

The original documents are located in Box 20, folder “Soul City (1)” of the Stanley S. Scott Papers, 1969 - 1977 at the Gerald R. Ford Presidential Library.

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~~DRAFT~~

MEMORANDUM FOR MEL LAIRD

SUBJECT: Soul City, North Carolina



Soul City is a prospective New Community, the first (and only) free-standing new community of the fifteen which HUD is ~~helping~~ ^(now assisting) pursuant to the New Community Development Act. It is 5, ²400 acres, will represent a land acquisition and development investment alone of \$76,000,000 and (13,000 residences and ~~new~~ ^{new}) will eventually have a population of 45,000. It is located near the Virginia border, within an hour's commuting time of Raleigh, Durham, Wake Forest and Rocky Mount.

The developer of Soul City is Floyd McKissick, one of the nation's best known black leaders.

Some time ago, Mr. McKissick came to see me, asking me the question: were we going to go ahead with our support of Soul City? This is a question for ~~THE EXECUTIVE OFFICE~~ us to resolve, since it is the Executive Office which is reviewing HUD's and EDA's prospective water and ^{Sewer} ~~water~~ grants.

Brad Patterson and I have been in touch with ^(OMB) EDA and HUD and especially have requested that McKissick list on one chart all his present and proposed federal subsidies. This chart appears as Attachment A.

Right now, Soul City is empty land, with a few old houses and barns. But extensive plans (and commitments) have been made. Four agencies of the Federal Government have already invested \$1.628 million in Soul City planning (Attachment A, items 2, 6, 10, 11 and 22) and have now committed \$.7 million more (items 7 and 13) so our federal investment is \$2.3 million at present.

The developers of Soul City have requests either pending or envisaged for at least \$15.8 million in additional federal grants, \$.5 in additional loans and \$14.0 in guarantees or a total of at least \$16.370 millions in added, required federal subsidization with the further risk of \$14M ^{millions m)} guarantee

(This is not unusual for the "new communities"; typically they have comprehensive shopping lists for federal assistance.) Of Soul City's ^{total} requirements, however,

^(close to)
exposure, ~~of this total~~, \$5.892 is FY 1973 money, requiring decision before
the end of this month.

The policy question is: should the U.S. Government go ahead, this month and in the months to come, committing more than \$16^{million} on top of the \$2.3^{million} we have already invested to help new community Soul City get built?

One difficulty in answering this question specifically about Soul City

(See item #4 in Attachment A) is that not only Soul City but every other

one of the ~~other~~ 15 ~~prospective~~ New Communities is in effect instructed by ^{Section}

712 of the New Community Development Act to include ^{(in it) "an appropriate portion"} ~~a substantial proportion~~

^(making new commitments)
of low and moderate income housing. The Administration has suspended

^{under} its "235" and "236" and other programs subsidizing this category of

housing pending a comprehensive study now in progress within HUD. ~~to~~

However, on March 20, 1973 in Congressional testimony, Secretary Lynn stated that "instructions will be issued shortly to honor the bona fide commitments as promised by Secretary Romney. The areas in which these commitments fall include:...New Communities..."

It is my view, and OMB's, that ~~MM~~ pursuant to the above Statement, Secretary Lynn has the authority to ~~XXXXXXXXXXXX~~ meet ^(for subsidized low and moderate income housing) the needs ~~XXXXXXXX~~ of Soul City and the other new communities, depending on how ~~EE~~ the Secretary sets his internal priorities.

. I append a memorandum from Paul O'Neill's office on this point (Attachment B).

Before making a recommendation, here is an analysis of what might be called the assets and risks:

Soul City's Assets and Benefits

1. A Presidential policy favoring (a) minority enterprise development and (b) concrete results instead of rhetoric about it.

2. A ~~C~~ommitted and capable developer, (and a political friend -- see attachment C) who wants to make this project one of the best of the President's concrete accomplishments.

3. The State (and the Governor) of North Carolina, which has committed \$1.3 million already for the required 3-county regional water system, and which will commit another \$.4 next year. Governor (and I have reconfirmed this just now) Holzhauser is a strong proponent of Soul City.

4. The neighboring cities of Henderson and Oxford, NC. which just *June 2* ~~last Saturday~~ approved referenda committing themselves to put up \$2.8 million of bonds for that regional water system.

5. The four Federal Agencies (HUD, OEO, Commerce and the National Endowment on the Arts) which have put up the \$2.3 up to now. Secretaries Lynn's and Dent's memoranda⁹ are attached (Attachment D).

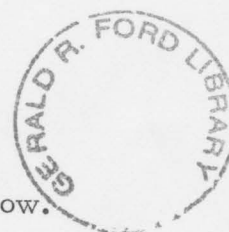
6. HUD's conviction, as expressed by Ted Lamont, ~~NY~~ Director of its Office of New Communities Development, that Soul City will become an important growth center in the northern ~~NY~~ North Carolina area and will significantly help to stem the outmigration from this area which up to now has been one of the highest in the State.

7. Private lenders and investors who have made the following commitments to Soul City:

a) \$1.5 million in equity from McKissick Enterprises, the National Corporation for Housing Partnerships and the black architectural firm Madison-Madison Inter~~N~~ational.

b) \$1.5 million in a combination of secured and unsecured loans from Chase Manhattan, North Carolina National Bank, the National Corporation for Housing Partnerships, the Mechanics and Farmers Bank ~~for~~ Charlotte and a dozen miscellaneous lenders.

c) \$1.15 million in mortgage promises from various sources.



INDENT →

8. Soul's City's economic geography, which has I-85 and the Seaboard Railway abutting

-4-

9. The Board of Directors of the New Community Development Corporation which ^(on June 28, 1972 after the most careful analysis and) ~~last year~~ approved making a conditional offer of commitment to Soul City (the \$14,000,000 guarantee), having ^(officially confirmed) ~~made the finding,~~ ^{eight} ~~determinations,~~ ¹ (pursuant to statute) that Soul City is an acceptable financial risk for the Government, set forth in Attachment E.

10. McKissick's promise (which HUD insists upon as a condition of the guarantee) to install a ~~very~~ competent General Manager for the whole Soul City enterprise.

Soul City's Risks

1. Soul City is located in a low-income area which may not be as attractive to prospective homeowners/businesses as alternative opportunities. (This is why assistance for the "incubation" of industries, ^{for} ~~and~~ manpower training grants, and for low-income housing are necessary).

2. A principal "unknown" is whether, once he has his land watered and sewerred and otherwise developed, McKissick will really be able to sell parcels of it to residential and commercial customers.

3. HUD officials and the New Community Development Corporation Board recognize that a new, free-standing community is a more ^{chancy} enterprise than the other 14 new communities being assisted by HUD, in that the other 14 are located in or very near suburbs or other ^(existing) growth areas.



(informally)
(One HUD officer has characterized the Soul City enterprise as "a poverty case... marginal at best" ^{Paul O'Neill} Paul O'Neill in OMB considers this description as ^{quite} accurate; ^{Mr. Lamont} Mr. Lamont, Director of HUD's Office of New Communities Development disputes it.)

Conclusion

In reviewing all of the points here, balancing the assets and risks, I am impressed above all with firm and specific commitments which have so far been made by so many different individuals and institutions: the State of North Carolina, the towns of Henderson and Oxford, the many government professionals who have evaluated the promise of this enterprise, the private banks, organizations and individuals who have put not only their faith but their money on the line, convinced of Soul City's eventual success. In my four years here, I have seen few projects in the minority development field which have put together as much as this one has.

Recommendations

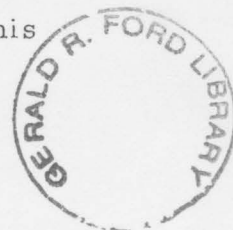
1. We should give Soul City the green light and inform the interested agencies that we have done so. For FY 1973 this means specifically a green light for HUD's and EDA's water and sewer grants. [NO #]

In the field of housing policy, this means that Secretary Lynn will have our support in regarding Soul City's requests for subsidized low and moderate income housing as among the "bona fide commitments" which he can and will handle under his existing authority and funds.

