitted would depend upon a determination by PHA of the ability of HAP to meet its financial commitments at its existing rent schedule if such income limits are lowered. Lowering of income limits would presumably lower the average income level of tenants and consequently lower the total income of HAP from rents, which are based upon a percentage of income.

### **b. Rents**

At the present time rents in all units of HAP are 25.53 per cent of the tenant's income, with the following minimums:

- (1) Elderly other than those covered by contract with the Welfare Commission—\$25.00 per month.
- (2) Non-elderly and welfare tenants:
  - \$45.00 per month: one bedroom
  - \$50.00 per month: two bedrooms
  - \$55.00 per month: three bedrooms
  - \$60.00 per month: four bedrooms.

The rents actually paid in each project are summarized in Exhibit D.

The interrelation between the rent percentage, the minimum rents and the income limitations produces for HAP sufficient rental income to meet its commitments. HAP does not use a rent grade system, although your Committee is advised by HAP that PHA prefers such a system. Under a rent grade system, PHA analyzes the budgetary requirements for a project (or group of projects) and establishes the percentage of rentals that must fall within certain ranges in order to produce enough total income. Such a system would presumably permit lower minimums or a lower percentage of income to fixed rent or both, thus favoring the lower income tenant. On the other hand, it would prevent operation purely on a first-come, first-served basis because an applicant's eligibility for an opening in a project would depend not only upon the size unit for which he was eligible, but the amount of rent that he was able to pay. In effect, HAP fixes its minimums and rent percentages in such a way as to produce the desired result with the rent grade naturally resulting from taking applicants first-come, first-served. It should also be observed that the impact of the rent requirement on the tenant in terms of his available income can be affected by increasing minimums to offset a reduction in the required percentage, or vice versa.

### **c. Types of Projects**

The Federal law and regulations make very little mention of the type of project to be built or required, although it is clear that information in this regard must be submitted in the local authority's application for Federal financial assistance. The United States Housing Act specifies that the cost of a project (excluding the land) on which the annual contributions will be calculated shall not exceed

<sup>(5)</sup> 42 USC Sec. 1402(1).

<sup>(6)</sup> 42 USC Sec. 1402(1) as amended.

<sup>(7)</sup> This term means persons eligible for social security payments under federal law.

\$2,400 per room for family housing and \$3,500 per room for housing the elderly. The Act further provides, in the same section, "that such project shall be undertaken in such a manner that it will not be of elaborate or extravagant design or materials, and economy will be promoted both in construction and administration."<sup>(8)</sup> To insure compliance with this provision, the main construction contract, including plans and specifications, must be approved by PHA before it is awarded. Your Committee is advised by HAP that in all instances in the past, the actual cost per room has been substantially less than statutory limits.

As can be seen from the discussion of financing below, the dependency of HAP on federal financing through loans and annual assistance contributions is the very essence of the housing program. This financial assistance is only available with the approval of PHA and except for those matters that are specifically covered by statute PHA can condition its approval upon compliance with such rules, regulations and standards as it wishes to establish, so long as they are consistent with the applicable statute. The extent to which PHA exercises this power to control the type of project is unclear. For example, HAP has pioneered the practice of acquiring existing garden-type apartments for family housing. This initiative by HAP unequivocally evidences a substantial freedom from absolute federal control. On the other hand, HAP has repeatedly stated that the criteria established by PHA for approval of housing for the elderly effectively rules out any kind of project other than high-rise construction in relatively close proximity to municipal facilities for transportation, shopping, entertainment, etc.

Your Committee feels that in fact a rule of reason undoubtedly prevails under which HAP always has the opportunity to convince PHA of the desirability of any project that HAP conceives for solving a particular housing program. The alleged disinclination of PHA to approve housing for the elderly in other than high-rise apartments accessible to the municipal core area undoubtedly reflects a general conclusion that no better proposal has yet been made. Although this would tend to insure that a conventional high-rise project for the elderly would be most readily approved, it does not seem credible that all initiative by the local authority is foreclosed and that a soundly conceived, economical and workable plan not based on high-rise, if one were presented, would automatically be rejected. In this connection it should be noted that HAP, with the approval of PHA, has recently acquired two low-rise projects for housing for the elderly: Royal Rose Court, 36 units bought in 1962, and Peaceful Villa, 54 units (plus 12 for non-elderly) bought in 1963.

#### **d. Summary**

In public statements and in interviews with this Committee, HAP staff and Board members have repeatedly cited federal control as a justification for action or inaction, relying heavily on this as a response to criticism. Close questioning or independent examination of applicable laws and regulations generally disclosed that HAP had significant freedom of action as to the matters involved. In the Committee's opinion, lack of initiative on the part of HAP, rather than legal requirement, has been the most important factor contributing to PHA direction of HAP operations. There is no doubt that the greatest part of HAP's activity is fairly closely circumscribed by federal law and regulations. The areas of discretion that remain, however, with respect to such matters as site selection, type of housing, buying versus building, planning rent minimums and schedules (within prescribed limits) and devising application procedures, are among the most important. HAP cannot excuse a failure to exercise, or a poor exercise of, the discretion it has by citing the matters it doesn't control.

## **2. Municipal Control**

In connection with the furor raised by private housing interests at the time of the proposed acquisition by HAP of the Ice Arena site on N.W. 20th and

<sup>(8)</sup> 42 USC Sec. 1415(5). The amounts were increased in 1965 from \$2,000 and \$3,000 respectively.

Marshall, a public hearing was held before the City Council on July 21, 1964, and attention was focused upon the degree of city control over HAP activities. As was pointed out in that hearing, the City Council has, outside of the Mayor's powers to remove a commissioner for misconduct, only a limited veto power over HAP's activities. This power derives from the Federal Law, which is premised upon a "recognition that there should be local determination of the need for low-rent housing to meet needs not being adequately met by private enterprise."<sup>(9)</sup>

The Federal Law prohibits PHA from making preliminary loans for survey and planning in respect to a project unless the local governing body has by resolution approved the application for the preliminary loan. The law prohibits PHA from making loans other than preliminary loans or contracting for annual assistance contributions unless the local governing body has entered into an agreement with the local authority providing for the local cooperation required by statute.<sup>(10)</sup> The basic required element of local cooperation is exemption from local taxes with a mandatory payment in lieu of taxes in the amount of ten per cent of annual rents.

HAP has three cooperation agreements with the City of Portland: July 7, 1942, for 440 units; April 24, 1959, for 500 units, and June 26, 1963, for 500 units. The agreements are substantially the same except that the ordinances adopting the earlier agreements required that sites be submitted to the Mayor for approval and the June 26, 1963, ordinance reserves this approval power to the City Council.

Theoretically, the City could demand control over other aspects of HAP's operations as a condition to accepting the cooperation agreement. It has not attempted to do so, however, and, as a practical matter, it is doubtful that it could succeed to any extensive degree. The state law clearly envisions that HAP is to be an essentially autonomous agency, and it is probable that PHA would not acquiesce in any arrangement that removed control from the agency with which it had to deal. Furthermore, except for the coordination with the City Planning Commission that is assured by review of site selection, it would not seem administratively feasible for the City to retain a significant direct role in the administration of HAP. This does not, however, rule out the possibility—within the framework of the existing system—of the City's displaying greater interest in and exercising more influence on HAP's activities.

Lack of coordination among municipal agencies responsible for planning and development becomes a direct concern of the federal government through its requirement of a "workable program". In short the government must be convinced that such agencies as HAP, Portland Development Commission (urban renewal), City Planning Commission and the City Building Department are coordinating their efforts or federal financing will be withheld. Portland has experienced difficulty in the past in satisfying the workable program requirement so that in 1961 an informal committee was organized under the chairmanship of Lloyd Keefe of the City Planning Commission with representatives of the interested agencies, and Francis Ivancie, Mayor Schrunck's assistant, as members. The group was given formal recognition, under Mr. Ivancie as chairman, by ordinance in 1963, but has not functioned significantly. Your Committee is informed that the group's last meeting was in April of 1965.

In the past the City has provided assistance to HAP through City Planning Commission studies of potential sites, of which there have been two in recent years: November, 1963, on family project sites, and July, 1964, on sites for housing for the elderly. These studies have evaluated sites proposed by HAP and have suggested additional sites. HAP has not, however, been vigorous in making use of these reports and has ignored their existence in asserting to this Committee that sites were not available. There is no indication that City Hall showed any continuing interest in the matter or ever queried HAP about its failure to follow

<sup>(9)</sup> 42 USC Sec. 1415(7).

<sup>(10)</sup> 42 USC Sec. 1415(7) (a) & (b).



up on Planning Commission suggestions. This seems to be typical of the general attitude of the City administration: It has attended to HAP's affairs when confronted with the necessity to do so, but has not kept general surveillance over HAP or questioned HAP's lack of activity.

It has also been suggested by HAP that the City Council has been unreliable in supporting HAP on site selections and project plans in the past. At the July 2, 1965 hearing on the Ice Arena site, the City placed great emphasis on the lack of control over and the narrowness of its responsibility with respect to HAP and its operations. HAP was subjected to extensive criticism at that hearing, both with respect to its operations in general and its selection of the Ice Arena site. There was no suggestion from the City that it had worked with HAP in finding a suitable site, or that it assumed any responsibility for any of HAP's activities.

Lack of coordination among agencies and timidity at City Hall, as well as passiveness by HAP, are also reflected in the handling of HAP's unsuccessful request for a site in the South Auditorium urban renewal project. After the project was formulated, HAP was denied a site because development plans at that time apparently excluded housing other than motels. HAP has advised the Committee that it sought help from City Hall without avail. Plans were later changed by the Portland Development Commission to include permanent housing and a substantial amount of high-rise, expensive apartments are now under construction. HAP was not brought into the picture and there is now no public housing in the South Auditorium area, although many hundreds of low-income families were displaced by the development. Similarly, it has been recently reported that the South Auditorium Extension Urban Renewal Project will displace approximately 400 low-income elderly persons. There is no provision for public housing in the present plans for the South Auditorium Extension, and no indication that this means of replacing in the project area some of the housing units that will be destroyed has been given any serious consideration. This result seems clearly inconsistent with the original Congressional intent, which recognized in other ways the inter-relationship between the public housing and urban renewal programs.

