U. S. Department of Housing and Urban Development
Washington, D.C. 20410-8000

OFFICE OF THE ASSISTANT SECRETARY
FOR HOUSING-FEDERAL HOUSING COMMISSIONER

FAX TRANSMITTAL

DATE: 1 November 1996

NUMBER OF PAGES (including this page) 2

TO: Molly Bergstrom **FAX NO:** 456-7028

FROM: Jim J. Park
Executive Assistant to the Assistant
Secretary for Housing-Federal
Housing Commissioner

PHONE: 708-3600

MESSAGE:

SHOULD YOU ENCOUNTER ANY PROBLEMS WITH THIS FAX
PLEASE CALL VANESSA L. TRAYNHAM (202) 708-0614 EXT 2108
FAX PHONE NUMBER IS (202) 708-2580

SYKESVILLE MANOR; SYKESVILLE, PA

Sykesville Manor is a 58 unit property (32 two bedrooms and 26 three bedrooms) located in a small economically depressed town in central PA that has few commercial outlets and no public transportation. The property is a HUD-held 40 year purchased money mortgage bearing a 13% interest rate. The purchase included a 15 year project based HAP contact for all 58 units with Budget based rents. There are 24 years left on the note which has a current balance of $236,000.

While the owner has attempted to update and improve the property with new windows and doors and carpet in turnover units, the property, is outdated, and is in need of approximately $113,000 in repairs and updates.

During the past 15 years the property has enjoyed full or nearly full occupancy and the Pittsburgh office has provided healthy rent increases due to the budget based nature of the rent structure. Although up to two years ago yearly distributions to the owners were disbursed, the reserve for replacement account has not been well funded and at present there is a $24,291 balance in the account.

In November of 1995 the 15 year HAP contract expired and the tenants were given vouchers. (At the time of the expiration HUD had no legislative authority to renew contracts.) The depressed nature of the market area has enabled the tenants to use their vouchers to rent single family houses and the property is beginning to suffer from vacancies.

CONCLUSION:

A project based section 8 contract is not the answer to the problems of this project. At best is will give the owner a short term fix, but will not alleviate the underlying problem of a 13% interest rate or an outdated property in an economically depressed market area.

Multifamily Asset Management staff met with the owner and his attorney on October 30, 1996, and discussed alternatives such as refinancing and marketing strategies. While we are working with the owner to develop alternatives, we have made it quite clear project based section 8 assistance is not an appropriate resolution to the current predicament.

Suggested Language:

I understand that HUD has been working with you to address the long-term viability of the project. As you know, the Department

does not have the ability to place section 8 contract on the property at this time. It is unfortunate that your contract terminated during the budget debate and the Department did not have any alternative but to provide tenant base protections to the existing residents.

It is also clear that -- given the budget constraints -- we must fine a long-term solution to the underlying problem of a high interest rate and a property situated in a economically depressed market. The Administration is absolutely committed to dealing with the long-term viability of these projects so that they can stand on their own in the marketplace.

U.S. Department of Housing and Urban Development
Washington, D.C. 20410-8000

OFFICE OF THE ASSISTANT SECRETARY
FOR HOUSING-FEDERAL HOUSING COMMISSIONER

FAX TRANSMITTAL

DATE: December 13, 1995

TO: Molly Brostrom FAX NO: (202) 456-7028

COMPANY: White House PHONE:

FROM: Jim Park PHONE: (202) 708-3600

NUMBER OF PAGES (including cover page) 4

MESSAGE: SEE ATTACHED DOCUMENT - Sorry for the delay.

U. S. Department of Housing and Urban Development
Washington, D.C. 20410-8000

OFFICE OF THE ASSISTANT SECRETARY
FOR HOUSING-FEDERAL HOUSING COMMISSIONER

- Under current auth. w/o approps can't

if approps → held harmless for 1 yr → until 1 yr MTM solution

when contract runs out:
1 → t-based
2 → LMSA contract → approved at 120%

DEC 11 1995

Mr. Matthew J. Domber
Domber and Ward
Attorneys at Law
Suite 1410
20 Vesey Street
New York, NY 10007

Dear Mr. Domber:

On behalf of Secretary Cisneros, thank you for your letters of October 19, and October 25, 1995. You requested a 1 year extension of the project-based Section 8 assistance contract for Sykesville Manor.