2. We should ask OMB to designate an implementation monitorship officer to ^(work with) ~~XXXXXX~~ HUD ~~XXXXXXXXXXXXXXXXXXXX~~ to ^(ensure) ~~XXXXXX~~ the coordinated ~~XXXXXX~~ handling of ~~the~~ the applications to the various federal agencies from Soul City (and from the other New Communities).

Attachments
~~XXXXXXXXXXXXXXXXXXXX~~

Leonard Garment



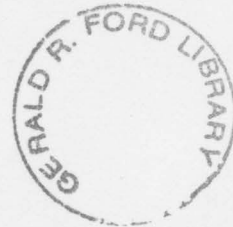
DRAFT
6/5/73

FEDERAL ASSISTANCE TO SOUL CITY, NORTH CAROLINA, AND ITS REGION

The following table summarizes the various forms of Federal assistance now being provided, and formally requested, and expected to be required by Soul City and its Region.

Soul City will be the first free-standing new town to be developed under Title VII of the Housing and Urban Development Act of 1970. It will require a unique combination of private, Federal, State and local action over the thirty year span of the Development Plan. In that time, problems that now seem large will disappear, and problems now invisible will present themselves. The table below is therefore only an outline on the basis of information now available.

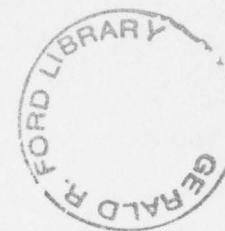
There is one other essential preliminary point. The Federal support listed below is quite varied not only in form and budgetary impact but also in its recipients and beneficiaries. Some of the Federal actions will benefit The Soul City Company, the Developer of Soul City, in accordance with statutory policies of assisting both new town development and minority business enterprise. Other Federal actions will be directed toward the entire Region, including its existing communities as well as Soul City. Still other actions will be aimed directly at the new residents of Soul City, persons who are not now identified.



Finally, to place the Federal support described below in context, it is important to note that it is only a fraction of the overall cost of developing Soul City. Private, State and local sources have already made substantial commitments, and in later years their contributions can be expected to predominate. Approximately \$1,500,000 has been provided to date by banks and other lenders, and an additional approximately \$1,500,000 will be contributed by the partners in The Soul City Company as equity capital when the debentures are issued. The State of North Carolina has already spent or committed nearly \$2,000,000, and neighboring local governments have committed \$2,800,000. The essential Federal role is to provide the seed money, leverage and long-term security essential to enable others to undertake a project of this magnitude.



FEDERAL SUPPORT FOR SOUL CITY
AND
STATE PLANNING REGION K



<u>NUMBER</u>	<u>AGENCY PROGRAM CONTACT PERSON</u>	<u>STATUS</u>	<u>FORM OF SUPPORT</u>	<u>RECIPIENT</u>	<u>AMOUNT</u>	<u>PURPOSE/REMARKS</u>
* 1.	HUD New Communities Laura Kuitunen	Offer of commitment made June 28, 1972	Debenture guarantees	SCC	\$14,000,000	This is the basic HUD guarantee under Title VII of the HUD Act of 1970 to support a new community.
2.	HUD 701 Planning Malachi Knowles	Funded; expires 6/30/73	Grant	State of North Carolina; subcontracted to WRPC	\$ 128,000	Physical planning for region and new community.
* 3.	HUD Water and Sewer Donald Patch	OMB approval requested by HUD and pending	a. Basic water and sewer grant b. ONCD supple- mental grant c. Public facil- ities loan	Soul City Sanitary District	a. \$ 500,000 b. \$ 302,000 c. \$ 500,000	Interim water and sewer systems for Soul City. SCC is contributing an additional \$514,000.
* 4.	HUD & F. Home Ad. Low and Moderate Income Housing Programs (unknown)	To be applied for	Housing subsidies; rent supplements; public housing	Various housing developers	Dollar amount unknown; see remarks	SCC will be re- quired by HUD to provide 116-174 units of subsidi- zed housing between 1974 and 1978.

*Indicates Federal activities of primary importance.

<u>NUMBER</u>	<u>AGENCY PROGRAM CONTACT PERSON</u>	<u>STATUS</u>	<u>FORM OF SUPPORT</u>	<u>RECIPIENT</u>	<u>AMOUNT</u>	<u>PURPOSE/REMARKS</u>
* 5.	Commerce/HUD EDA George Karras	OMB approval requested	a.EDA grant b.HUD basic water grant. c.ONCD supple- mental grant.	City of Henderson, North Carolina	a.\$1,500,000 b.\$2,640,000 c.\$ 360,000	This is part of \$9,000,000 program for new regional water system serv- ing three counties. Remain- ing funds (\$4,500,000) being contributed by state and local sources.
6.	Commerce OMBE Harold McClendon	Funded; expires 6/30/73	Federal contract	WRPC	\$ 257,500	Industrial Promotion
* 7.	do	Pending before OMBE	Federal contract	WRPC	\$ 274,000	Technical assis- tance to SCC.This is an amendment to item 6 to pro- vide additional funding through August 31,1973.
*8.	do	Under negotiation	Federal contract	WRPC	\$ 760,000	Minority business development (re- quest is for \$760,000 for fiscal 1974; additional re- quests for \$500,000 in fiscal 1975 and \$250,000 in fiscal 1976 are antici- pated.)

NUMBER	AGENCY PROGRAM CONTACT PERSON	STATUS	FORM OF SUPPORT	RECIPIENT	AMOUNT	PURPOSE/REMARKS
* 9.	EPA Waste Water Treatment (State of North Carolina)	Application tentatively submitted; formal appli- cation in process	Grant	Soul City Sanitary District	\$ 3,000,000	Permanent Sewage Treatment Facil- ities. An addi- tional \$1,000,000 to be supplied by State and Local sources.
10.	OEO Special Programs Michael Thompson	Funded	Grant	Soul City Foundation	\$ 90,000	Planning to in- sure participation of the poor in Sou City.
11.	OEO Office of Health Affairs William White	Funded; expires 12/31/73	Grant	HealthCo.	\$ 1,140,117	Comprehensive Health Services for Warren and Vance Counties (including medical personnel and health facilities).
*12.	do	To be applied for	Grant	HealthCo.	\$1,500,000 ('74) \$1,000,000 ('75)	Extension of No.11 to calendar 1974 and 1975.
*13.	OEO Community Action Program Michael Thompson	Pending before OEO	Grant	Soul City Foundation	\$ 502,875	Planning, con- struction and development of industrial incubator plant.

<u>NUMBER</u>	<u>AGENCY PROGRAM CONTACT PERSON</u>	<u>STATUS</u>	<u>FORM OF SUPPORT</u>	<u>RECIPIENT</u>	<u>AMOUNT</u>	<u>PURPOSE/REMARKS</u>
14.	OEO Legal Services Mr. Hurwitz	Pending before OEO	Grant	Soul City Foundation	\$ 90,000	Legal Services for the poor of Warren and Vance Counties
15.	HEW Office of Education John Lovegrove	Pending before HEW	Grant	Soul City Foundation	\$ 98,220	Provide Remedial Education to Warren County High School Students.
* 16.	HEW National Institute of Education (unknown)	To be applied for	Grant	Soul City Foundation	\$ 200,000 for fiscal 1974; \$200,000 for fiscal 1975.	Planning expansion and improvement of Warren County public schools.
17.	HEW (unknown) (unknown)	To be applied for	Grant	Soul City Foundation	\$ 250,000	Planning and demonstration of child care and day care program and facilities.
18.	HEW Office of Education (unknown)	To be applied for	Grant	Soul City Foundation or Region K	\$ 500,000	Construction and development of regional public library to serve five counties.
* 19.	Department of Labor Manpower Training (unknown)	To be applied for	Grant	Soul City Foundation	\$ 683,000	Planning and demonstration pro- ject to develop regional con- struction trades training program.

NUMBER	AGENCY PERSON CONTACT PERSON	STATUS	FORM OF SUPPORT	RECIPIENT	AMOUNT	PURPOSE/REMARKS
20.	Department of Justice LEAA (unknown)	To be applied for	Grant	Soul City Foundation; Soul City Sanitary District	\$ 400,000	Planning and Development of public safety pro- gram and purchase of equipment.
21.	Department of Interior Historic Preservation (unknown)	To be applied for	Grant	Warren County	\$1,000,000	Preservation and restoration of historic sites and development of recreational areas.
22.	National Endowment for the Arts Expansion Arts Division Vantile Whitfield	Funded	Grant	Soul City Foundation	\$ 12,500	Planning Cultural Develop- ment.
23.	DOT Urban Mass Transit Calvin Banks	Pending before DOT	Grant	WRPC	\$ 137,000	Plan road system and public transportation.
24.	It is anticipated that there will be developed an African-American Trade Center at Soul City. Planning is in preliminary stages. Some Federal support will be required.					