### C. PUBLIC SUBSIDIES AND FINANCING

HAP receives public financial assistance through (1) low-interest loans or capital grants from PHA for preliminary planning and surveying and for construction, acquisition and other development; (2) exemption from local *ad valorem* taxes upon payment of an amount equal to ten per cent of rental income, which is substantially less than what *ad valorem* taxes would be; (3) exemption from federal and state income taxes on its revenues from operations; (4) classification of its bonds as tax exempt so that private lenders are not required to pay federal or Oregon state income tax on interest received from HAP; and (5) annual contributions from PHA to supplement rental income. The mechanics and limitations of each of these subsidizing devices is discussed below.

#### 1. PHA loans and grants

HAP is entitled upon proper application to PHA to obtain funds by loans for surveys and planning in respect to low-rent housing projects. These loans are temporary, being repaid out of money loaned to HAP by PHA for development of the project. It is not clear from the applicable statute what happens if the project is abandoned and no development loan is ever made. Because of their preliminary nature, these loans do not require the elaborate showing with respect to the details of the project that is required for project approval and financing, but approval of the application for preliminary loans by the local government (in this case, the City Council) is required.

PHA is authorized to loan to the local authority an amount up to ninety per cent of the cost of acquisition or development.<sup>(11)</sup> The loans must be repaid over a period fixed by PHA not exceeding sixty years and bear interest at

<sup>(11)</sup> 42 USC Sec. 1409.

one-half of one per cent over the "going federal rate," except that if the repayment period is forty years or less, the interest is equal to the going federal rate. The going federal rate is the greater of two and one-half per cent or the average yield on all outstanding United States obligations of fifteen years or more maturity figured for the period immediately preceding the date upon which a loan is approved. (The current rate, which is calculated twice per year, is three and one-eighth per cent.)

Although the statute appears to envision long-term government loans for permanent financing of a project, the practice—at least insofar as Portland is concerned—has uniformly been for PHA to advance the money necessary for development, and then require HAP to obtain permanent financing through the issuance of bonds to the public. These bonds are secured by a declaration of trust on the project and by what amounts to an assignment of the annual contributions from PHA. The bonds are offered periodically under the auspices of PHA in large blocks including bonds of numerous local authorities throughout the country. The bonds command a low interest rate because of the indirect federal guarantee.

In addition to its lending power, PHA is also authorized to make capital grants to a local housing authority up to a maximum of twenty-five per cent of the development or acquisition cost of a project if the local government makes a contribution (through cash, free services, or tax remission) equivalent to twenty per cent.<sup>(12)</sup> If these grants are made, the permissible maximum loan becomes the lesser of ninety per cent of the total cost or the total cost less the total capital grant. By a combination of capital grants and loans, PHA thus is in a position to advance all the money required for acquisition or development of a project. The capital grants program has not been used in connection with any of the projects acquired or constructed in Portland. It is your Committee's understanding that it has not been used to any significant extent anywhere.

## 2. Exemption from Local Taxes

As previously mentioned, federal law requires and Oregon law provides that HAP be exempt from local *ad valorem* taxes and pay, in lieu of such taxes, an amount equal to ten per cent of rental income. A direct cash contribution from the state or local government may be substituted for the tax exemption, but this has not been the procedure followed in Portland. In either event, prior to 1964, the federal law required<sup>(13)</sup> that the total contribution from the local government (i.e., the difference between what *ad valorem* taxes would have been and the actual payment of ten per cent of rents) be at least equal to twenty per cent of the annual contributions made by PHA, described in paragraph 5 below. Any discrepancy in this regard would have to be corrected either by a reduction in the payments made by HAP in lieu of taxes or by a reduction in the annual contributions from PHA. The federal law also required that HAP calculate the net local subsidy by estimating what the *ad valorem* taxes would otherwise be. In spite of these provisions, the Executive Director of HAP has advised the Committee that he was not aware that there was any required relationship between the local tax exemptions subsidy and the annual contributions and, further, that he was not aware that any determination was being made or had ever been made of what the *ad valorem* taxes would otherwise have been if the various HAP projects had been subject to tax. Counsel for HAP has advised your Committee however, that the necessary calculations were made and reports filed each year as required, up to 1964 when the requirement was eliminated. For the year ending March 31, 1965, the payment for all property was \$42,279.54 in lieu of taxes estimated by HAP at \$163,479.39.

## 3. Income Tax Exemption

The federal law exempts income of HAP from "all taxation now or hereafter imposed by the United States."<sup>(14)</sup> State law provides that HAP is "a public body

<sup>(12)</sup>42 USC Sec. 1411.

<sup>(13)</sup>42 USC Sec. 1410 (h).

<sup>(14)</sup>42 USC Sec. 1405 (e).

corporate and politic”<sup>(15)</sup> which, as such, is not subject to the Oregon personal income tax or corporation excise tax.

#### 4. Tax Exemption for Bond Interest

Interest on housing authority bonds is exempt from federal<sup>(16)</sup> and state<sup>(17)</sup> taxation. The federal law does not require that a housing authority finance its projects with private money through the sale of bonds, but recognizes the desirability of this financing and provides, in effect, for a limited federal guarantee of the bonds through the annual contributions contracts.<sup>(18)</sup> State law establishes the necessary state statutory authority for the issuance of the bonds.<sup>(19)</sup> As was previously indicated, it is apparently the uniform practice with HAP to issue such bonds as soon as a project has been acquired or developed, so that the federal government provides directly only interim financing for a project. The federal law does not specifically limit the repayment period of private financing to any particular term, but there is a practical limitation to forty years because of the tie-in with annual contributions, which can continue for only forty years.

#### 5. Annual Contribution Contracts

The most important subsidy of public housing through the federal government is by annual contributions.<sup>(20)</sup> An annual contribution contract authorizes payments over a period as long as forty years in amounts necessary from year to year in the determination of PHA to insure the low-rent character of the housing project. The maximum permitted per year is a percentage of the total project development cost equal to the going Federal rate plus two per cent.

As a matter of practice, annual contributions to HAP are made directly to the bank as agent of HAP for application on principal and interest of bonds currently falling due. HAP is required to apply its surplus funds to the payment of such principal and interest to the extent any are available after HAP has built an operating reserve equal to one year's expenses not including the cost of amortization of the bonds. Presumably, if such a reserve existed and HAP's total revenue in excess of direct operating costs were sufficient to pay principal and interest on the bonds, no annual contribution would be made. This would, however, seem clearly to indicate too high a rent structure and it would probably result in pressure from PHA to revise rents.

In addition to the basic contribution, a 1961 amendment to the Housing Act authorizes an additional subsidy for housing for the elderly up to a maximum of \$10.00 per month per dwelling unit. Your Committee was surprised to be told by HAP staff that it was working towards the elimination of this extra subsidy. Since this would necessarily mean that greater revenue from rents would be required and consequently that HAP would be less able to supply housing to persons of lowest income, it is difficult to reconcile this attitude with the basic purpose of the program. When this inconsistency was pointed out, the Executive Director of HAP quickly reversed the earlier assertion, which had been made by another staff member.

Between 1954 and 1961, federal law provided that after a local authority's bonds were paid off in connection with a project, the total annual contributions paid by PHA with respect to the project over the years were to be repaid out of excess revenues accruing in subsequent years.<sup>(21)</sup> It seems unlikely that this provision was ever used, because the public housing program is too young for any projects to have cleared themselves of debt. In any event, it was repealed in 1961

<sup>(15)</sup> ORS 456.075.

<sup>(16)</sup> 42 USC Sec. 1405 (e).

<sup>(17)</sup> ORS 456.230.

<sup>(18)</sup> 42 USC Sec. 1421 (a).

<sup>(19)</sup> ORS 456.175 *et seq.*

<sup>(20)</sup> 42 USC Sec. 1410.

<sup>(21)</sup> 42 USC Sec. 1410 (j).

and the Housing Act at the present time includes no provisions requiring the repayment by the local authority of contributions made by PHA under the annual contributions contract.

HAP is permitted to and does consolidate all of its projects together for purposes of its annual contribution contract with PHA.<sup>(22)</sup> By this means, HAP is able to maintain low rents in Northwest Tower which, standing alone, would not be solvent at its present rent structure with even the maximum annual contributions. Other more economical projects thus subsidize the high-rise. It will be interesting to observe the impact on this situation of Hollywood-East, an additional high-rise project that HAP has recently announced.

#### **D. FINANCIAL STATEMENTS**

The consolidated operating statement and consolidated balance sheet of HAP for the fiscal year ending March 31, 1965, which are attached as Exhibits E and F, respectively, show the substantial dollar amounts involved in HAP's assets and operating income and expenditures. Because the balance sheet is kept in accordance with detailed PHA rules and regulations and differs markedly from the usual format used by commercial business, Exhibit F includes brief explanations of various items.

### **III. HISTORY OF HAP**

#### **A. ESTABLISHMENT**

The history of HAP began in the latter half of 1938 when the City Council held many hearings to determine whether the City should establish a Housing Authority under the U. S. Housing Act of 1937. The proposal was vigorously opposed by the Oregon Apartment House Association and the Portland Realty Board. They were soon joined by the Portland Home Builders Association, and these three organizations have continued their opposition to the present time. Originally the proposal was also opposed by the Portland Chamber of Commerce and by the majority of a City Club Research Committee whose report was adopted by the City Club in 1938.

The City Council hearings aroused a great deal of interest in the subject, and the question was argued vigorously for several months. Late in September, 1938, the City Council voted 3 to 2 against establishing an authority with Commissioners Bean and Clyde in favor, and Mayor Carson and Commissioners Bennett and Riley opposed. The City Council then voted to put the proposal up to the voters in the November, 1938, election. The proposal was defeated in the November election. Portland was the only city in the United States to submit the question of a Housing Authority to the voters.

The 1938 election defeat was the end of the proposal for public housing in Portland until 1940-41, when a severe housing shortage began to develop in Portland because of the large numbers of shipyard workers and other war industry workers moving to this area. In 1941 the City Council again held a number of hearings on the question of establishing a Housing Authority. This time the question was not submitted to the voters, and on December 12, 1941, the City Council directed Mayor Riley to appoint a Housing Authority. Private housing interests continued to oppose the establishment of a Housing Authority.