A member of the Multifamily Housing Field Office Task Force made a site visit to Sykesville, and conducted an analysis of the property's financial situation as well as reviewed local market information. Based on this study, it was determined that the conversion to tenant-based assistance was feasible for Sykesville Manor.

Because the Secretary holds the mortgage on this property, the Department of Housing and Urban Development is in a position to work with the owner to assure the long-term viability of Sykesville Manor. The HUD Pittsburgh Area Office, Multifamily Division, will be glad to discuss any issues or problems that arise with the owner.

If you have further questions please contact Diana Decker, Chief, Multifamily Loan Management Branch, in the HUD Pittsburgh Area Office at (412) 644-6884.

Sincerely,

Audrey Hinton

Audrey Hinton
Associate Director for Operations
Office of Multifamily Asset
Management and Disposition

DOMBER & WARD
Attorneys at Law
20 Vesey Street, Suite 1410
New York, NY 10007

Please respond to:

Matthew J. Domber
1700 McMullen-Booth Road, #C-3
Clearwater, Florida 34619
(813) 726-7494
Fax (813) 724-1745

Secretary Henry Cisneros
Dept. of Housing & Urban Development
451 7th St., SW
Washington, D.C. 20410

October 19, 1995

Dear Secretary Cisneros,

The failure of HUD to renew the Section 8 HAP contract is threatening the Sykesville Manor project in Sykesville, Pennsylvania, with imminent ruin.

This is particularly tragic since, at this time, there does not appear to be any national housing policy in place to deal with this situation.

Enclosed is a letter written to HUD asking that the Section 8 contract be renewed for one year or until a long-term policy giving due consideration to all of the consequences is in place.

Please note that, in this case, rent vouchers to tenants will result in a greater short term cost in HAP dollars, since the voucher rents are actually higher than the project rents.

While we recognize the need to reduce the federal government's housing burden in the interests of a balanced budget, there are many ways in which program costs can be reduced without causing ruin to valued housing resources and to the investors who participated in government-sponsored housing programs.

While a tenant voucher program and "tenant empowerment" has a surface slogan appeal it does little to preserve housing resources, particularly in small and rural communities such as Sykesville, and, as the experience we are now facing shows, will ultimately trigger mortgage foreclosures and the loss of needed housing stock.

Sykesville Manor should not be penalized because it is the victim of bad timing. Actions should not now be taken in haste which will result in the ruin of this property and may prove to be inconsistent with the policies developed after mature and careful consideration of all of the options and all of their consequences.

We ask that you give due consideration to all of the issues involved and that you support stop-gap legislation to authorize HUD to renew HAP contracts in the short term, in order to preserve valuable housing resources, pending careful study of all of the factors related to Section 8 contract renewal and the adoption of sound national policies.

Sincerely,

DOMBER & WARD
Attorneys at Law
20 Vesey Street, Suite 1410
New York, NY 10007

Please respond to:

Matthew J. Domber
1700 McMullen-Booth Road, #C-3
Clearwater, Florida 34619
(813) 726-7494
Fax (813) 724-1745

Secretary Henry Cisneros
U.S. Dept. of Housing
and Urban Development
451 7th St., SW
Washington, D.C. 20410

October 25, 1995

RE: Sykesville Manor, Sykesville, Pennsylvania
FHA Project No. 033-35009-SHM

Dear Secretary Cisneros,

Thank you very much for the letter from Senior Advisor Frank D. Wing, on your behalf, dated October 20, 1995 replying to my letter concerning the status of Section 8 renewals.

Although the letter stated that no final decisions have been made with regard to the future of Section 8 renewals, we are faced in the Sykesville Manor project with the expiration of project-based Section 8 assistance on November 30, 1995, for this property which we acquired from HUD fifteen years ago.

As we wrote to you it would be tragic if this excellent property were to be ruined because the expiration has occurred at a time when no final policy has been put in place.

We urgently request your consideration of a one or two year extension of the project-based Section 8 contract, which will allow the project to continue until such time as the final policies are determined.

We are already beginning to lose tenants due to the announcement that project-based assistance is being withdrawn and it is critical that action be taken.