Notes: SCC - The Soul City Company
 WRPC - Warran Regional Planning Corporation
 ONCD - HUD Office of New Communities Development
 OMBE - Office of Minority Business Enterprise

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

DATE: June 5, 1973

REPLY TO
ATTN OF:

SUBJECT: Soul City New Community Project

• Mr. O'Neill

I attended a meeting with Brad Patterson and Gordon Carey and Lewis Cohen, two representatives from Soul City. The discussion centered around Federal assistance critical to getting the project off the ground, and the prognosis for successful completion of the project.

The Federal Government has already invested \$1.6 million in Soul City via a HUD planning grant, OMBE industrial promotion grant, OEO health and planning grants and a National Endowment grant. Two other Federal grants totalling \$777 thousand are in the final contract stage. (OMBE, \$274 K and OEO, \$503 K.) For practical purposes, then, the total Federal investment today would be over \$2 million.

In addition, the State of North Carolina and local governments around Soul City have together invested or made firm commitments of about \$5.5 million. The private sector (primarily large New York financial institutions) has also invested over \$1 million in the project.

In short, almost \$8 million in various forms of governmental assistance has already been pumped into the project. Still Soul City needs at least \$5.8 million in assistance in FY 1973 from Federal sources before the project can fly.

These are needed to undertake a regional and internal water system:

HUD	(over)	\$4,302 million
New Community guarantee	-	(14,000)
Water and sewer		3,140
PFL		500
Supplementary grants		662

EDA \$1,500 million

In addition, the developers are seeking approval for another \$9.7 million in Federal grants over the next 3 years from a variety of Federal agencies. Finally, the availability of Federal housing subsidies is also an important condition for meeting the objectives of the project. The need for this immediate assistance, coupled with the future needs, demonstrates the thin margin on which the success of the project hinges over at least the next ten years.



The immediate issue is whether the past investment argues sufficiently for the commitment of an additional \$15.5 million in Federal funds over the next several years and exposure on \$14 million in guarantees.

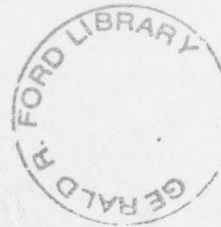
Although the current request is for HUD water and sewer and public facility loan assistance, the need for Federal housing subsidies over the life of the project is really the more serious issue. The developer's representatives acknowledged that plans to attract and support a predominantly low and moderate-income population are dependent on the availability of Federal housing subsidies. Approval of the current request will only invite additional pressures for Federal housing subsidies.

In view of this critical linkage with the Federal housing subsidies, we would recommend against approving the current request unless the Administration is prepared to make the decision to provide housing subsidy support. It may be that the project is worthy of special support, perhaps in the context of a research demonstration. Housing subsidies could then be provided by some special arrangement.

Adele D. Jackson



COPY FOR MR. BRAD PATTERSON - THE WHITE HOUSE



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**NORTH CAROLINA CHAPTER OF THE NATIONAL
COMMITTEE FOR A TWO-PARTY SYSTEM**

Philosophy

The North Carolina Chapter of the National Committee for a Two-Party System grew out of the belief that a viable two-party system creates a healthier political climate in North Carolina to the benefit of all the people, including minorities.

The North Carolina Chapter of the National Committee for a Two-Party System also came into being out of necessity, recognizing minorities had received meager benefits from a one-party system.

Whereas the Republican Party is the minority party in North Carolina and in order to build an effective two-party system it is necessary that we encourage a broader participation by minority groups to affiliate with the Republican Party to effectuate a two-party system in fact.

If minorities are to exercise their franchise in the most effective manner in a way that really counts — they must have a true two-party choice. Minorities must be important to, and needed by, both parties. Therefore it is necessary to encourage minority registration and participation in the Republican Party.

The Republican Party needs us and we need the Republican Party.

Eligibility

All American voters of all groups who feel that the political party of their choice is not being responsive to the needs and objectives of the masses in securing and recognizing their inherent right in a meaningful participation in a government of, by and for the people.



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

APR 10 1973

Mr. Leonard Garment
Special Consultant to the President
The White House
Washington, D. C. 20050

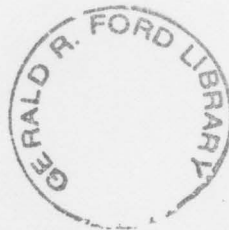
Dear Len:

In your memorandum of February 5, 1973, you request information as to the status of the Soul City New Community project and as to the next steps which should be taken by our office and the Developer to move the project along.

On June 28, 1972, the Developer was made an offer of commitment for a loan guarantee of \$14 million. There are a number of conditions which must be satisfied before the Developer can accept the offer.

The main conditions involve the negotiation of various debt financing agreements, as well as the equity investment of a proposed new partner, the attraction of the initial job base, and obtaining the necessary utility financing, all of which the Developer has to resolve to the satisfaction of HUD.

The Office of New Communities staff is working with the Developer on these matters. Progress is being made, especially in satisfying the utility financing condition. On February 14, a contract was signed between the Cities of Henderson, Oxford, and Soul City to construct a regional water system which will provide these towns, as well as other communities in the region, with abundant good water that is urgently needed. Additionally, the Economic Development Administration has agreed to take the lead in coordinating Federal assistance with HUD and has accepted an application to construct the water system. In the application, the proposed financing of the system, estimated to cost \$9 million, includes a \$1.5 million grant from the Economic Development Administration, a \$2.64 million water and sewer grant from HUD, a \$360,000 supplementary grant from HUD, \$2.8 million in general obligation bonds from Henderson and Oxford, and \$1.7 million in State of North Carolina Pure Water bonds. The water system will move forward when the proposed financing becomes available.



- 2 -

EDA is committed to assisting the project. It is exploring specific methods by which its participation can be effected, but has no doubt that a satisfactory method will be developed. EDA's commitment is, of course, contingent upon the completion of a satisfactory environmental impact analysis.

Approval of the HUD water and sewer grant is currently pending further negotiations between HUD and the Office of Management and Budget. Recently, the OMB has indicated it will postpone a decision on some categories of projects, which include the Soul City project, pending receipt of proposals from HUD as to its plans for subsidized housing in new communities. HUD will continue to pursue the completion of the Soul City project and keep you advised of our progress when we have something more definite to report.

Finally, we also will need to complete with the Developer our negotiations of a project agreement and trust indenture and present these documents to the Board of Directors of the New Community Development Corporation for their views and final approval.

Sincerely yours,

James T. Lynn
James T. Lynn





THE SECRETARY OF COMMERCE
Washington, D.C. 20230

MAR 2 - 1973

Honorable Leonard Garment
Special Consultant to the President
The White House
Washington, D. C. 20500

Dear Mr. Garment:

This is in response to your inquiry of February 5, 1973, concerning the status of a proposed project to construct a regional water system to serve Henderson, Oxford and Soul City, North Carolina.

The Director of the Economic Development Administration's Southeastern Regional Office in Atlanta has just concluded a series of meetings with the three communities involved in the regional system and the other governmental agencies participating in the financing of this project. I am also informed that the EDA portion of the financing is already in application form and is being processed expeditiously.

You may be assured of the complete cooperation of the EDA staff with all local authorities concerned in this matter, in providing all possible assistance to achieve a viable project.

Sincerely,

A handwritten signature, likely of Robert B. Long, is written over the "Sincerely," line. The signature is in cursive and appears to read "Robert B. Long".