#### **B. WORLD WAR II OPERATIONS**

HAP commenced operations immediately after its establishment and during the next two years built 18,500 units of war housing. At the peak of operations these units housed 60,000 people, and Portland led the entire United States in war housing. During the war years the Housing Authority's principal work was the construction of temporary war housing while permanent low-income housing

<sup>(22)</sup> 42 USC Sec. 1415(6).

was a very minor part of the operation. It was clearly the intention of the Mayor and of the Commissioners he had appointed that the temporary housing would be demolished after the war and that the Housing Authority would not become the operator of large-scale, low-income, permanent housing.

During the war years, HAP built and owned all of the housing projects, but Columbia Villa was the only project operated by HAP. Other projects were operated by another federal agency responsible for war housing. Admittance to the war housing was limited to those employed in war industry and eligibility was not determined on the basis of the present admission standards.

### **C. POST-WAR OPERATIONS TO DATE**

The original Commissioners appointed by Mayor Earl Riley (1941-1949) were generally considered to be highly capable men but were also assumed to be opposed to the basic philosophy of low-income public housing. During the war years the Commissioners worked together in harmony and very successfully. The years immediately following the war were devoted to plans for liquidation of the temporary housing and the Authority held a good many meetings attempting to make long-range plans for public housing in Portland. It became apparent, however, that while the Commissioners had worked together effectively on war housing on which they were all agreed, there were strong differences of opinion as to the long-range future of HAP. In 1950 when the temporary housing was turned over to HAP for the liquidation of these substantial projects, the Board divided into pro and anti public housing factions and great bitterness and public controversy followed.

In the May 19, 1950 election the voters were asked to approve a cooperation agreement between HAP and the City of Portland. The agreement provided that HAP would construct not more than 2,000 units of low-income public housing. The financing and payments in lieu of taxes were to be the usual arrangements between PHA, HAP and the City of Portland, as explained in Section II-C of this report.

A City Club committee assigned to report on the measure concluded that there was a need for far more than the proposed 2,000 units, that the need was not being met and could not be met by private sources. The committee stated it was opposed to the principle of permanent public housing but favored this measure because it would partially meet a need not otherwise being met. The committee concluded that the financing was entirely federal, that if the units were not built in Portland, they would be built elsewhere at the same cost to Portland taxpayers, that there would be no substantial loss of tax revenue and that there would be a slight alleviation of slum conditions in Portland. The committee unanimously recommended approval of the proposed agreement. The membership rejected the committee report and the measure was defeated in the election.

In the years following the war, Mayor Riley's appointments were generally understood to consist very definitely of men who were opposed to the principle of public housing. When Dorothy McCullough Lee became Mayor (1949-1953), she attempted to establish a better rounded Commission although she did appoint representatives of private housing interests. At her urging the State Legislature enlarged the Commission from five to seven members to give her an opportunity to get a better balanced Board. She appointed a number of outstanding and highly capable citizens to the Housing Authority Commission but bitter controversy over basic philosophy and long-term objectives of the HAP prevented any effective action for several years.

When Mrs. Lee was succeeded by Fred Peterson as Mayor of Portland (1953-1957), there was a complete reversal in the nature of the appointments. It was apparent that Mayor Peterson was opposed to the principle of public housing and his appointees to the Board were generally persons who shared this view.

The policy of Mayor Schrunk (1957 to date) has apparently been to appoint a "balanced" board rather than one entirely favoring or entirely opposed to public housing. He has appointed a member of the Oregon Apartment House Association, Mrs. Florine Dahlke, who has consistently supported public housing although the Association has always been opposed. He also appointed Mr. Ray Hallberg, a member of the Portland Home Builders Association, who opposed and, according to other Commission members, blocked many attempts by HAP to obtain more public housing for Portland. Thus the "balanced" board tended to create a stalemate and prevent new construction of public housing in Portland. Since Mr. Hallberg's resignation and replacement by Mr. Fred Rosenbaum, the effectiveness of the Board has been noticeably enhanced.

The present Commissioners of HAP, all appointed or reappointed by Mayor Schrunk, are:

	Original Appointment	Expiration of Current Term
John D. McLeod, Chairman Attorney	1/31/58	3/20/69
Lloyd E. Hildreth, Vice-Chairman Sec.-Treas., Teamsters Local #223	2/19/53	12/10/65 <sup>(23)</sup>
Mrs. Florine M. Dahlke Apartment House Owner	12/31/58	12/10/68
Roy F. Renoud Personnel Director, Bonneville Power Administration	3/20/58	2/20 '68
Howard Hilson Publisher and Owner, Sellwood-Moreland Bee	3/15/63	12/10/66
Edgar Williams Retired City Employee Vice Pres., Portland Branch, NAACP	6/20 '60	12/10 '69
Fred M. Rosenbaum Agent, Standard Insurance Co. Chairman, Portland Commission on Intergroup Relations	2/17 '65	12/20 '67

**D. PROFESSIONAL STAFF**

Since HAP Commissioners are unpaid citizens who necessarily can give only limited time and energy to their responsibilities, the competence of the professional staff is extremely important. The Board cannot be absolved from responsibility for any deficiencies in its staff since it is responsible for obtaining an adequate staff and securing satisfactory performance from it. Nonetheless, the structure of the organization focuses particular attention on the full-time employees.

The Executive Director of HAP heads a staff of approximately a dozen supervisory persons and office personnel in addition to maintenance and inspection crews and other labor. The present Executive Director is Gene W. Rossman who has held the job since January 1, 1959, and currently receives a salary of approximately \$14,500 per year. Mr. Rossman had previously been Secretary-Manager of the Associated Restaurants of Oregon, staff head of the Licensed Beverage Association, an investigator with the Department of Commerce in the materials control program during the Korean War, a United States Treasury employee, and an auto dealer. He served two years as Multnomah County Commissioner by appointment.

<sup>(23)</sup>As of March 17, 1966, Mr. Hildreth had not been reappointed. The Mayor's office noted that under the law (ORS 456.100), he would hold office until a successor was appointed. There is apparently no present intention to replace him.

The Executive Director was interviewed once by the full committee and on several other occasions by individual committee members. While he was cooperative, he was unable to supply much information even about the basic elements of the Federal program as it relates to HAP's operations. Subordinate staff members were often able to supply information, but when inquiry was directed to matters that cut across the areas of responsibility of two or more staff members, the Committee sometimes found that the information was not obtainable. Essentially all of the Committee's knowledge of the relationship between HAP and PHA and the workings of the Federal program were obtained by study of the federal and state laws and regulations with some assistance from HAP's counsel, Mr. Verne Dusenbery.

The Committee was generally able to receive accurate and responsive information from the lower ranking members of the HAP staff that were interviewed by the Committee or Committee members. Within their respective areas of responsibility, these staff members seemed to be knowledgeable. The Committee received particular help from the rental officer, Mrs. Ruth Drury, who appeared to have a grasp of a broader spectrum of HAP's activities than others with whom the Committee dealt.

### **E. CURRENT CONTROVERSY—OPPOSITION TO HIGH-RISE**

Aside from the dispute over alleged racial discrimination and *de facto* segregation, nothing has aroused as much controversy in recent years with respect to public housing in Portland as the construction and proposed construction of high-rise, low-rent housing. With the advent of this activity, the private housing interests in Portland aroused the old antagonism with HAP to a fever pitch.

According to HAP, the Board was frustrated in a number of attempts to option suitable high-rise sites by opposition within the Board and by publicizing of acquisition activities at inopportune times. Private housing spokesmen in a series of speeches before civic, business, professional and fraternal organizations throughout Portland sharply attacked HAP on a broad basis, but with particular emphasis on the lack of wisdom of high-rise construction. The campaign culminated in the proposal of restrictive legislation and court action that are referred to below. These attacks, in the opinion of the Committee, have been more a reflection of opposition to the concept of public housing than an attempt to debate the most desirable ways and means of implementing the public housing program.

### **F. RECENT LEGISLATION AND LITIGATION**

Public housing in Portland has been attacked head-on in the last year in two ways, neither of which has been successful.

The Portland Board of Realtors caused to be introduced in the 1965 Oregon Legislative Session Senate Bill 193 which would have required that each housing project be submitted to a vote of the electorate before implementation. The bill was reported out with a "do pass" recommendation by the Senate Committee on Public Buildings and Institutions, passed the Senate and was tabled in the House Committee for State and Federal Affairs. If such a bill were passed and became law, it would introduce such expense, delay and uncertainty in HAP's operations as to make it, in the Committee's opinion, practically unfeasible to administer the program. This, coupled with the predictable tendency of the city electorate to vote against all government programs in the absence of elaborate campaigns to educate the voters and offset opposition from special interest groups (in this instance, the purveyors of private housing), would probably effectively block any further expansion of public housing in Portland. The Committee assumes that this was the objective of its sponsors who have always opposed public housing and who could not have been unaware of the probable effect of the law.

The second and more direct attack on public housing was a case filed in the Circuit Court for Multnomah County on December 7, 1964, seeking a declaration that the Oregon Housing Authorities Law is unconstitutional. The decision of the trial court on June 12, 1965 that the law is constitutional was upheld on appeal by the Oregon Supreme Court in an opinion rendered March 23, 1966.

**G. COMPARISON WITH OTHER CITIES**

Apartment house, real estate and home builders interests throughout the United States have consistently opposed low-income public housing, but it seems this opposition has been much more effective in Portland than elsewhere. This is reflected in a comparison of the amount of public housing in Portland with that in other cities. Portland, with a population of 372,676 (1960 census), has 918 units in operation and none under construction; the number of units of public housing in operation or under construction as of December 10, 1965 in other Pacific Coast cities is as follows:

City	Population (1960)	Housing Units	Units per 1000 of Population
Las Vegas	64,405	965	15.00
Everett	40,304	400	9.92
Bakersfield	56,848	460	8.09
San Francisco	740,316	5,736	7.75
Fresno	133,929	966	7.21
Tacoma	147,979	938	6.34
Seattle	557,087	3,518	6.31
Reno	51,470	250	4.86
Oakland	367,548	1,422	3.87
Phoenix	439,170	1,604	3.65
Los Angeles	2,479,015	8,609	3.47
Portland	372,676	918	2.46

**IV. RACIAL DISCRIMINATION CONTROVERSY**

**A. BACKGROUND**

Your Committee has been unable to find any documentary record of the racial patterns of the early HAP projects. It is reliably reported, however,<sup>(24)</sup> that the war housing and the early public housing projects in Portland were quite strictly segregated as to Caucasian and non-white tenants. In 1950, Floyd Ratchford, then Executive Director of HAP, acknowledged the need for eliminating segregation and initiated a program to integrate public housing in Portland.<sup>(25)</sup> Mr. Ratchford was with the Authority only a short time and the status quo was not altered significantly. Thirteen years later in September, 1963, the occupancy of every project was either ninety per cent Caucasian or ninety per cent non-white, with one project ninety-eight per cent and another ninety-six per cent Caucasian.<sup>(26)</sup>

The current controversy erupted in the summer of 1963 when HAP proposed a 135-unit family housing project in Central Albina district to be known as the "Daisy Williams Project", named for the late wife of Edgar Williams, HAP Commissioner and the only Negro so appointed. The racial implications of the proposal aroused a wave of protest before it progressed beyond an arduous and prolonged two-year planning stage. The leaders of the Negro community castigated the plan, contending that it would work against desegregation by intensifying the Williams Avenue ghetto, that it would accentuate the racial imbalance already present in the schools served by this area, and that it would appear to be public acknowledgment of what they suspected was a widely-held private feeling that "all Negroes should live in the Albina district". On June 24, 1963, after a stormy public hearing, the City Council denied the zone change necessary for the construction of the Daisy Williams project.