Sincerely,

Matthew J. Domber

SEP 23 1996

DOMBER & WARD
Attorneys at Law
20 Vesey Street, Suite 1410
New York, NY 10007

Please respond to:

Matthew J. Domber
1700 McMullen-Booth Road, #C-3
Clearwater, Florida 34619
(813) 726-7494
Fax (813) 724-1745

September 18, 1996

Carol Rasco, Domestic Policy
Assistant to the President
1600 Pennsylvania Ave.
Washington, DC 20500

Dear Ms. Rasco,

We understand that The Congress is presently considering legislation that will affect the future of the Section 8 program.

We would like to call to your attention a horror case involving a particular property that we represent that presages the problems that will emerge in thousands of properties unless careful thought is given to restructuring the Section 8 program in a way that is economically viable for the present owners and in ways that will permit the continued operation of the properties in the interests of all parties concerned.

The enclosed correspondence with the Department of Housing and Urban Development sets forth the tragic facts concerning a property in Sykesville, Pennsylvania, where renewal of Section 8 project-based assistance fell through the cracks when its 15 year contract expired on November 30, 1995. If the contract had expired in September or after January 1, 1996, HUD had authorization to renew it on a year to year basis. But, bad luck, it expired between those two authorization dates and the present owners who purchased the property from HUD and bailed HUD out 13 years ago after the original developers defaulted now face ruin. In addition there are also adverse affects on the community which will lose real estate tax revenue as well as an important housing resource.

On November 30, 1995, the property was 100% occupied. On December 1, when the project-based assistance was replaced by tenant vouchers, the property lost 12 tenants and, by the end of September, 24 of the 58 units will be vacant, with no hope of replacing the lost tenants under present regulations at the voucher rents. Incidentally, these voucher rents are actually higher than the rents paid under the expired Section 8 HAP contract.

As the enclosed correspondence indicates, our requests to HUD for relief from the 13% interest rate on the Secretary-held mortgage or for reduction of the mortgage principal to reflect the lowered value of the property without Section 8 assistance or even to purchase the mortgage from HUD at this lowered value or at the values that it is negotiating with State Housing Agencies have been rebuffed. Also refused was a request to permit renting the vacant apartments at the best attainable market rents without affecting the Section 8 voucher rents, thereby providing some continuing income for the property. Nor does it seem possible, without legislative help, to restore the expired Section 8 HAP contract on an interim basis pending final determination of the future of the Section 8 program by The Congress.

As a result, faced with these seemingly insoluable diffuculties, we expect that the mortgage will go into default shortly and those tenants still in occupancy will face dislocation.

We bring this matter to your attention to highlight the need to find viable solutions to the Section 8 dilemna or face the fact that Sykesville's ruin will be the fate of countless other properties all over the country and of the communities in which they are located.

We would be most appreciative of any suggestions that you might have as to courses of action that might help us to avert mortgage default.

Thank you for your consideration.

Sincerely,

Matthew J. Domber

(no attachments sent)

- Previous response sent

December 14, 1995

Matthew J. Domber
Domber and Ward
Attorneys at Law
20 Vesey Street, Suite 1410
New York, NY 10007

Dear Mr. Domber:

Thank you for your letter regarding the Sykesville Manor Project in Sykesville, Pennsylvania.

I understand that the Department of Housing and Urban Development has communicated to you their decision to provide tenant-based assistance to the residents of Sykesville Manor and to work with the owner to ensure that the project remains a viable and important resource to the community.

I appreciate your concern and trust that the agreement reached will adequately address your concerns and questions.