Secretary of Commerce



ANNEX F: DETERMINATIONS REGARDING STATUTORY REQUIREMENTS

NEW COMMUNITY PROGRAM

(Urban Growth and New Community Development Act of 1970, Title VII
of the Housing Act of 1970)

Project: Soul City New Community

Action: Offer of Commitment

Determinations: On the basis of a review of the application made in support of the aforementioned project, I hereby determine with respect to such project that the proposed new community--

- (1) will provide an alternative to disorderly urban growth, helping preserve or enhance desirable aspects of the natural and urban environment or so improving economic and general conditions in established communities as to help reverse migration for existing cities or rural areas;
- (2) will be economically feasible in terms of economic base or potential for economic growth;
- (3) will contribute to the welfare of the entire area which will be substantially affected by the program and of which the land to be developed is a part;
- (4) is consistent with comprehensive planning, physical and social determined by the Secretary to provide an adequate basis for evaluating the new community development program in relation to other plans (including State, local and private plans) and activities involving area population, housing and development trends, and transportation, water, sewerage, open space, recreation, and other relevant facilities;
- (5) has received all governmental reviews and approvals required by State or local law, or by the Secretary;
- (6) will contribute to good living conditions in the community and that such community will be characterized by well balanced and diversified land use patterns and will include or be served by adequate public, community, and commercial facilities (including facilities needed for education, health and social services, recreation, and transportation) deemed satisfactory by the Secretary;



- (7) makes substantial provision for housing within the means of persons of low and moderate income and that such housing will constitute an appropriate proportion of the community's housing supply; and
- (8) will make significant use of advances in design and technology with respect to land utilization, materials and methods of construction, and the provision of community facilities and services.

Community Development Corporation

By _____

Samuel C. Jackson
General Manager



THE SOUL CITY COMPANY

P. O. BOX 188
SOUL CITY, NORTH CAROLINA 27553
(919) 456-3111

FLOYD B. MCKISSICK, ESQ.
PRESIDENT

September 6, 1974

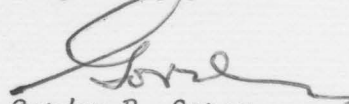
Mr. Stanley Scott
Special Assistant to the President
The White House
Washington, D. C.

Dear Mr. Scott:

Enclosed please find a speech delivered by Mr. McKissick which serves as a major policy statement on behalf of Soul City. We hope that this speech can help clarify some of the positions of the Soul City developer.

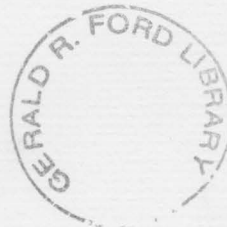
Please note also by the enclosed copy of our letter to Senator John J. Sparkman that we have forwarded this speech to key members of the Congress.

Very truly yours,



Gordon R. Carey
Vice President

Enclosures



THE SOUL CITY COMPANY

P. O. BOX 188
SOUL CITY, NORTH CAROLINA 27553
(919) 486-3111

FLOYD B. MCKISSICK, ESQ.
PRESIDENT

September 6, 1974

The Honorable John J. Sparkman
United States Senate
Dirksen Senate Office Building
Room G1-33
Washington, D. C.

Dear Senator Sparkman:

The enclosed speech was delivered by Floyd B. McKissick to an audience of persons concerned with life in new towns on August 31, 1974, at Reston, Virginia. As a lawmaker and as one who has exhibited concern with domestic policies, we believe it will be of interest to you.

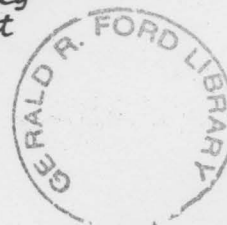
Our new town of Soul City is a creative effort on Mr. McKissick's part to utilize the vehicle of a new town to catalyze the economy of a depressed rural area. Even though Soul City is just now beginning to be built, we believe we have already proven what can be accomplished given the creative and cooperative use of Title VII of the Housing and Urban Development Act. We have achieved unique cooperation between the new town developer, local units of government, the State of North Carolina and the federal government. Our sponsorship of a truly regional water system is an example of the type of activity which is of immense benefit to the entire State, but could only have been achieved with the wholehearted support of HUD New Communities Administration.

We urge that you consider carefully the federal new towns program as a crucial ingredient in solving many of our domestic problems.

Very truly yours,

Gordon R. Carey
Vice President

Enclosure



THE NEW TOWN AS AN INSTRUMENT OF SOCIAL CHANGE

A SPEECH DELIVERED

By

MR. FLOYD B. McKISSICK

To

THE RESTON BLACK ARTS FESTIVAL

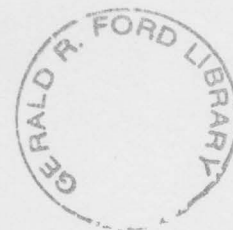
At

RESTON, VIRGINIA

On

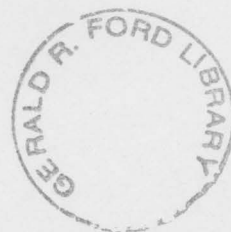
AUGUST 31, 1974

Mr. McKissick is the Developer of The Soul City new town and President of The Soul City Company.



I AM DELIGHTED TO BE PRESENT AT THE 1974 RESTON BLACK FOCUS ARTS FESTIVAL, AND HONORED TO HAVE BEEN CHOSEN TO GIVE THE LUNCHEON ADDRESS. I AM AGAIN DELIGHTED TO MEET WITH SO MANY NEW TOWN ASSOCIATES. NEW TOWN PEOPLE ARE A PECULIAR SPECIES OF HUMANS WHO BELIEVE THAT SOCIETY IS A MIXTURE OF PEOPLE AND OF BRICKS AND MORTAR. THEY BELIEVE THAT THE ECONOMIC PROCESS COMBINED WITH PEOPLE, BRICKS AND MORTAR CAN IMPROVE SOCIETY AS A WHOLE AND CAN PROVIDE SOLUTIONS FOR INDIVIDUAL PEOPLE OF ALL VARIETIES.

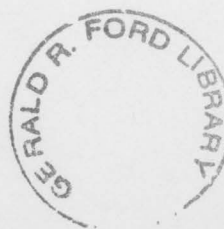
IT IS TIME TO ASK, HOWEVER, "WHAT IS A NEW TOWN, A NEW COMMUNITY"? IT HAS RECENTLY BECOME A POPULAR EXPRESSION, NOT AT TIMES EXPRESSING WHAT "REAL" NEW TOWN DEVELOPERS ARE ALL ABOUT. MANY NEW HOUSING PROJECTS ARE DESCRIBED ERRONEOUSLY AS NEW COMMUNITIES. HOW A DEVELOPER DEFINES WHAT A NEW COMMUNITY IS, DEPENDS IN PART UPON THE DEVELOPER HIMSELF -- HIS BACKGROUND -- HIS EXPERIENCE -- HIS CONCEPT OF LIFE -- HIS CONCEPT OF HUMANITY -- HIS LOVE FOR PEOPLE -- HIS LOVE FOR HIS COUNTRY, AND HIS DESIRE FOR A BETTER WORLD WHERE PEOPLE CAN LIVE WITH DIGNITY BECAUSE OF THEIR COLOR AND THEIR CULTURAL DISTINCTIVENESS, AND BE LOVED AND BE RESPECTED BY ALL. A NEW TOWN IS NOT JUST BRICKS AND MORTAR, NOR STICKS AND STONES, BUT A NEW TOWN MUST BE BUILT BY PEOPLE AND A NEW TOWN MUST HAVE SOUL.



NEW COMMUNITIES ARE REACTIONS TO THE MANY PROBLEMS OF AMERICAN SOCIETY, THEREBY CREATING BOLD ALTERNATIVES TO URBAN SPRAWL AND MASS OUT-MIGRATION FROM RURAL DEPRESSED AREAS. NEW TOWNS ARE THE RESULT OF COMBINED INITIATIVE OF THE FEDERAL GOVERNMENT, PRIVATE FINANCING, PRIVATE DEVELOPERS AND CONCERNED CITIZENS. THIS INITIATIVE REQUIRES THAT THE INTERDYNAMICS OF SOCIAL, CULTURAL, PHYSICAL AND ECONOMIC SYSTEMS MUST BE A PART OF THE DEVELOPMENT PLAN OF NEW COMMUNITIES.