With the defeat of the Daisy Williams project, public attention was directed to Northwest Tower, a 150-unit high-rise apartment for the elderly, with an adjoining unit for low-income housing designed primarily for married college students. The initial occupancy of the project was 100 per cent Caucasian, and

(24) E. Shelton Hill, Executive Director, Urban League of Portland.

(25) City Club Bulletin, "The Negro in Portland", June 8, 1957.

(26) See Exhibit G.



the NAACP and other groups attacked HAP for alleged discrimination in handling applications. The resulting controversy received national attention when a proposed appearance by the late President Kennedy at the dedication of Northwest Tower was cancelled because of the possibility of picketing by some of the protesting groups. Subsequent investigations by the State Department of Labor, PHA and the Portland Commission on Intergroup Relations failed to substantiate any specific charge of discrimination, although it appeared that after controversy arose HAP had manipulated its applicant list in an attempt to get one or more Negro tenants into the project to still criticism. All in all, there remained an aura of skepticism on the part of the critical groups and some bad feeling toward HAP.

When charges of racial discrimination or at best *de facto* segregation persisted, Mayor Schrunk asked the Portland Commission on Intergroup Relations to investigate and report. The Commission held hearings and as indicated above, reported first that no evidence of discrimination was found. It went on to find an undesirable level of *de facto* segregation and, on February 11, 1964, issued a report criticizing HAP for poor communication with public groups such as the Greater Portland Council of Churches, NAACP and the Urban League, and generally for exacerbating existing tensions by its handling of racial controversies. The report recommended twelve procedural changes "to reduce present tension levels" including a recommendation that applications be handled by means of a Master List, that is: that all applicants be placed on one list in strict chronological order of application and be given the choice, on reaching the top, of taking the first available unit of appropriate size, regardless of location (except for consideration of such factors as convenience to work, church, family, babysitters, or other reasonable factors not racially motivated), or going to the bottom of the list. This plan is calculated to eliminate racial discrimination by applicants (and thus reduce *de facto* segregation) at the expense of complete freedom of choice of housing. The Committee is aware of only one housing authority (Boston) that has adopted the Master List plan.

HAP now handles applications on a straight priority basis in the same manner as is contemplated by the Master List system except that an individual applicant is free to reject for any reason an available unit of appropriate size. This permits an applicant complete choice of the project in which he will live subject only to the delay of waiting for an appropriate unit to become available in that project. The Committee has been advised that the majority of applicants state a preference at the time they make their original application, but that in any event the first available unit of appropriate size is offered to them whether or not it is in the preferred project. As soon as HAP receives notice from a tenant that a unit is to be vacated at a certain time in the future, HAP writes the person first on the list telling him of the unit available and requesting reply within two days accepting or rejecting the unit. This permits the applicant to arrange his affairs during the interim between the time that HAP receives notice and the time that its tenant vacates and the unit becomes available. The procedure is designed to operate on a completely impersonal basis, giving each applicant complete freedom of choice of housing.

HAP maintains at all times applicant lists for the elderly and for non-elderly for 1, 2, 3 and 4 bedroom units. When new projects are planned or constructed, the general publicity attendant upon the announcement of construction of the project commonly results in an influx of applications for the kind of housing to be available in the project. For example, HAP has advised that the recent announcement of the approval of the Hollywood-East high-rise project for single elderly persons has provoked applications from eligible prospective tenants who have expressed a specific preference for that project when it is ready. These applications are added to the existing waiting list for elderly persons seeking one-bedroom units. HAP has in all instances in the past relied upon this general publicity to acquaint prospective tenants with the existence of available housing and has always had more applicants than it has been able to house. This does not mean, however, that HAP is serving a fair cross-section of those eligible, since the system is bound to reach a disproportionately low percentage of the unsophisticated and unaggressive

in the low-income groups. It has recently been suggested by minority civil rights organizations that HAP should have its race relations committee meet in Albina, to become better known to the Negro community, particularly low-income elderly Negroes.

As a result of the several controversies over racial policies, HAP and the Greater Portland Council of Churches, after a number of false starts and a certain amount of vituperation by some HAP commissioners, formed a joint committee to discuss problems in this area. The joint committee has apparently been functioning with some success for the last two years and has been a significant factor in improving relations between HAP and the groups concerned with civil rights and equality for minority groups.

The recent activities of HAP indicate acceptance of the basic notions that racial integration of public housing is a thing to be desired and that HAP should and can do something to promote such integration. Although the Housing Authority has refused to adopt the Master List system, it has gone out of its way in the last year and a half to meet both the spirit and the letter of the recommendations of the Intergroup Relations Commission. Through the effective leadership of the HAP rental officer, Mrs. Ruth Drury, a committee has been set up to encourage Negro applicants to move into predominantly Caucasian housing developments, and vice versa. Another group works with tenants in the various housing projects to encourage acceptance of non-white neighbors. Through these efforts and other activities, and the normal mobility of people, the racial balance of the various Housing Authority units has improved significantly. The occupancy by race from 1958 to the present is shown in Exhibit G to this report.

HAP still differs with its critics as to the appropriate kind and extent of its integration activity. This difference is clearly delineated in HAP's adamant opposition to the Master List plan proposed by the Intergroup Relations Commission Report. HAP rejects the Master List because it involves elimination of free choice: the NAACP, CLEO, Urban League, Greater Portland Council of Churches and the Intergroup Relations Commission feel that free choice motivated by racial considerations should be eliminated and must be in order to achieve the overriding social need of integrated housing.

## B. DISCUSSION

The importance of integrating housing, public as well as private, seems undeniable. The 1957 City Club report on "The Negro in Portland" aptly states:

"Your Committee thinks that it is important to stress that public housing—or private—for the Negroes is not the crux of the problem. The objective should be 'integrated housing'. Modern new ghettos are only slightly less desirable than the existing run-down, slum ghettos."

And, in a similar vein, the Committee on Race and Education, discussing "Public Housing and Racial Isolation" in its report to the Board of School District No. 1 comments:

"(3) *Public Housing and Racial Isolation*: Whether the concentration of Portland Negroes in one project in Albina is the result of overt or covert discrimination, or the result of Negro preference, or the result of happenstance, is of little effect when it comes to the subject of 'racial isolation' and its subconscious effect upon scholastic achievement by those who feel isolated.

"The Negro child is a product of all the forces brought to bear on Negroes in his community; it has been shown that this product is generally poorer scholastically. One cause is the impression given Negro youngsters that they are isolated some place to the side of the mainstream of American political, social and economic culture. They feel racially isolated, and unless one is isolated on the basis of race he cannot really understand racial isolation's effect upon motivation and achievement.

"One small factor in creating this feeling of racial isolation is the community impression that the Housing Authority of Portland, for whatever reason, has placed Negroes in certain projects.

"Our data reveal that the facilities of the Housing Authority of Portland are used in a lesser degree by Portland Negroes than in other West Coast cities. It also shows that these facilities are used in a different fashion by Negroes, because in Los Angeles 60% of public housing is occupied by Negroes and there are Negroes in every project; in San Francisco 57% of the units are Negro-occupied and there are Negroes in every project but one and it is almost entirely Oriental; and in Seattle 205 of the units are used by Negroes and there is an approximate even distribution between projects. On the other hand, in Portland, 11 per cent of the units are Negro-occupied and there is an apparent segregation no matter how it evolved.<sup>(27)</sup>

"The child is a product of his milieu, and if his environment in Portland is significantly different from other children, or of children of his own group in other cities, that fact is noteworthy. It is especially noteworthy in connection with the child's feeling that he is being discriminated against, whether or not he actually is discriminated against, and the effect of this impression upon his feeling of total place in the total community."

The Committee on Race and Education also said, however, "Our Society ideally seeks to leave to the individual the right to make an individual choice as to where he shall live, leaving to him the selection of a state, city, locality and neighborhood."

From a practical standpoint it seems unlikely that adoption of the Master List plan would significantly affect the racial balance in Portland's public housing under existing conditions. With respect to family housing (i.e., non-elderly), the average wait for an available unit is two to three weeks. This is not enough to make the penalty for discrimination—reassignment to the bottom of the Master List—of sufficient importance to produce any great effect on an applicant's prejudices. In effect, the freedom to discriminate is not effectively removed. The situation in housing for the elderly seems equally adverse to successful operation of the Master List plan. There the problem is just the opposite: Turnover is extremely slow and the waiting list is long and discouraging. In addition, very few elderly Negroes have applied for housing, so there has been a limited opportunity for integration to occur in housing confined to the elderly, such as the high-rise unit of Northwest Tower.

There are significant factors aside from the practical implications that must be considered in weighing the desirability of the adoption of the Master List. At the present time, the activities of HAP are being administered without prejudice or discrimination on account of racial factors, and positive steps are being taken to reduce the racial imbalance in those projects that are either predominantly white or predominantly Negro. A desirable liaison exists with the social action groups that have criticized HAP in the past, so that continual progress can be expected. Adoption by HAP of the Master List system would realize the clear advantage of improving relations with civil rights and Negro organizations to whom the Master List has become to a considerable extent a symbol of the principle of nondiscrimination and of desegregation. In addition, the Master List would tend to assure that integration would be the administrative policy of HAP and would tend automatically to implement that policy as and when supply and demand shifted to eliminate the conditions that minimize the importance of the Master List at the present time. On the other hand, HAP has rejected the Master List system because of what seems clearly to be a sincere concern over the extent of interference with the applicant's freedom of choice that would result. Also, administration of the

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<sup>(27)</sup>As of January 24, 1966, 135 of HAP's 918 units were occupied by Negroes, a percentage of 14.6 per cent.