Sincerely,

Carol H. Rasco
Assistant to the President for Domestic Policy

THE ~~WHITE~~ HOUSE
OFFICE OF DOMESTIC POLICY

Assistant to the President for Domestic Policy

To: ~~CR~~ Brostrom

Draft response for POTUS
and forward to CHR by: ______

Draft response for CHR by: COB 10/4

Please reply directly to the writer
(copy to CHR) by: ______

Please advise by: ______

Let's discuss: ______

For your information: ______

Reply using form code: ______

File: ______

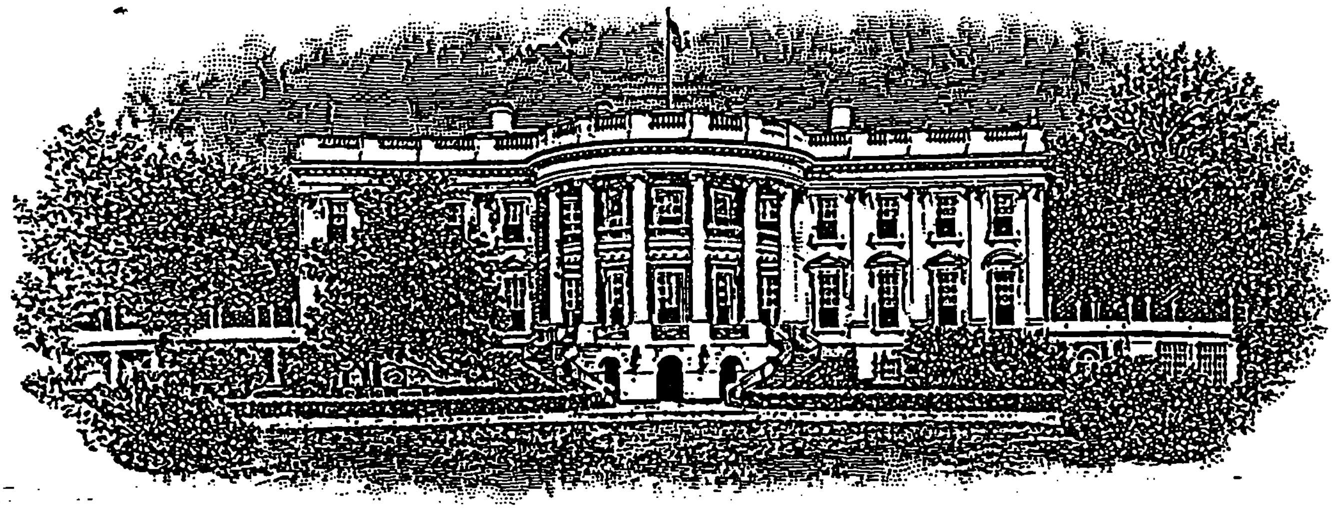
Send copy to (original to CHR): ______

Schedule ? : ☐ Accept ☐ Pending ☐ Regret

Designee to attend: ______

Remarks: ______

The White House



DOMESTIC POLICY

FACSIMILE TRANSMISSION COVER SHEET

TO: Jim Park

FAX NUMBER: 708-2580

TELEPHONE NUMBER:

FROM: Molly Brostrom

TELEPHONE NUMBER: 456-5561

PAGES (INCLUDING COVER):

COMMENTS: Can you check on the status of this project + advise on how to respond?
~~I'm confused because~~ according to ~~the letter we sent last December~~

Thanks

DOMBER & WARD
Attorneys at Law
20 Vesey Street, Suite 1410
New York, NY 10007

Jim Park
708 - 3600

Please respond to:

Matthew J. Domber
1700 McMullen-Booth Road, #C-3
Clearwater, Florida 34619
(813) 726-7494
Fax (813) 724-1745

Carol Rasco, Domestic Policy
Assistant to the President
1600 Pennsylvania Ave.
Washington, D.C. 20500

October 19, 1995

Dear Ms. Rasco,

The failure of HUD to renew the Section 8 HAP contract is threatening the Sykesville Manor project in Sykesville, Pennsylvania, with imminent ruin.

This is particularly tragic since, at this time, there does not appear to be any national housing policy in place to deal with this situation.

Enclosed is a letter written to HUD asking that the Section 8 contract be renewed for one year or until a long-term policy giving due consideration to all of the consequences is in place.

Please note that, in this case, rent vouchers to tenants will result in a greater short term cost in HAP dollars, since the voucher rents are actually higher than the project rents.

While we recognize the need to reduce the federal government's housing burden in the interests of a balanced budget, there are many ways in which program costs can be reduced without causing ruin to valued housing resources and to the investors who participated in government-sponsored housing programs.

While a tenant voucher program and "tenant empowerment" has a surface slogan appeal it does little to preserve housing resources, particularly in small and rural communities such as Sykesville, and, as the experience we are now facing shows, will ultimately trigger mortgage foreclosures and the loss of needed housing stock.