LET US NOW LOOK AT HOW THE CONCEPT OF A NEW TOWN CAN BE BROADENED TO DEAL WITH THE BASIC PROBLEMS CONFRONTING THE AMERICAN SOCIETY TODAY. LET'S MAKE A LIST OF THE PROBLEMS THAT FACE AMERICA TODAY, THOSE PROBLEMS WHICH HAVE, TO A DEGREE, POLARIZED THE RACES: UNEMPLOYMENT AND UNDER-EMPLOYMENT -- LACK OF ECONOMIC OPPORTUNITIES -- POOR HEALTH SERVICES -- LACK OF POLICE PROTECTION -- RACISM -- DISCRIMINATION AGAINST WOMEN, THE ELDERLY AND THE YOUNG -- CRIME IN THE STREETS -- AN INEQUITABLE WELFARE SYSTEM -- POOR HOUSING -- POOR TRANSPORTATION -- THE LACK OF NEW CONCEPTS IN RELIGION -- EDUCATION -- POLITICS -- POLLUTION.

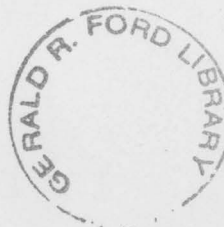
LET ME MAKE MY POSITION ON ONE THING EMPHATICALLY CLEAR. I AM AN INTEGRATIONIST. I BELIEVE THAT THE STRUGGLE OF THE 1960's HAS NOT BEEN STOPPED IN SPITE OF THE DEATHS OF MY GREAT FRIENDS, MARTIN LUTHER KING, WHITNEY YOUNG, JOHN F. KENNEDY, MALCOLM X, ROBERT KENNEDY AND LYNDON BAINES JOHNSON, AND THE MANY OTHER KNOWN AND LESSER KNOWN MEN AND WOMEN.



THE PROBLEM IS THAT WE HAVE NEVER EXPERIENCED, AND ARE NOT NOW LIVING
IN A FULLY INTEGRATED SOCIETY. WE HAVE NOT TRIED REAL INTEGRATION
YET.

TWO OF THE MOST BASIC AREAS IN SOCIETY ARE TODAY ALMOST COMPLETELY SEGREGATED -- ONE IS OUR ECONOMIC SYSTEM, THAT IS, WALL STREET AND THE OWNERSHIP AND MANAGEMENT OF PRODUCTION. THE SECOND IS OUR POLITICAL SYSTEM. BOTH SYSTEMS ARE HIGHLY SOPHISTICATED AND CANNOT BE INTEGRATED BY MERE PROTEST OR BY MARCHING IN THE STREETS SINGING FREEDOM SONGS. THE STRUGGLE TO INTEGRATE THE ECONOMIC AND POLITICAL REALMS OF THIS SOCIETY DEPENDS UPON KNOWLEDGE -- SKILLS -- ENDURANCE -- AND SAGACITY, AND IN MANY INSTANCES IT REQUIRES THE SUBORDINATION OF THE EGO. THAT IS WHY THERE IS A DISTINCTION BETWEEN THE STRATEGY EMPLOYED IN THE BATTLE TO FIGHT OVERT SEGREGATION IN THE 1960'S AND THE STRATEGY TO FIGHT SUBTLE RACISM OF THE 1970'S. OUR OBJECTIVES HAVE NOT CHANGED. IT IS THE STRATEGY TO ACCOMPLISH THOSE SAME OBJECTIVES THAT PIERCED THE AMERICAN CONSCIENCE IN THE 1960'S THAT HAS CHANGED. THE END IS THE SAME, ONLY THE MEANS HAS BEEN CHANGED.

UNFORTUNATELY, MANY DO NOT REALIZE THAT THE NEW COMMUNITY IS A CONCEPT FOR COMBATTING THE ILLS WHICH CONFRONT SOCIETY AND IS A MECHANISM FOR CONTINUING THE STRUGGLE OF THE 1960'S. MANY DO NOT REALIZE THAT WHILE WE CONTINUE THE STRUGGLE -- THAT THE STRUGGLE MUST BE SHIFTED TO URBAN DEVELOPMENT AND AT THE SAME TIME MUST BE MAINTAINED IN THE RURAL COMMUNITY.

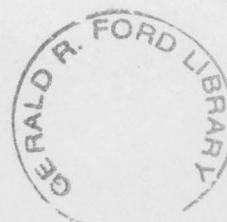


NEW COMMUNITIES CAN BE BUILT BY PRIVATE FINANCING AND NEW COMMUNITIES CAN BE MODELS FOR EXISTING DISTRESSED URBAN AND RURAL AREAS.

THE PREAMBLE TO THE "URBAN GROWTH AND NEW COMMUNITY DEVELOPMENT ACT" - (SECTION 701) STATES:

"IT IS THE POLICY OF THE CONGRESS AND THE PURPOSE OF THIS TITLE TO PROVIDE FOR THE DEVELOPMENT OF A NATIONAL URBAN GROWTH POLICY AND TO ENCOURAGE THE RATIONAL, ORDERLY, EFFICIENT, AND ECONOMIC GROWTH, DEVELOPMENT, AND REDEVELOPMENT OF OUR STATES, METROPOLITAN AREAS, CITIES, COUNTIES, TOWNS, AND COMMUNITIES IN PREDOMINANTLY RURAL AREAS WHICH DEMONSTRATE A SPECIAL POTENTIAL FOR ACCELERATED GROWTH; TO ENCOURAGE THE PRUDENT USE AND CONSERVATION OF OUR NATURAL RESOURCES; AND TO ENCOURAGE AND SUPPORT DEVELOPMENT WHICH WILL ASSURE OUR COMMUNITIES OF ADEQUATE TAX BASES, COMMUNITY SERVICES, JOB OPPORTUNITIES, AND WELL-BALANCED NEIGHBORHOODS IN SOCIALLY, ECONOMICALLY, AND PHYSICALLY ATTRACTIVE LIVING ENVIRONMENTS."

THIS NEW COMMUNITY ACT WAS FIRST PASSED BY THE CONGRESS IN 1968. UNDER TITLE VII, AS WE LAWYERS LIKE TO CALL IT, MORE THAN A DOZEN NEW TOWNS ARE NOW BEING BUILT ACROSS AMERICA. SOUL CITY IS ONE OF THESE.



YET NEITHER THE CONGRESS NOR THE EXECUTIVE BRANCH HAS SEEN THE FULL POTENTIAL OF THESE AND THE OTHER NEW TOWNS TO COME.

EVEN THE DEVELOPERS TEND TO SEE NEW TOWNS PRIMARILY AS REAL ESTATE DEVELOPMENTS. I SAY TO YOU THAT A TOWN OUGHT TO BE VIEWED AS A PEOPLE DEVELOPMENT PROJECT, BECAUSE TOWNS IN THE LAST ANALYSIS ARE WHERE PEOPLE LIVE, WORK, PLAY, STUDY, PROCREATE AND DIE. REAL ESTATE DEVELOPMENT MUST SERVE THE GOALS OF PEOPLE. AND IF NEW TOWN DEVELOPERS CANNOT SERVE PEOPLE PRIMARILY, THEN SURELY THEY DO NOT DESERVE FEDERAL SUPPORT.

OUR NEW PRESIDENT HAS MANY AWESOME AND IMPORTANT TASKS FACING HIM IN THE NEXT SIX YEARS. BUT OBVIOUSLY HIS MOST IMPORTANT RESPONSIBILITY IS THE WELL BEING OF ALL AMERICANS. I BELIEVE THAT MR. FORD AND MR. ROCKEFELLER WILL BE ABLE TO SEE THAT NEW TOWNS LIKE SOUL CITY CAN SERVE THE NATIONAL INTEREST AT LESS COST TO THE TAXPAYER THAN ANY OTHER FORM OF URBAN DEVELOPMENT LEGISLATION. NEW TOWNS CAN BE INSTRUMENTAL IN THE PROCESS OF THE INTEGRATION OF OUR ECONOMIC AND POLITICAL SYSTEM AND CAN REDUCE POLARIZATION, POVERTY AND POLLUTION AT THE SAME TIME.