Master List could be very difficult because of nice distinctions and value judgments that would be required with respect to the order of availability of units vacated in different projects and with respect to an applicant's reasons for declining an available unit.

## V. HAP OPERATIONS

### A. EXISTING AND PLANNED UNITS

HAP now owns and operates 918 units for elderly and family housing divided among eight housing projects as follows:

Project	Units for Elderly	Units for Families	Total Units
Columbia Villa	82	358	440
Dekum Court	12	74	86
Maple-Mallory Court	24	24	48
Iris Court	0	53	53
Royal Rose Court	36	0	36
Royal Rose Annex	9	0	9
Northwest Tower	150	30	180
Peaceful Villa	66	0	66
	379	539	918

A map showing the locations of the various projects is attached as Exhibit H.

Future plans of HAP include the following projects which have been either approved by or proposed to PHA as indicated:

Hollywood-East	(Approved)	300 units for single elderly
Viewpoint Terrace	(Proposed)	107 family units
Leased Units	(Proposed)	200

Of the 918 existing units, 180 in Northwest Tower were built by HAP; the remaining 738 units in seven projects were acquired from the war housing program or purchased from private owners subsequent to the war. While these seven projects are well maintained, they are generally of low quality insofar as construction and land use are concerned and are far below what could be achieved through an imaginative, aggressive program of new construction. Evaluation of land use and construction planning necessarily involves subjective opinions. With this realization in mind, the following brief summary of the projects is presented as the Committee's opinion:

**Columbia Villa** (8920 N. Woolsey Avenue—440 units): This largest of the housing projects was originally built as war housing and later taken over by HAP. It is well maintained but is a poorly planned use of land. Vast open areas exist which seem to be more of "no man's land" than useful space for the people living in the project.

**Dekum Court** (N.E. Columbia Blvd. and 26th—86 units): This project was also built during World War II and later acquired by HAP. Like Columbia Villa, it reflects the uninspired planning that was prevalent during the war years when there was a need for rapid construction, and buildings were generally considered temporary.

**Iris Court** (North Vancouver Ave.—54 units): This was a private development built under FHA financing that was purchased by HAP in 1959, presumably after having failed as a private venture. It is a two-story construction of typical court apartment plan, and could be considerably improved by a creative job of landscaping and provision for recreation areas.

**Maple-Mallory Court** (Mallory, Garfield, Failing and Beech Streets N.E.—48 units): This was also a private FHA-financed development that was purchased

by HAP in 1959. Like Iris Court, it is in need of site work to help soften some of its starkness.

**Peaceful Villa** (4626 S.E. Clinton—66 units): Originally built as a private project, it was acquired by HAP in 1963. The buildings and site plan are better than some of the other projects but, as with the others, even minimal site work would vastly improve its appearance and desirability.

**Royal Rose Court and Royal Rose Annex** (5111 N. Vancouver Ave.—45 units): This project adjoining Iris Court was acquired by HAP from private owners in 1962 and 1965. It is typical of many similar small court apartments of adequate but undistinguished design.

**Northwest Tower** (335 N.W. 19th Ave.—180 units): Northwest Tower was built by HAP in 1961. As the only original construction by HAP, this project has been severely criticized by planners and architects for bad site planning, insensitive selection of materials, and use of a glaringly inappropriate color, resulting in an extremely unfortunate intrusion into a neighborhood of many fine apartments, churches, and other institutional buildings. In the Committee's opinion, this disruption of an existing neighborhood environment warrants severe criticism not because of the location of the project in such an area, but because of brutal design and insensitivity to the quality and character of the neighborhood.

## B. THE NEED FOR PUBLIC HOUSING

As has already been indicated, Portland lags substantially behind other West Coast cities, including many smaller cities, in the quantity of available public housing. Annual reports of HAP to the City Council have repeatedly stressed the failure of the Authority to increase the number of available units or to keep pace with other urban areas. The Committee was told by HAP's executive director that it is assumed by PHA that the need for public housing in Portland is so great and so self-evident that no supporting documentation of need has been required with HAP requests for approval of proposed projects. Such supporting documentation is apparently required as a matter of course from other housing authorities. The executive director estimated offhandedly that in comparison with the less than 1000 units that exist in Portland, the need is probably in the neighborhood of 10,000 units.

In spite of its general assumption that need exists far beyond its capacity to fill it, or perhaps because of such assumption, HAP has never made a survey of conditions in Portland to verify the extent and character of the need. Surveys of other groups give a general indication that HAP is quite accurate in thinking that it falls very substantially short of meeting the community's requirements. The 1960 census, for example, showed that of all major cities, Portland has the highest percentage of persons over 65: 14.2 per cent, as opposed to 9.9 per cent average for the fifty largest cities in the United States. Since, according to Marie C. McGuire, PHA Commissioner in Washington, D. C., the number of persons over 65 increases three times as rapidly as the rest of the population, this is a clear indication that the present and future needs of housing for the elderly in Portland is and will be substantial. The extent to which this housing need should be met by public housing is indicated by a survey of social security recipients made by the Portland Development Commission at the request of the Mayor in 1959. This survey indicated that out of a representative sample of 5,000 social security recipients, 75 per cent were housed in dwellings that were substandard according to City codes. Although this is the most dramatic area of apparent need, the 1960 census indicated that of the total of 143,000 housing units in Portland, 27,000 (19.1 per cent) were substandard, i.e., deteriorating beyond redemption by regular maintenance, so dilapidated as not providing safe, adequate shelter, or sound but lacking all necessary plumbing facilities.

Some evidence is available to indicate that this need for decent housing is not being met by private sources. A survey by the Metropolitan Portland Real Estate Research Committee in May 1964 showed 2,417 out of 31,396 multiple-

family units vacant. Of single family residences, the survey showed 3,522 vacancies out of a total of 158,936 units. Even if it were assumed that all of the approximately 6,000 vacant units meet acceptable standards (a questionable assumption, especially with respect to older units), the fact still remains that the occupancy of substandard housing exists in spite of the availability of these vacant housing units. The obvious conclusion must be that these units are not available at a price that the inadequately housed can afford.

This conclusion is borne out by a comparison of rents and ability to pay. One opponent of public housing has asserted that many of the vacant private units rent for \$60 or less per month. From a rule of thumb generally accepted by lending institutions and social planners—that the rent should not exceed 25 per cent of a family's income—it can be seen that the \$60 figure is out of reach of the average resident of low-rent housing, who has an income of \$2,300 per year (indicating a maximum rent of less than \$50 per month), as well as one-half of Americans over 65, who live on less than \$119 per month (indicating a maximum rent of approximately \$30 per month). The income figures are based upon a statement by Marie McGuire at the Leadership Institute Series of the National Council on the Aging.

It seems evident that there is at least a considerable and perhaps a very considerable need for public housing in Portland beyond that now being supplied by HAP. In the absence of a comprehensive study of these needs, coupled with development of meaningful criteria for measuring the need and evaluating statistics, it is impossible to do more than generalize with respect to the adequacy of the present program. To provide a proper foundation for future planning, and particularly to determine not only the extent but the character of the need so as to insure that the types and locations of projects are adapted to the need, it would seem that a comprehensive survey is mandatory. The Committee has been told that ample funds for such a study are or could be available to HAP, so there is no apparent justification for the fact that such a study has not been undertaken. The Portland City Planning Commission has made a number of planning surveys and is currently engaged in a comprehensive renewal plan to guide urban renewal in Portland. In making such plans and surveys, the Commission can and does make significant use of census data and other information and expertise available to it. HAP could secure expert help from this source, of which it has made only limited use in the past.

### **C. DEVELOPMENT OF HOUSING**

As previously stated, HAP has relied heavily upon acquisition of existing housing, and only within recent years has engaged in any major new construction, namely: Northwest Tower. This reluctance to construct housing has had the dual effect of greatly limiting the amount of housing developed and also of minimizing the friction between HAP and the private housing industry. Obviously, if HAP is available to provide on occasion a market for unsuccessful housing projects, it will be less objectionable to Portland apartment house owners and home builders than if it engages in an aggressive program of construction of housing units attractively and imaginatively conceived to meet ascertained needs of low-income groups. The validity of this observation is borne out by the sharp rise in the intensity of the private housing interests' attack on HAP as soon as HAP announced consideration of high-rise construction for the elderly in the early 1960's.

HAP itself concedes that its policy of buying rather than building has impeded the development of additional public housing. When queried about the failure for a number of years to utilize funds made available by PHIA for the development of housing in Portland, HAP contended that it was inhibited by inability to locate desirable projects to purchase. It emphasized that the majority of funds was allocated for housing for the elderly, which requires one-bedroom units not commonly found in private housing. The failure to utilize funds allocated for family housing was attributed to the unavailability of suitable units of any size.

It seems apparent that if there is a recognized need for additional public housing and funds are available from PHA for the development of such housing, then HAP should plan and carry out the construction of the necessary units when no available adequate existing housing can be purchased to meet the need. The failure to do this for many years has been ascribed by HAP to an inability to find suitable sites for building new projects. This is inconsistent, however, with a 1963 report from the Portland Planning Commission indicating a number of suitable sites for family units. HAP, which apparently has failed to act on this report, has never constructed family units in Portland except for a 40-unit addition to Columbia Villa built in 1958 to replace deteriorating temporary units that were demolished. This has been true in spite of pressure from PHA which has threatened to withdraw existing allocations for units if HAP did not proceed to make use of them.

In summary, it would appear that although HAP's project development procedures and policies have been demonstrably inadequate for over a decade and a half, the Authority has stubbornly refused to change them. Until recent years, the Authority's operations seem to have been characterized by apathy and complacency over a totally inadequate *status quo*. The burst of energy that has been exhibited in the last few years with the construction of Northwest Tower and the recent securing of approval for the 300-unit high-rise Hollywood-East project for the elderly, coupled with the proposal to utilize the balance of 107 family units remaining out of an existing allocation from PHA and to lease an additional 200 units, is long overdue. It is not clear whether this indicates a basic change in HAP's attitude and approach to its responsibilities, or simply a temporary response to increased prodding from PHA.