Sykesville Manor should not be penalized because it is the victim of bad timing. Actions should not now be taken in haste which will result in the ruin of this property and may prove to be inconsistent with the policies developed after mature and careful consideration of all of the options and all of their consequences.

We ask that you give due consideration to all of the issues involved and that you support stop-gap legislation to authorize HUD to renew HAP contracts in the short term, in order to preserve valuable housing resources, pending careful study of all of the factors related to Section 8 contract renewal and the adoption of sound national policies.

Sincerely,

Matthew J. Domber

DOMBER & WARD
Attorneys at Law
20 Vesey Street, Suite 1410
New York, NY 10007

Please respond to:

Matthew J. Domber
1700 McMullen-Booth Road, #C-3
Clearwater, Florida 34619
(813) 726-7494
Fax (813) 724-1745

Helen Dunlop, Deputy Assistant
Secretary for Multi Housing
U.S. Dept. of Housing & Urban Development
451 7th St., SW
Washington, D.C. 20515

October 18, 1995

RE: Sykesville Manor, Sykesville, Pennsylvania
FHA Project No. 033-35009-SHM

Dear Secretary Dunlop,

I have recently written to you about Sykesville Manor in Sykesville, Pennsylvania, which we have been advised will not have its Section 8 contract renewed when it expires on November 30, 1995.

Time is now running out to save this property from the complete ruin which will occur once the Section 8 HAP payments are withdrawn. It is tragic since this will occur at a time when there is no program in place to deal with this situation and Mark-to-Market has not yet become a reality.

Preliminary indications are that about half of the 58 units will be vacated by tenants who will use their vouchers elsewhere. There will be no immediate saving of HAP dollars. Our rents are:

2-Bedroom	$368.00 including all utilities execept electric $ 25.00 electric allowance
3-Bedroom	$390.00 including all utilities except electric $ 31.00 electric allowance

The Fair Market value rents authorized by the Jefferson County Housing Authority

2-Bedroom	$410.00 utilities except electric included $ 25.00 electric allowance
3-Bedroom	$534.00 utilities except electric included $ 31.00 electric allowance

As can be seen, the results will be increased HAP cost to HUD plus the losses from the inevitable mortgage default, since the property cannot be operated at 50% occupancy. In addition, local real estate tax revenues of approximately $18,000 per year will be lost to the community.

Given the economic realities of this community, we do not believe that it will be possible to rent the vacated units without a Section 8 subsidy. True market rents in the area would probably be in the $150-$200 range.

What a tragic end to this well-run property which was acquired from HUD 15 years ago, at a time when neither the Housing Authority nor anyone else wanted it, and the property was in ruins after the original developers defaulted. The investors bailed HUD out of a bad situation and now they are being repaid by the withdrawal of subsidies (with no remedies in place) and the potential tax liabilities that a mortgage default will trigger. The property was conceived as a low-income subsidized family project and it has no future for any other use.

We ask that you reconsider the termination of Section 8 assistance and extend the existing contract for an additional year or until such time as long-term policies are in place to deal with these situations and with the tax consquences faced by their owners.

Sykesville Manor should not be penalized because it is a victim of bad timing. Actions should not be taken now which might produce ruin for this property and ultimately be inconsistent with the policies adopted after mature and careful consideration of all of the consequences.

We hope that you will be able to reach a solution that will do justice to all parties in attempting to recast the role that government has played in accepting the responsibilty for insuring decent housing.

Sincerely,

Matthew J. Domber

cc: Secretary Henry Cisneros
Richard Nemoytin, Acting Director, Pittsburgh Office

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Sincerely,

Matthew J. Domber

cc: Secretary Henry Cisneros
Richard Nemoytin, Acting Director, Pittsburgh Office

seaboard arbors management services, inc.
1700 McMULLEN BOOTH ROAD • SUITE C-3 • CLEARWATER, FL 34619

Carol Rasco, Domestic Policy
Assistant to the President
1600 Pennsylvania Ave.
Washington, D.C. 20500

CLEARWATER FL OCT 19 '95

U.S. POSTAGE 0.32

THE WHITE HOUSE
OFFICE OF DOMESTIC POLICY

CAROL H. RASCO
Assistant to the President for Domestic Policy

To: Molly

Draft response for POTUS
and forward to CHR by:

Draft response for CHR by: X 11/2

Please reply directly to the writer
(copy to CHR) by:

Please advise by:

Let's discuss:

For your information:

Reply using form code:

File:

Send copy to (original to CHR):

Schedule ? : ☐ Accept ☐ Pending ☐ Regret

Designee to attend:

Remarks:
Due: T. Clear 11/2

AUG 7 1995

DOMBER & WARD
Attorneys at Law
20 Vesey Street, Suite 1410
New York, NY 10007

Please respond to:

Matthew J. Domber
1700 McMullen-Booth Road, #C-3
Clearwater, Florida 34619
(813) 726-7494
Fax (813) 724-1745

Carol Rasco, Domestic Policy
Assistant to the President
1600 Pennsylvania Ave.
Washington, D.C. 20500

Dear Ms. Rasco,

We have been reading with dismay the HUD proposals concerning the Section 8 New Construction program being considered by the Congress which call for non-renewal of project-based assistance contracts when they expire at the end of 20 years. The effect of these proposals will be to trigger widespread defaults in the mortgages for more than 9,300 properties containing in excess of 900,000 apartments built under the Section 8 program, resulting in enormous losses to the FHA insurance fund and to conventional uninsured mortgagees and severe financial and income tax consequences for their owners and investors who will see their equity wiped out and realize taxable income from the mortgage default. In addition, the lives of hundreds of thousands of senior citizens and families will be disrupted and many communities will face the loss of much-needed housing stock as well as the erosion of their local real estate tax revenue.

There has to be a better way to deal with national fiscal problems than to bring ruin to the owners and investors of the housing built to further national policies of providing shelter for lower-income tenants and, in the process, disrupt the lives of hundreds of thousands of residents in that housing.

One of the properties which we helped develop is Fairmont Arbors in Fairmont, West Virginia, which contains 119 one-bedroom apartments . It was opened in 1978 to provide housing for senior citizens and was the first Section 8 new construction project built in that state. The limited partnership that developed it, which we represent, still owns it.

Fairmont Arbors has operated at 100% occupancy from the inception and has been immaculately maintained, receiving superior inspection ratings from HUD and the West Virginia Housing Development Fund at their annual inspections. Although approaching its 20th year, it is still one of the finest residential buildings in the community and a place where its residents are proud to live.

The proposal not to renew the Section 8 contract when it expires would have catastrophic results for this property, its owners, investors and senior citizen tenants. Even assuming, as HUD proposes, that project-based assistance was replaced by tenant-based housing certificates at so-called "market rents," and assuming that all of the present tenants wanted to remain, the current market rents would be inadequate to service the project debt and cover real estate taxes and basic operating expenses. The current market rent of $310 per month for a one-bedroom apartment in Marion County is less than the original opening rent in 1978 for Fairmont Arbors of $318.

The concept of market rents is a difficult one to apply to a property that really has nothing else to compare it with in the community. Even when built, the initial rents were established to reflect costs based upon construction standards and prevailing wage requirements that were unique to the FHA program and to reflect operating expenses necessary to provide the level of services that the government programs mandated. Thus, at the outset, the initial rents were the minimum rents necessary to produce the housing, pay the real estate taxes and operating expenses and service the debt and bore little relation to other rents in the area. The program was designed to produce housing in areas where private investment was unwilling or unable to perform. A community like Fairmont was certainly one of those and remains so today. The needs there are as great as ever, maybe more so, given the depressed state of the economy in that area.

The Fairmont property is only illustrative of the problems that would be created for thousands of properties all over the country.

The HUD "Mark-to-Market" proposal acknowledges that, in the overwhelming number of cases, upon non-renewal of the Section 8 contract, the FHA-insured mortgage loan would be defaulted and assigned to HUD and then resold at a write-down of several million dollars per property which the FHA insurance fund would have to bear. In some cases, like Fairmont, where the operating expenses for the property exceed the current market rent, the mortgage might have to be reduced to "zero." That is what is meant by "Mark-to Market," i.e. mark <u>down</u> in order to market. Ultimately, under the HUD scenario, if the property could not be restructured to operate at unsubsidized market rent levels after it was rehabilitated or brought back to its original condition, it would be used for some other purpose or demolished and the land applied to some other use. HUD would step aside and let market forces operate once the mortgage was marked down and sold. But it was the very failure of the market to build low income housing that required HUD to become involved in the first place.