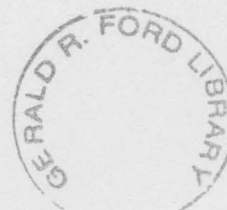
SOUL CITY IS UNIQUE AMONG NEW TOWN DEVELOPMENTS BECAUSE IT IS THE FIRST AND ONLY "FREE-STANDING" COMMUNITY TO BE DEVELOPED IN THE UNITED STATES. A "FREE-STANDING" COMMUNITY IS ONE THAT MUST CREATE ITS OWN INDUSTRIAL BASE. IT DOES NOT DEPEND UPON THE INDUSTRIAL BASE OF ANOTHER COMMUNITY. THEREFORE, THE IMPLEMENTATION OF AN INDUSTRIAL



DEVELOPMENT MARKETING PROGRAM IS A MUST FOR THE SURVIVAL OF A "FREE-STANDING" NEW COMMUNITY. THE PACE AT WHICH THE INDUSTRIALIZATION PROCESS IS CARRIED OUT IS DICTATED BY THE ORDERLY DEVELOPMENT OF OTHER FACTORS (I.E., WATER, SEWER, AND CERTAIN AMENITIES). THE DEVELOPMENT OF THESE FACTORS ARE NOW BEYOND THE PLANNING STAGES, SOUL CITY CAN NOW VERY SAFELY ADVISE THE INDUSTRIAL COMMUNITY THAT WE ARE READY TO RECEIVE THEM. IT IS IN OUR INTEREST TO CREATE THE BEST POSSIBLE CLIMATE FOR INDUSTRIAL DEVELOPMENT. CONSEQUENTLY, OUR TEAM OF INDUSTRIAL ADVISORS HAS DEVELOPED A STRATEGY THAT WOULD ALLOW US TO MARKET AND DEVELOP OUR FIRST LARGE INDUSTRIAL PARK.

OUR FIRST SHELL INDUSTRIAL BUILDING WILL BE KNOWN AS SOULTECH I. CONSTRUCTION HAS ALREADY STARTED. WE NOW HAVE A FULL-TIME INDUSTRIAL DEVELOPER WHOSE RESPONSIBILITY IS TO DEVELOP A STRATEGY FOR LURING THE APPROPRIATE INDUSTRIES TO SOUL CITY AND TO COORDINATE THE INDUSTRIAL DEVELOPMENT PROGRAMS ALONG WITH OTHER GROWTH AT SOUL CITY. WITHIN THE NEXT FEW MONTHS, WE WILL LAUNCH A VIGOROUS INDUSTRIAL RECRUITMENT PROGRAM. YOU SEE, WE NOW KNOW THAT CIVIL RIGHTS AND SOCIAL GOALS CAN BEST BE PROMOTED AND ACCOMPLISHED WHEN AND WHERE ECONOMIC GAINS CAN EQUALLY BE ACCOMPLISHED. THIS IS FACT.

SOUL CITY IS THE LARGEST DEVELOPMENT EVER UNDERTAKEN BY A PREDOMINANTLY MINORITY DEVELOPER. IT IS SITUATED IN RURAL WARREN COUNTY, NORTH CAROLINA. WARREN COUNTY'S LARGEST TOWN HAS LESS THAN 1,000 PERSONS. SOUL CITY IS LOCATED IN AN AREA WHERE ONLY A FEW YEARS AGO ONE COULD BOAST OF TRI-PARTITE

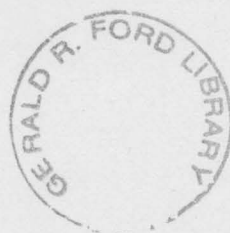


SEGREGATION IN ITS COURTROOM AND IN ITS SCHOOL SYSTEM. WHITES, INDIANS AND BLACKS WERE FORCED TO SEEK THEIR OWN DESTINIES AND WERE PREVENTED FROM ANY MEANINGFUL COOPERATIVE EFFORT FOR THE BENEFIT OF ALL. BUT, SOUL CITY IS NOW LOCATED WHERE IT CAN HELP BLACK, INDIAN AND WHITE PEOPLE. IN ORDER TO HELP OURSELVES, WE MUST HELP OTHERS. TODAY, WE ARE IN A POSITION TO DO THAT. WHILE "FREE-STANDING" WE ARE ONLY 50 to 60 MILES FROM RALEIGH, DURHAM AND CHAPEL HILL, THE POLITICAL, FINANCIAL AND EDUCATIONAL CENTERS OF OUR GREAT STATE.

TOO OFTEN WE HAVE NOT BEEN ABLE TO RECOGNIZE THAT WHERE THERE ARE POOR BLACKS, THERE ARE ALSO POOR WHITES AND POOR PEOPLE CANNOT PAY PEOPLE OF ANY COLOR.

SOUL CITY IS A NEW COMMUNITY THAT WELCOMES PEOPLE OF ALL RACES, AND VARYING ECONOMIC LEVELS WHO DESIRE TO BE A PART OF BOLD ALTERNATIVES. OUR PERMANENT PHYSICAL DEVELOPMENT HAS NOT PROGRESSED AS FAST AS WE DESIRED, BUT THIS HAS NOT DETERRED OUR DEVELOPMENT AND INVOLVEMENT IN THE CULTURAL ARTS.

THERE IS DEFINITELY A PLACE FOR CULTURAL ARTS IN SOUL CITY. AND AS OUR PHYSICAL DEVELOPMENT PROCEEDS IN THE YEARS TO COME, THERE WILL BE A PERMANENT STRUCTURE ESPECIALLY FOR THE ARTS.



AS NEW TOWNS ATTEMPT TO PUT CONCEPTS INTO REALITIES, RHETORIC INTO LIVING EXPERIENCE, CERTAIN REVELATIONS ABOUT AMERICA ARE OBSERVED. UNLESS AMERICA IS REALLY COMMITTED TO ENSURE AN EQUAL ACCESS FOR ALL ITS CITIZENS TO ITS TOTAL RESOURCES, MINORITY AND DISADVANTAGED PERSONS WILL CONTINUE TO SUFFER BENIGN NEGLECT.

THIS AUDIENCE WOULD ESPECIALLY BE PLEASED TO KNOW THAT ONE OF OUR FIRST INITIATIVES WAS TO ESTABLISH THE SOUL CITY HISTORICAL AND CULTURAL SOCIETY, INVOLVING THE COMMUNITY PERSONS WITHIN A FIVE COUNTY AREA. THE CULTURAL PROGRAM INCLUDED WORKSHOPS IN DRAMA, DANCE AND ART, AND A FIELD THEATER FOR THE WARREN COUNTY YOUTH.

RURAL JUNIOR AND SENIOR HIGH SCHOOL STUDENTS WROTE AND PERFORMED THE PLAY "SOMETIME I THINK". MY DAUGHTER, S. CHARMAINE McKISSICK, ORGANIZED A DANCE SCHOOL AND HAS TRAINED MANY YOUNG PEOPLE IN MODERN DANCE. BOTH OF THESE GROUPS HAVE APPEARED ON T.V.

YOU SEE, THERE ARE TWO CONCEPTS OF INTEGRATION -- ONE CONCEPT IS CONSUMER INTEGRATION WHICH WE HAVE HAD BY VIRTUE OF THE CIVIL RIGHTS ACT. THAT IS, WE ALL HAVE A RIGHT TO SPEND OUR MONEY -- PUBLIC ACCOMMODATIONS. THE OTHER CONCEPT OF INTEGRATION DEALS WITH THE ACQUISITION OF ASSETS LEADING TO CONTROL OF THE PRODUCTION OF CONSUMER NEEDS.



THE NEW TOWN, AND PARTICULARLY THE "FREE-STANDING" NEW COMMUNITY SUCH AS SOUL CITY MUST BE CONCERNED WITH PEOPLE FIRST. THAT MEANS WE MUST BE CONCERNED WITH SOUND ECONOMICS. WE START OFF WITH THE BELIEF THAT WE CAN MAKE THE SYSTEM WORK, THAT PEOPLE WANT TO BE HAPPY AND THAT A NEW TOWN CAN PROVIDE FOR EXPANSION IN EVERY CONCEIVABLE FORM FOR ITS CITIZENRY -- THIS EXPANSION MUST COME FORTH IN ITS PLANNING AND THROUGH ITS DESIGN BY ITS CITIZENS OF ALL AGES.