#### **D. HOUSING FOR THE ELDERLY**

As the number of elderly persons increases, public housing for the elderly assumes great significance. Robert L. Wilson of the University of North Carolina estimates that 15 per cent of the population will be 65 and older by 1970. (Note that this percentage already exists in Portland.) The question of whether private housing for the elderly is preferable to public housing is somewhat academic, since it is apparent from the trends that both will continue to exist and both will probably continue to expand. Perhaps a more important question is the quality of the facilities that are provided for the elderly citizens, and the relationship of such facilities to the community at large.

Both public housing and private housing for the elderly need to incorporate facilities beyond minimum shelter, with special attention to such things as recreational facilities. Although there appears ample evidence that only a relatively few of the elderly are unable to care for themselves, the infirmities of aged tenants must be accommodated. Northwest Tower seems to be a reasonable effort to incorporate these necessary facilities. Use of space in the building by Friendly House to operate the Northwest Tower Center was an outstanding effort to provide recreational facilities. Unfortunately, this worthwhile effort was terminated at the end of the first half of 1965 because of financing problems coupled with policy differences with HAP. Although it may have been impossible in any event to preserve the program, it appeared that HAP did not exert an adequate effort to do what could be done in this regard.

Like the question of built-in facilities, the question of location involves special considerations for the elderly. A survey by Professor Wilson of what elderly persons want is a location in a respectable neighborhood with good roads and sidewalks, convenient public transportation, close-by friends, quiet, and nearby parks. A Cornell University study indicates that the community facilities and services provided have a particularly strong effect on the activity patterns of the elderly, and the view that older people should live close to the business, churches and other community services they require seems reasonable, especially in Portland where there is a lack of adequate and inexpensive public transportation. The policies of HAP as expressed publicly and to this Committee seem to reflect an awareness

of these factors; indeed, it is these factors that have been the primary source of support relied upon by HAP in defense of site selections in the past.

Closely related to the question of location is the question of the type of housing project that should be developed for the elderly. Considerable controversy has been voiced in Portland recently over the choice between high-rise and low-rise projects for this purpose. Certain comments on the merits of this controversy are set out below, but it can be observed here that both alternatives as suggested in Portland involve the same potential defect of segregating the elderly. Whether housing is built on inexpensive lands spread out in a large project or concentrated on a relatively expensive site with a high-rise building near downtown, the occupants tend to become segregated from the community at large. The continuing success of private retirement villas and villages suggest that separate facilities somewhat segregated from the total community are acceptable to many elderly people, though obviously not to all. Irving Rosow, of Western Reserve University in a study entitled "Housing Dissatisfaction Among the Aged" points out that 60 per cent of the elderly prefer younger and 25 per cent prefer retired neighbors, and that about 45 per cent find the idea of a retirement neighborhood acceptable. The Portland City Planning Commission's publication entitled "Housing Sites for the Elderly", however, indicates that older people do not want segregation and should be within walking distance of normal community facilities. And one standard recommendation for housing the aged seems to be maintenance of accustomed environment.

Segregation *per se*, whether on racial, religious or age basis, generates those problems inherent in any situation that isolates people. The elderly in public housing should probably have the option to be a part of the community to whatever extent it is practicable to permit them to do so. They should be permitted to continue to belong to the community until they choose otherwise. Consideration should perhaps be given to development of public housing in small groups located in various neighborhoods throughout the city, affording—in addition to other benefits—the option for the elderly to remain in the communities with which they are familiar.

#### **E. HIGH-RISE VS. LOW-RISE**

A definitive evaluation of high-rise vs. low-rise housing construction is beyond the scope of the inquiry of this Committee. In the absence of such evaluation, citation of partial or isolated figures on costs per unit or per square foot, maintenance costs and other pertinent matters would seem more misleading than helpful. Consequently the following discussion is confined to generalities with correspondingly general conclusions.

In the past, proponents and opponents of high-rise have tended to argue that either high-rise or low-rise housing has all of the merits while the opposite has all of the deficiencies. Such a position on either side is unjustified and has tended to prevent any meaningful debate of the pros and cons. Different factors tending to lead to different conclusions are present, depending upon whether the question is discussed in terms of original cost, total cost including maintenance and amortization over the anticipated life of the structure, location requirements, or the needs of the potential occupants and the impact on the city as a whole.

From a strict standpoint of original cost, the value of the land is clearly the determinant factor in the decision to build on one or a few levels or to build on many levels. The problem falls within the narrow compass of spreading the cost of land over an economically sound number of square feet of enclosed space. Aside from the land, the initial cost is obviously higher in multiple story buildings because of the necessity of building in more expensive materials and because the efficiency ratio, i.e., the percentage of usable space compared with total enclosed area, is lower in a multiple story building where corridors, elevator shafts and stairways occupy considerable space. If land costs are sufficiently high, however, multiple story construction may be more economical over all. Such high land costs



are more likely to be involved in housing for the elderly than family housing, because of location requirements. Although it is an oversimplification that must be tempered with other considerations, there is some truth in the assertion that high-rise is necessitated by the cost of downtown land near community facilities.

When the factors of long-term economy of operation, maintenance and general servicing are added, the question becomes more complex. It is probably as costly per unit to operate a high-rise building as a series of one-story apartments. While certain maintenance costs, such as roofing, weather stripping and exterior painting would be greater for low-rise units, this is balanced by the increased complexity of mechanical equipment requiring continued maintenance that would be found in a multiple story building. Maintenance of such things as plumbing, heating systems, refuse disposal, elevators, corridors and stairways requires more expenditures in a multiple story building.

Of equal importance, the over-all economics of a project involve costs completely unrelated to construction and maintenance. For instance, public services such as transportation, fire and police protection, public health facilities, community recreation and cultural activities, are all supported by community expenditures that are more efficiently applied if the population is not spread over vast areas, and the relative merits or demerits of the segregation of the elderly that tends to result from high-rise is an important factor. As a public agency with the opportunity to detract from or constructively contribute to the welfare of the city as a whole, HAP's point of view should be broader than considerations of its own budget alone.

Consideration of all of these factors would indicate that no clear-cut decision can be made in favor of either low-rise or high-rise developments to the exclusion of the other. Land in Portland is not, as it is in many cities of the United States, at such a premium as to make it impossible to find desirable locations at prices that would permit economical low-rise construction. Particularly in the case of housing for the elderly, however, the problems facing the public housing planner can often most readily be solved by high-rise construction at a close-in location. At this time it would seem that a balance among various types of housing is the most desirable approach with careful attention to the human values involved both with respect to the prospective tenants and the community as a whole. Public housing constructed and operated in an imaginative and humanly sympathetic manner can provide enormous benefits to the whole community as well as to the individual participants of the program. One of HAP's deficiencies has been its failure to recognize this fact.

## VI. CONCLUSIONS AND RECOMMENDATIONS

The Housing Authority of Portland deserves credit for orderly, if pedestrian, administration of its day-to-day activities and maintenance and operation of its projects. The Committee feels, however, that the Authority should be much more than a reasonably well-administered agency; it has responsibilities to innovate and to seek out and solve housing problems. The following conclusions and recommendations relate to HAP's effectiveness in meeting this aspect of its responsibilities.

### A. Conclusion

Although HAP must comply with local, state and federal laws and regulations and is extensively supervised by PHA, it has considerable latitude and its decisions or lack of decision can substantially affect its operations. HAP in the past has tended unduly to hide behind real or imaginary restrictions when criticized.

### Recommendation

Your Committee recommends that HAP respond to criticism more forthrightly and undertake improvements where criticism is justified.

**B. Conclusion**

HAP shows inordinate concern over economy as such, and consequently fails to strike a proper balance between satisfying the holders of the federal purse strings on the one hand and carrying out its function of providing housing on the other. HAP has not mapped out an imaginative program of project development or aggressively sought funds to implement the program.

**Recommendation**

Your Committee recommends that HAP consider first the social aspects of the housing program, then apply the financing that is available in a creative way to accomplish the program.

**C. Conclusion**

HAP Commissioners in the past have not necessarily been wholeheartedly in favor of the principle of public, low-rent housing for persons of limited means. The practice followed by some Portland mayors—of appointing representatives of private housing interests to “balance” the Board—is clearly unsound. The result has been a divided Board that has brought the controversy over public subsidization of housing inside the agency, where it clearly does not belong. The debate over the pros and cons of public housing should be left to others and HAP’s Board should concentrate on the best possible administration of the program as it is, as long as it exists. This attitude seems to be reflected in the selection of the most recent appointee to the Commission who appears to be well qualified for the position.

**Recommendation**

Your Committee recommends that in making new appointments to the Board, the Mayor limit the choice to those who are unequivocally in favor of the basic purpose of the agency.

**D. Conclusion**

HAP has suffered in the past from lack of community support to offset the self-interested opposition from private housing groups.

**Recommendation**

Your Committee recommends that those civil rights and minority action groups and individuals interested in public housing be as willing to defend HAP’s basic role as they are to criticize what they feel are deficiencies in HAP’s execution of its responsibilities.

**E. Conclusion**

HAP is discharging a public municipal function for the benefit of the city, and consequently deserves sympathetic interest and stronger support from the city administration even though it is not directly responsible to the Council or directly controlled by it. The Mayor and the City Council can exercise and have exercised considerable control and influence over HAP by appointments of commissioners, review of site selections and approval or disapproval of planned projects. In the past, however, the City has minimized its control and responsibility, evidencing an equivocal attitude toward public housing as well as an undue desire to avoid involvement in a politically sensitive issue. The City has in this respect been guilty of the same kind of evasion of responsibility and buck-passing as is found in HAP’s repeated exculpatory references to the strictures of government regulation.

**Recommendation**

Your Committee recommends that the City recognize the opportunity and responsibility that exists and involve itself more actively in HAP’s affairs. Particularly the City should insist upon greater liaison and cooperation among HAP, the City Planning Commission and other planning and development agencies.

**F. Conclusion**

HAP should be an instrument of social betterment for the City of Portland, in addition to its primary responsibility of providing public housing.

**Recommendation**

Your Committee recommends that HAP consider as a primary factor in its planning, project development and project operations, the effect of its activities upon the retention or dispersal of ghetto-like residential areas and racially unbalanced schools, and the broad social evils to which such conditions contribute, not only for the inhabitants of such areas, but directly and indirectly for all of the citizens of the community.