Thus, in communities such as Fairmont, where current market rent levels cannot cover operating expenses and taxes, much less support rehabilitation costs, even after mortgage write-down to zero, the building might just disappear as a housing resource. And Fairmont is precisely the kind of community that needs such housing. Note should be taken of the fact that the *Wall Street Journal* recently reported that the present shortage of affordable housing is forcing many poor families to spend at least half their incomes on rent. This should not be surprising since a study of the 1993 housing market found that there were nearly two low-income renters for every low-rent house or apartment. And make no mistake, if valuable low income housing is lost now, government will eventually have to replace it at even higher costs.

In the meantime, while the mortgage mark down and foreclosure was going on, the existing tenants would be dislocated, the property fall into disrepair, the real estate taxes defaulted, and the owners and investors of the property would realize taxable income from the mortgage default as well as the complete wiping out of their equity in the property.

This is certainly a sorry end to a program that sought investors and developers to serve a national purpose. If the developers of Fairmont Arbors had foreseen the ending now proposed by HUD they would have thought twice about becoming participants. If HUD's outcome prevails, it will undoubtedly influence the decisions of responsible real estate developers as to whether or not to participate in future programs.

While we are not insensitive to the budget crisis faced by the federal government, we believe that the solution does not lie in bankrupting the developers and investors who produced and continued to operate housing for senior citizens and lower-income families. Nor does the solution lie in disrupting the lives of the residents who chose to live there and in outcomes that reduce the supply of much needed housing for lower income families. We believe that there must be a better way to approach the problem.

Over time and the operation of the annual rent adjustment factors in the years of high inflation, rents in Fairmont Arbors have risen to levels probably higher than now needed to cover operations and encourage continued investment. But this can be addressed at contract renewal without invalidating the entire program. Similarly, the few housing horror stories in various places in the country should not obscure the positive contributions that housing such as Fairmont Arbors make to their communities.

We suggest, as one possible solution for well-maintained properties that have been operated over the years in conformity with HUD policies and guidelines, that negotiations be conducted with their existing owners to renew Section 8 project-based contracts at rent levels that would reflect lowered debt service from the the willingness of HUD to reduce the project mortgage or the interest rate in a non-income tax producing way, and which would be sufficient to provide for the real estate taxes, reasonable operating expenses, amounts necessary for the property's continued maintenance, upkeep and replacement, as well as a reasonable return to the owners.

In all cases this should result in a substantial subsidy saving to HUD and a net saving to the government of tax dollars and of irreplacable housing resources, as compared with the alternatives now under consideration. Since the FHA-insured mortgages are self-liquidating in 40 years, continuance of the project-based contracts at reasonable rents for the next 20 years would permit the orderly liquidation of these mortgages, at which time, the free and clear properties could be restructured for future use. The mortgage terms might also be revised to be self-liquidating over a lesser period than 20 years, dependent upon interest rates and debt service and the rent levels established. This could shorten the remaining subsidy periods required to liquidate the mortgage loan.

We hope that in seeking to resolve the government's housing and fiscal problems, you will find solutions that do justice to all parties and will continue the responsible role of government in attempting to provide decent housing for all of its citizens.

Sincerely,

Matthew J. Domber

seaboard arbors management services, inc.
1700 McMULLEN BOOTH ROAD • SUITE C-3 • CLEARWATER, FL 34619

Carol Rasco, Domestic Policy
Assistant to the President
1600 Pennsylvania Ave.
Washington, D.C. 20500

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U.S. POSTAGE 0.32
PB METER 6804279

THE WHITE HOUSE
OFFICE OF DOMESTIC POLICY

AUG 7 1995

CAROL H. RASCO
Assistant to the President for Domestic Policy

To: Molly

Draft response for POTUS and forward to CHR by:

Draft response for CHR by: X 8/18

Please reply directly to the writer (copy to CHR) by:

Please advise by:

Let's discuss:

For your information:

Reply using form code:

File:

Send copy to (original to CHR):

Schedule ? : ☐ Accept ☐ Pending ☐ Regret

Designee to attend:

Remarks:

Roz: Tickler 8/18