THE DEVELOPING OF A NEW COMMUNITY CANNOT BE THE SOLE RESPONSIBILITY OF THE PRIVATE DEVELOPER NOR THE FEDERAL GOVERNMENT. IT REQUIRES THE COMBINED EFFORTS OF FEDERAL, STATE, AND LOCAL GOVERNMENTS SUPPORTING THE PRIVATE DEVELOPER. IT REQUIRES A NATIONAL POLICY THAT DOES NOT RELEGATE THIS PROGRAM TO ONE ADMINISTRATIVE DEPARTMENT OF OUR NATIONAL GOVERNMENT BUT REQUIRES THE COMMITMENT OF ALL THOSE DEPARTMENTS THAT AFFECT OUR LIVES.

AT SOUL CITY IN ORDER TO ACCOMPLISH THIS GOAL WHICH IS SPELLED OUT IN THE NATIONAL LEGISLATION WE HAVE DEVELOPED PROGRAMS USING THE DEPARTMENT OF COMMERCE, OFFICE OF MINORITY BUSINESS ENTERPRISE, OFFICE OF ECONOMIC OPPORTUNITY, DEPARTMENT OF TRANSPORTATION, DEPARTMENT OF HEALTH, EDUCATION AND WELFARE, AND THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT WHICH IS THE MAINSTAY OF OUR PROGRAM. WE HAVE COMBINED THE PROGRAMS OF THESE DEPARTMENTS TO ACCOMPLISH OUR GOALS. YET THIS IS NOT ENOUGH. IT WOULD BE FAR BETTER IF IT WERE A PART OF THE NEW COMMUNITY PROGRAM THAT THESE DEPARTMENTS WERE PARTICIPANTS IN THE PROJECT AGREEMENT.



I INTEND TO WEAVE THESE AGENCIES INTO MY IMPLEMENTATION PROGRAM BECAUSE IN ORDER TO ACCOMPLISH MY GOAL, THESE PLAY A NECESSARY ROLE. BUT WHAT I WANT IS ANOTHER COMMITMENT. THIS COMMITMENT IS TO STOP COST-BENEFITTING PEOPLES LIVES AND TO BE WILLING TO MAKE REALISTIC EXPENDITURES TO MAKE THE NEW COMMUNITY PROGRAM A RELIABLE ALTERNATIVE TO THE DEPRIVATION OF OUR CITIES AND SOUL SHATTERING POVERTY IN OUR RURAL AREAS.

I AM CHALLENGING THIS NATION TO ADDRESS ITSELF TO THE REAL PROBLEMS AND THEIR SOLUTIONS. NEW COMMUNITIES IF SUPPORTED, ARE A SOLUTION.

CONCLUSION

(1) THE CIVIL RIGHTS STRUGGLE OF THE 1960'S HAS NOT YET BEEN COMPLETED. WE MUST CONTINUE OUR STRUGGLE AND WE CAN COMPLETE THAT STRUGGLE IN THE 1970'S BY BREAKING THOSE ECONOMIC AND POLITICAL BARRIERS IN THIS DECADE WHICH CONTINUE TO OPPRESS MINORITY GROUPS.

(2) ONE OF THE MAJOR INSTRUMENTALITIES FOR CONTINUING THE STRUGGLE BEGAN IN THE 1960'S IS THE NEW TOWN VEHICLE. I CHALLENGE OUR PRESENT ADMINISTRATION TO CONTINUE THE STRUGGLE BY MAKING ADDITIONAL FUNDS AVAILABLE TO HUD AND OTHER APPROPRIATE AGENCIES SO THAT THEY MIGHT CONTINUE THEIR EFFORTS AND BY THE PASSAGE OF REMEDIAL LEGISLATION TO ASSIST IN THIS DIRECTION. THE NEW COMMUNITIES ACT IS AN INSTRUMENT FOR MAJOR SOCIAL CHANGE, AND CAN BE JUST AS EFFECTIVE AS THE CIVIL RIGHTS BILL OF THE 1960'S IF PROPERLY ADMINISTERED SO THAT THE INTENTION OF CONGRESS IS CARRIED OUT. AN AGGRESSIVE, CREATIVE AND INTENSIFIED MULTI-RACIAL NEW TOWN ADMINISTRATION CAN BE THE CATALYST FOR



CREATING MASSIVE EMPLOYMENT OPPORTUNITIES, BETTER LIVING CONDITIONS AND BETTER RACE RELATIONS -- THUS ELEVATING THE TOTAL AMERICAN SOCIETY FROM THE PLAGUE OF INFLATION.

(3) IT IS THE RESPONSIBILITY OF ALL AMERICANS -- RICH, POOR, LIBERAL AND CONSERVATIVE TO PRESERVE AND PROTECT THOSE RIGHTS ACQUIRED IN THE 1960'S. IT IS THE DUTY OF BLACK PEOPLE AND WHITE PEOPLE TOGETHER TO CARRY ON THE STRUGGLE. NEITHER INDEPENDENTLY CAN BRING ABOUT ANY REAL OR PERMANENT SOLUTIONS.

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THE SOUL CITY COMPANY

P. O. BOX 188
SOUL CITY, NORTH CAROLINA 27553
(919) 456-3111

FLOYD B. MCKISSICK, ESQ.
PRESIDENT

March 21, 1975

Mr. Stanley S. Scott
Special Assistant to the President
The White House
Washington, D. C.

RE: Soul City Press Conference, March 20, 1975

Dear Stan:

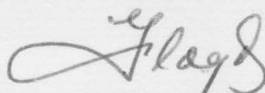
We had a press conference on Thursday, March 20, 1975, regarding the Soul City project.

For your information, enclosed please find statement made by me at the press conference and news articles which have appeared in the NEWS AND OBSERVER, THE DURHAM MORNING HERALD, dated March 21, 1975; and, HENDERSON DAILY DISPATCH, dated March 20, 1975. We received more than 20 telegrams in support of Soul City. Enclosed are a few from persons whose names you will immediately recognize.

It's amazing how accounts differ on what happened -- particularly is this so as it relates to TV coverage.

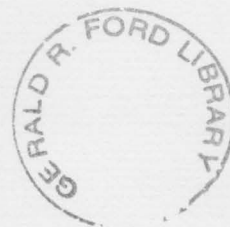
If you have any questions or need further information, kindly let me know.

Very truly yours,



F. B. McKissick

Enclosures



THE SOUL CITY COMPANY

Statement by

Mr. Floyd B. McKissick, Sr.

March 20, 1975

Howard Johnson Motel

Henderson, N.C.



All those concerned with the economic development of this region and with the building of Soul City welcome you to this press conference. This meeting is unlike our previous sessions since it was not called to talk about the role of Soul City in promoting growth in the North Piedmont section of North Carolina. Nor was it called to announce some new aspect of Soul City's development.

At this press conference we will discuss and answer questions regarding issues which have received media coverage based on a series of articles and editorials carried by the Raleigh News and Observer.

These articles state outright, imply, or otherwise indicate that we are not carrying out the development of Soul City to the benefit of the residents of this region, State or nation. Rather, the project is alleged to rest on a base of shifting sand and came into being only as a result of my political activities which led to the receipt of millions of dollars of Federal support. It has been charged that we have failed to sustain a satisfactory development pace, mismanaged Federal funds and attracted a cadre of my relations from near and far to join me on the undeveloped acres of Soul City.

Since the articles cover an almost limitless number of charges I've asked the staff, and those involved with groups closely linked to the project to prepare short background papers which should be considered official statements of the Soul City Company or the organization preparing the information. I've also asked the Executive Director of the League of New Community Developers, the body representing Federally assisted new communities to also attend. They too, have prepared a position paper on the overall status of the new communities program. All these papers are included in your press kits.

These articles, left unanswered, could have a serious impact on the large number of citizens, white and black, and Indian, in Warren, Vance, and Granville Counties who support Soul City because it has begun the process of revitalizing this region too long overlooked by the State and Federal governments, and yes, even by the Raleigh News and Observer.

I am sure you can appreciate that in building a new town a considerable amount of time must be initially spent in securing the support of a wide range of public officials and private businessmen. Without their active support it is difficult, if not impossible, to gain the required governmental clearances, sustain local enthusiasm, and secure the necessary financing. In our case this process was complicated on several counts. Numerous local jurisdictions were involved, the basic infrastructure was not in place, and, let's face it, there were strong suspicions since this ambitious undertaking was being spearheaded by a black. Soul City is defined as a freestanding new town. The only one so considered of the 16 Federally supported new communities. It is free-standing in the sense that it is not



within an urbanized or standard metropolitan area. This poses particular problems which must be dealt with in the planning stage. Considering these facts, I believe remarkable progress has been made in bringing the project this far.