**G. Conclusion**

HAP has made substantial progress in attacking the problem of *de facto* segregation and in achieving a liaison between civil rights groups. Under the present circumstances, much is to be gained by cooperation with the steps that HAP has taken. Continued agitation for adoption of the Master List plan, at this time, could have a deleterious effect upon relations between HAP and those groups critical of HAP's racial policies.

**Recommendation**

Your Committee recommends that HAP continue its present activities to effect its policy of increasing the racial integration of its various projects.

**H. Conclusion**

HAP has clung unreasonably to a policy of purchasing rather than building housing to meet its needs, particularly for family housing. Because of this and because of inadequate initiative generally on the part of HAP over the years, Portland lags in the development of public housing in comparison with other U. S. cities. HAP has not satisfied the Committee that its policy of purchase instead of construction has been necessitated by any legitimate considerations of economy (to preserve low rents) or expediency.

**Recommendation**

Your Committee recommends that HAP recognize that the possibility of purchasing family units is quite limited and that it should adopt a more flexible policy encompassing building as well as purchasing of family units.

**I. Conclusion**

Such information as the Committee has found indicates clearly that there is a need for additional low-rent housing in Portland—a need which has not been and is not being met by either HAP or private housing. The lack of a recent and comprehensive survey of public housing needs in Portland and the absence of long-range planning leave HAP with no adequate foundation on which to make decisions with respect to new projects. The City Planning Commission would be particularly well qualified to make the necessary study.

**Recommendation**

Your Committee recommends that a comprehensive survey of Portland's need for low-rent housing be immediately undertaken through the City Planning Commission and a long-range plan developed to meet the scope and type of need disclosed, to the greatest extent possible, within the limits of available funds.

**J. Conclusion**

The Executive Director and the Board of Commissioners of HAP have been deficient in the discharge of their responsibilities in the following respects:

1. Their lack of initiative has resulted in HAP's failure to survey its needs, to modify its policy of purchasing rather than building, and to lead rather than be pushed by PHA, all of which failures are noted at greater length in these conclusions.

2. Their attitudes toward criticism has not been such as to inspire confidence in their desire to seek out and correct deficiencies if they exist, and have tended to exacerbate rather than eliminate frictions between HAP and its critics.

3. In the seven years he has held the position, the Executive Director has failed to acquire a sufficient command of the workings of the federal housing program to enable him to do creative planning of HAP operations within the framework of federal financing and regulatory requirements. This has apparently satisfied the Board which has not demanded such creative planning.

### **Recommendation**

Your Committee recommends that the Board assume a more aggressive role in the management of HAP and that it demand and take such steps as may be necessary to obtain a higher level of dedication and performance from the Executive Director.

### **K. Conclusion**

HAP has a responsibility as well as an opportunity to have a positive beneficial impact on the neighborhoods surrounding its housing projects. Present projects are at best unimaginative and drab, and at worst have had a severely negative effect on the neighborhoods.

### **Recommendation**

Your Committee recommends that in planning and designing new projects, HAP should insist that through creative design and quality of construction, these buildings set an example of imaginative, human-oriented housing.

Respectfully submitted,

Lawrence S. Black  
William A. Comrie  
Howard L. Glazer  
Dr. Herbert W. Goodman  
George C. McFarland  
Wendell O. Walker  
Thomas P. Deering, *Chairman*

Approved February 3, 1966 by the Research Board for transmittal to the Board of Governors.

Received by the Board of Governors March 14, 1966 and ordered printed and submitted to the membership for discussion and action.

**EXHIBIT A****AUTHORIZATION**

for

**CITY CLUB RESEARCH STUDY**

on

**HOUSING AUTHORITY OF PORTLAND PRACTICES AND OPERATION**

The Board of Governors of The City Club of Portland authorized the establishing of a committee to study the policies and operation of the Housing Authority of Portland. Without limiting the generality of the study, the following are specifically suggested:

This study would survey and report on the extent to which the Housing Authority of Portland has maintained fair and reasonable policies and procedures in administering projects and properties which it owns or operates, and in admitting and assigning eligible persons thereto. The study should include the history and nature of federal and local regulation and financing, the area of discretion available to the Authority, standards of federal and local eligibility, and procedures for notifying prospective applicants of eligibility for existing or future projects, as well as the criteria, methods and priorities followed by the HAP in selecting and assigning applicants to particular projects. It would include, but not be limited to, consideration of whether the criteria and practices of the HAP in these matters tend to discriminate against economic, social, or ethnic groups.

The study would include not only the use and operation of existing facilities of the HAP, but also policy, planning and procedures with respect to construction, acquisition or location of future facilities. The study should also cover the question whether cost factors in past and contemplated construction result in the exclusion of lowest income groups from public housing in this area.

The Committee may recommend such changes in governmental regulation or discretionary policies and practices of the HAP in these matters as it may find desirable.

**EXHIBIT B****INTERVIEWS AND SOURCE MATERIALS**

## Interviews by the full Committee\* ;

Mr. Gene W. Rossman, HAP Executive Director.  
Mr. Howard Hilson, HAP Commissioner.  
Mr. Roy F. Renoud, HAP Commissioner.  
Mr. Ray C. Hallberg, HAP Commissioner (since resigned).  
Mrs. Ruth Drury, HAP Rental Officer.  
Mr. James E. Maxwell, formerly with National Housing Agency.  
Mr. John C. Carlson, then Portland Realty Board President.  
Dr. Robert Bonthius, representing Greater Portland Council of Churches.  
The Rev. John Jackson, representing Greater Portland Council of Churches.

## Interviews by individual Committee members:

Mr. Francis J. Ivancic, Assistant to Mayor Schrunk.  
Dr. Francis A. Staten, former HAP Commissioner, 1950-1955, and former head of Planning Division, National Housing Administration, and former Northwest Area regional director, NHA.  
Mr. Fred Rosenbaum, Chairman, Portland Intergroup Relations Commission and an HAP Commissioner since August, 1955.  
Mr. E. Shelton Hill, Executive Director, Urban League.  
Mr. Mayfield K. Webb, then President, National Association for the Advancement of Colored People, Portland Branch.  
Mrs. William McLennan, Executive Secretary, Citizens League for Equal Opportunity.  
Rabbi Emanuel Rose, Temple Beth Israel.  
Mr. John S. Holley, Director of Community Services, Urban League.  
Mrs. Joy O'Brien, former resettlement social worker, Portland Development Commission.  
Mr. Verne Dusenbery, Counsel for the HAP.  
Mr. Chester A. Klink, apartment owner.  
Mr. Lloyd Keefe, Director, City Planning Commission of Portland.

## Hearings, etc., attended:

Portland Intergroup Relations Commission January 15, 1964, February 19, 1964.  
Portland City Council July 21, 1964. (Hearing on Ice Arena Site approval.)

## Materials Studied:

HAP reports, policies, regulations, etc.  
Applicable federal and state laws and regulations, and legislative history.  
Speech by Sen Joseph S. Clark (Pa.) March 21, 1963, "Housing for Elderly and Modest Income Americans".  
Prior City Club reports including:  
October 1938—ballot measure on HAP.  
July 1945 and April 1957—"The Negro in Portland".  
June 1948—Interim Report on the Need for Public Housing after Vanport Flood.  
September 1960—"Housing for the Aged".

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\*All HAP Commissioners were invited to appear before the full Committee. Individual Committee members talked with some of those who did not appear, including Chairman Mrs. Florine Dahlke and member Mr. Lloyd Hildreth who stated that Messrs. Renoud and Hilson had been designated to represent the Board before the Committee.

## EXHIBIT B, continued

- Numerous magazine articles, speeches, etc., on public housing and related matters.
- Oregon Journal files, 1938 to present, with special reference to a 1955 series on HAP by Mr. Tom Humphrey.
- Oregonian, Portland Reporter, and Labor Press clippings on HAP from recent years.
- Letter from Regional Director, PHA, San Francisco, in response to written questions from the Committee.
- Report to School District No. 1 from Committee on Race and Education.
- Report of Portland Intergroup Relations Commission, February 11, 1964.
- Written statements from the following groups and persons presented to the Portland Intergroup Relations Commission at or after its meeting January 15, 1964:
- Greater Portland Council of Churches.
  - John C. Pock, Ph.D., Citizens League for Equal Opportunity.
  - Mr. Mayfield K. Webb, Portland Chapter, NAACP.
- Correspondence from Mr. E. Shelton Hill to Mr. Keith Burns concerning discrimination in Northwest Tower January 9, 1964.
- Written statements from the following persons presented at meeting of HAP Commissioners and Mayor Schrunk, September 11, 1963:
- Mr. Mayfield K. Webb, Portland Chapter, NAACP.
  - Walter C. Reynolds, M.D., then President, Urban League.
- Correspondence between Mrs. Mary McGuire, Commissioner, Public Housing Administration, Washington, D. C., and Mrs. William McLennan, Executive Director, Citizens League for Equal Opportunity.
- Policy statement of HAP on Master List Plan, October 7, 1963.
- Unedited transcript of TV Panel Discussion between Mr. Roy Renoud and Dr. Richard T. Frost, June 13, 1963.
- The Central Albina Story, November, 1962.
- Correspondence from Mr. Roy Renoud to Dr. Robert Bonthius June 28, 1963.
- Transcript of remarks of Dr. Richard T. Frost on KGW-TV September 20, 1963.
- The following reports by the Portland City Planning Commission:
- Sites Proposed for Additional Public Housing Projects in Portland, November 19, 1963.
  - Public Housing Sites for the Elderly, July 8, 1964.
- The following statements and reports presented at the Leadership Institute Series of the National Council on the Aging, Housing Institutes IV and V (as indicated):
- By Marie C. McGuire, Commissioner, Public Housing Administration:
    - Housing the Low-Income Elderly (V).
    - Let's Extend Independent Living for Senior Citizens of Low Income Through Cooperative Effort (IV).
  - By Alice M. Brophy, Deputy Director, Department of Social and Community Services, New York Housing Authority:
    - Essential Services, Opportunities, Programs*—The Responsibility of the Housing Facility and the Community in Urban, Suburban, Rural Areas.
  - By S. Robert Anshen, A.I.A., Anshen and Allen, Architects, San Francisco, California:
    - Site Selection and Development—Construction and Design.
  - By Ollie A. Randall, Vice President, The National Council on the Aging, Consultant to the Ford Foundation, New York City:
    - The Older Tenants and Home Owners—Their Special Needs.

**EXHIBIT B, continued**

“New Neighborhoods, New Lives”, New York Housing Authority.

The following publications from the Cornell University Center for Housing and Environmental Studies:

Community Aspects of Housing for the Aged.

Marilyn Langford, Asst. Prof. of Housing and Design.

Study of Living and Activity Patterns of the Aged.

Glenn H. Beyer, Professor of Housing Design and Center Director; and Margaret E. Woods, Research Associate in Housing and Design.

Study of Economic Aspects of Housing for the Aged.

Glenn H. Beyer.

The following publications by Irving Rosow, Western Reserve University:

Technical Research Memorandum: Housing Dissatisfaction.

Local Concentrations of Aged and Inter-Generational Friendships.

Urban Living Quality from Vantage Point of the Elderly by Robert R. Wilson, Institute of Research in Social Science, University of North Carolina.

**EXHIBIT C**

**SCHEDULE OF RENTS AND INCOME LIMITS**

(As established by HAP and approved by PHA)

**I. Relation of Rent to Income**

The gross rent charged families residing in Columbia Villa shall be 25.53% of the net annual income of families without minor dependents, and not less than 20% of the net annual income of families of less than three minor dependents, and not less than 16 2/3% of the net annual income of families of more than three minors, less an exemption of \$100 for each minor member of the family other than the family head and his spouse, with the monthly rent rounded out to the next highest full dollar, except that no family shall pay a rent of less than the established minimum rent set forth in Section IV.

**II. Income Limits**

A. The maximum income limits for admission by family composition shall be:

	Number of Minors							
	0	1	2	3	4	5	6	7
1 or 2 person family	3000							
3 or 4 person family	3500	3600	3700	3800				
5 or more persons	4100	4200	4300	4400	4500	4600	4700	4800

In determining eligibility for admission amounts received by the family as payments from the United States Government for service-connected disability or death will be disregarded. Rents, however, will be based on net family income including any such disability and death benefit payments.

B. The maximum net income limits for eligible continued occupancy by family composition shall be:

	Number of Minors							
	0	1	2	3	4	5	6	7
1 or 2 person family	3500							
3 or 4 person family	4100	4200	4300	4400				
5 or more persons	4800	4900	5000	5100	5200	5300	5400	5500

In determining eligibility for continued occupancy, amounts received by the family as payments for service-connected death and disability will be disregarded. Rents, however, will be based on net family income including service-connected death and disability payments.



## EXHIBIT D

## HOUSING AUTHORITY OF PORTLAND

## RENTALS — By Projects

Number of Tenants\*\* in Various Rent Grades

RENT GRADE \$ per month	COLUMBIA* VILLA (440 Units)	DEKUM COURT (86 Units)	MAPLE- MALLORY (48 Units)	IRIS COURT (53 Units)	ROYAL ROSE AND ANNEX (45 Units)	NORTHWEST TOWER (180 Units)	PEACEFUL VILLA (66 Units)
19				1			
19.50							2
20				1			
20-25	36	2	8	0	28	55	38
26-30	7	3	0	0	6	14	4
31-35	7	2	0	0	0	15	5
36-40	9	0	2	0	0	10	3
41-45	34	9	31	43	7	30	11
46-50	157	36	2	2	2	21	1
51-55	90	17	2	1	1	10	1
56-60	44	7	2	1	0	9	1
61-65	18	3	0	2	1	13	0
66-70	7	3	0	2	0	1	0
71-75	5	0	0	0	0	1	0
76-80	10	0	0	0	0	1	0
81-85	2	1	1	0	0	0	0
86-90	4	1	0	0	0	0	0
91-95	2	0	0	0	0	0	0
Over 95	8	1	0	0	0	0	0
<b>TOTAL</b>	<b>440</b>	<b>85</b>	<b>45</b>	<b>53</b>	<b>45</b>	<b>180</b>	<b>66</b>
<b>% Who are Elderly:</b>	<b>20%</b>	<b>16%</b>	<b>50%</b>	<b>0%</b>	<b>100%</b>	<b>81%</b>	<b>100%</b>

\*Columbia Villa is the only project with four-bedroom units (30) and with a large number of three-bedroom units (110).

\*\*There are 56 disability cases under age 62 who qualify for same benefits as the elderly, including the \$25 minimum rent, making a total of low-rent category 435 tenants, or 57% of total capacity.

**EXHIBIT E**

**HOUSING AUTHORITY OF PORTLAND, OREGON  
CONSOLIDATED OPERATING STATEMENT**

**Fiscal Year Ending March 31, 1965**

<b>OPERATING INCOME</b> .....		\$583,507.21
(From Dwelling Rents, Excess Utilities, Sales and Services to Tenants. Includes PHA Elderly Contribution of \$46,680)		
<b>OPERATING EXPENSE</b>		
Administrative Expense .....	78,540.84	
(Technical and Non-Technical Salaries, legal, office expense.)		
Utilities Expense .....	109,358.16	
(Water, electricity, gas and fuel oil)		
Ordinary Maintenance and Operations .....	203,885.18	
(Labor, Materials and Contracts)		
General Expense .....	79,142.08	
(Insurance, Payment in lieu of taxes, retirement benefits, collection loss, terminal leave)		
Non-Routine Maintenance .....	105,628.63	
(Exterior Painting, space heater replacement, furnace replacement, drapery replacement, dry rot repairs, replace electric lines, sidewalk repair)		
<b>TOTAL OPERATING EXPENSE</b> .....	\$576,554.89	
<b>NET OPERATING RECEIPTS</b> .....	\$ 6,952.32	
Capital Receipts and Expenditures		
Receipts from sale of excess property .....	(8,587.47)	
Replacement of Equipment .....	3,483.02	
Betterments & Additions & Depreciation .....	1,479.14	(3,625.31)
Other Charges and Credits		
Interest earned on Investment .....	(17,814.85)	
Interest payable on notes .....	136,633.90	
		118,819.05
Surplus Charges and Credits		
Prior Year Adjustments .....	(1,601.98)	
<b>Current Year Deficit</b> .....		<b>\$106,639.44</b>

## EXHIBIT F

**HOUSING AUTHORITY OF PORTLAND, OREGON**  
**CONSOLIDATED BALANCE SHEET (Including Operation and Development)**

**Fiscal Year Ending March 31, 1965**

**ASSETS**

Current Assets		
Cash .....	\$ 41,568.19	
Accounts Receivable .....	55,413.63	
Accrued Receivables .....	3,146.91	
Total Current Assets .....		\$ 100,128.73
Investments .....		455,000.00
Fiscal Agent Funds .....		217,954.17
Deferred Charges .....		64,583.81
Fixed Assets .....		6,155,286.49
Total Assets .....		\$6,992,953.20

**LIABILITIES AND SURPLUS**

Current Liabilities		
Accounts Payable .....	48,635.23	
Notes Payable .....	516,324.68	
Accrued Liabilities .....	68,295.66	
Total Current Liabilities .....		633,255.57
Deferred Credits .....		50,400.00
Fixed Liabilities .....		4,075,000.00
Allowance for Depreciation .....		1,620.00
Surplus from Operations .....	(16,186.64)	
Cumulative PHA Contribution for Elderly .....	77,760.00	
Cumulative PHA Contribution .....	1,063,492.82	
Cumulative Donations .....	889,819.25	
Book Value of Projects [Conveyed by PHA] .....	217,792.20	2,232,677.63
		\$6,992,953.20

**COMMENTS OF COMMITTEE**

**Investments:** Government securities yielding about four per cent. Investment and reinvestment is handled in accordance with recommendations from two large Portland banks. These investments represent the major part of HAP's reserve for non-routine expenses (e.g., re-roofing) and contingencies. This reserve is built from surplus from operations. If it exceeds one-half of HAP's average annual expenses, any further surplus must be applied to reduce federal annual contributions. The balance sheet does not show an accumulated surplus because HAP credits itself with interest paid from federal annual contributions. What is in fact a surplus is thus reflected as part of the cumulative PHA contributions.

**Fiscal Agent Funds:** Amounts on deposit with the bank to pay the current installments of principal and interest on bonds and notes.

**Deferred Charges:** Amounts paid to prepare the Dahlke addition for sale in a prior year.

**Fixed Assets:** Land, buildings and equipment.

**Current Liabilities—Notes Payable:** Short-term notes for financing of project development costs.

**Deferred Credits:** An offsetting book entry in connection with the sale of the Dahlke addition.

**Fixed Liabilities:** Long-term bonds for financing of project development costs.

**Allowance for Depreciation:** This relates only to certain items not covered by PHA instructions. HAP generally does not accrue depreciation on its assets.

**Surplus from Operations:** As previously explained, this does not reflect surplus resulting from payment of expenses with funds contributed by the federal government.

**Cumulative PHA Contributions for Elderly:** This is from the limited federal contributions recently authorized for elderly only.

**Cumulative PHA Contributions:** This is from annual contribution contracts for payment of principal and interest on notes and bonds.

**Cumulative Donations:** This is PHA's donation of 400 units of Columbia Villa after World War II.

**Book Value of Projects Conveyed by PHA:** This is Dekum Court, originally built by PHA and leased to HAP for ten years, then conveyed without further charge.

**EXHIBIT G**  
**CHANGE IN RACIAL CHARACTERISTICS OF OCCUPANCY OF VARIOUS HAP PROJECTS**  
**(By Households)**

DATE	COLUMBIA VILLA		DEKUM COURT		IRIS COURT		MAPLE MALLORY		NORTHWEST TOWER		ROYAL ROSE		PEACEFUL VILLA	
	White	Negro	White	Negro	White	Negro	White	Negro	White	Negro	White	Negro	White	Negro
1958	379	49	83	2										
1959	392	48	83	2										
1960	387	46	81	4	51	3	7	37						
1961	384	45	81	4	51	3	7	36						
1962	392	41	83	3	52	2	5	38						
1963	391	36	83	2	52	2	3	39						
9/30/1963	394	34	81	3	50	3	3	40	65	0	33	3	65	1
5/ 7/1964	374	61	78	7	40	14	5	38	179	1	33	3	65	1
2/ 1/1966	390	50	69	16	24	28	16	32	178	2	45*	6*	65	1

\* Includes Royal Rose Annex.