There is now strong local support for the project because its development is crucial to the growth of the region. A major regional water system has resulted because of Soul City's location in the region, and is now one-third constructed. In fact due to the lack of adequate water supply - the key to growth and economic development - this region was stagnating. Both Henderson and Oxford have experienced critical and sustained water shortages.

Three counties along with Soul City have benefited by the construction and funding of the 12 million dollar regional water system.

When you think about it many organizations would have been considered most successful in the accomplishment of this single undertaking. In our case we considered the attainment of this objective as being just one of the necessary building blocks before we could begin our 30-year development journey to create a new town in a depressed region lacking basic facilities and services commonly found in suburban areas where most of the private and Federally supported new communities are presently being built.

We have also embarked on major planning and program activities to create or expand the existing social service base in a region marked by low per capita income, a current unemployment rate of 30%, inadequate



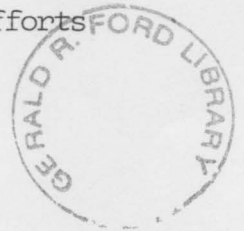
health services and an underfinanced public education system.

I might add that all these activities were being planned and executed while also going through the complex, difficult, expensive and time consuming process of gaining Federal approval for the economic, physical, and social development plan for Soul City and raising the \$1.5 million equity which was required of us. In fact it took us five long years from April 1, 1969 when we first applied for Federal assistance to March 6, 1974 when we finally sold the \$5 million of bonds which permitted us to begin building the new town.

While we are not happy with the long delays, other developers with considerably more funds and less complex projects took an average of more than three years to get through the HUD maze.

In response to the News and Observer's portrayal of a project six years along with nothing to show, I can only respond that it may make good copy and even better cartoons but it is short, on analysis as it relates to progress made, the experiences of other Federally supported new communities and the crippling effects of the economic downturn.

While on the matter of development pace, I would like to make a few comments about industrial development. First, I want to say that some of the serious negotiations which gave me early optimism about locating industrial prospects were thwarted both by our delayed closing with HUD and by the drastic reduction in capital spending plans as a result of the inflationary-recession economy. This has not only affected our efforts but other new communities as well. (February 10 Business Week)



As former Council of Economic Advisor Chairman, Arthur Okun, was quoted as saying, "If there is any one law in economics that still holds water, it is that businessmen do not invest in plant and equipment for a market that is not there". This, of course, has been doubly true for the housing industry.

There has also been a great deal said in the press about the fact that Soultech I, our initial industrial facility, has not yet been rented. I can only point out that Soultech I is not yet completed and is what is termed as a speculative industrial building - built in advance for sale or lease to industrial clients. Furthermore, water, sewer and highway to serve Soultech are now under construction, but could not have been begun prior to last March.

Soultech I faces very stiff competition according to a recent ad placed in the Wall Street Journal by the State of North Carolina. There are something like 15 vacant industrial buildings currently for lease throughout the state. The current economic situation is not particularly advantageous for industrial development. Nevertheless, we at Soul City remain confident about achieving both our immediate and long range goals for creation of industrial jobs. We are well organized and are effectively making our case with industries who will be expanding as markets improve. The development plan entered into between HUD and The Soul City Company calls for the creation of 300 jobs by the end of 1976 - a point not mentioned by the News and Observer. I am confident we will meet or surpass this goal.

My political life seems to be of particular interest. Well, I admit



it - I am a Republican. Apparently so were a majority of my fellow North Carolinians since this State as well as the nation voted overwhelmingly Republican in 1972. I, however, did so publicly and openly as I have always done, while many others only switched in the privacy of the voting booth.

I remember a heated discussion at Covenant Community Church in Durham in 1960 where I contended that blacks and liberal whites should consider joining the Republican Party to bring fresh ideas and perspectives to the other major political party in this country. I stressed this viewpoint again at a public meeting of the Durham Committee on Negro Affairs in 1964. Beyond this, I'm not sure what I am supposed to say. I heartily endorse the two-party system and believe that blacks in this country should follow their conscience and not merely respond to historical tradition. Incidentally, I plan to continue my political activities and will actively support Republican and Democratic candidates pledged to assist the black community. As far as Soul City being a political pay-off I can only say that if this were the case we would not have languished so long in the HUD pipeline.

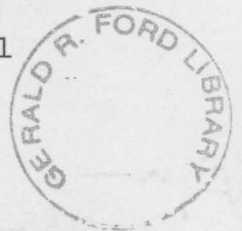
That of course only partially deals with the question of Republican largesse allegedly showered on my head as a result of my Republican party connections. In fact, Congress clearly intended a full range of new communities and Soul City is a vital element in the broad goals and objectives of the Federal Legislation bringing this program into being.



The preamble to the "Urban Growth and New Communities Development Act" -- our enabling legislation states,

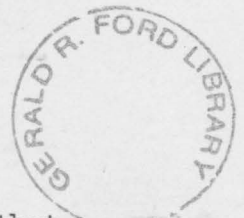
It is the policy of the Congress and the purpose of this title to provide for the development of a national urban growth policy and to encourage the rational, orderly, efficient and economic growth, development and redevelopment of our states, metropolitan areas, cities, counties, towns and communities in predominantly rural areas which demonstrate a special potential for accelerated growth; to encourage the prudent use and conservation of our natural resources; and to encourage and support development which will assure our communities of adequate tax bases, community services, job opportunities, and well-balanced, neighborhoods in socially, economically and physically attractive living environments.

To carry out this ambitious legislation the Congress clearly recognized that different types of economic assistance would be required. For instance, central city development requires land write-downs, demolition and relocation assistance. They are major cost items and must be dealt with if a new-town-in-town is to be built. In fact one such project will require \$200 million in public investments over its 20 year development timetable. The problems of new towns located in rural areas are significantly different and require a different type of public investment. You cannot just extend or widen a few streets or add to the capacity of a water or sewage treatment plant. You can't merely adjust classroom space or plan to absorb new patients into existing health programs. In rural areas, you must create all of these from scratch if you are going to effectively deal with the economic, human and physical revitalization



of a region. On the other hand certain high expense urban investments are avoided in non-metropolitan areas. Land is cheaper. Services are provided at a reduced cost. Salaries and wages are lower. Construction costs are less. How does this relate to Soul City? It means that heavy front-end expenditures are required to plan a new city within a region made up of rural areas and smaller cities and to make adequate provision for a social service delivery system where one either doesn't exist or operates at a level far below the needs of the region. Put in this perspective Soul City has received only modest support from the Federal government. A chart showing basic and supplementary grants allocated for Federally supported new communities reveals Soul City has secured more grants than some and considerably less than others. It is important to note that almost all of these grants have gone into these new communities, as in Soul City, before the first resident moves in. That's what this program is all about - providing facilities before a population base is established so it's done only once and it's done right. A close look at the chart in the League's status paper shows that Soul City's loan guarantee is appreciably lower than those received by the other Federally supported new towns. We have had average success in securing grant assistance and require considerably less in loans than the other approved new communities.

Of course, the real test is whether the grants and loans are fulfilling the purpose of the new communities program set out by the Congress.

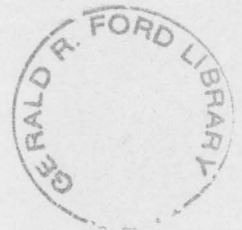


In the case of Soul City the answer is a resounding yes! The economic and social climate in the region is already improving and Soul City's development is on schedule in meeting the objectives and pace agreed to between HUD and ourselves. And we have done so within the budgetary limits approved by the Department.

A number of questions have been raised by the News and Observer concerning alleged financial irregularities regarding The Soul City Company and other organizations concerned with the development of the region and the project. Others here at the table can deal with specific areas of interest. However, I'd like to make a few general comments.

Our predevelopment costs are in line with those incurred by other Title VII new communities. In accounting for these predevelopment costs a clear differentiation was made between those costs borne through other Federal programs and our direct corporate expenses. Not one dollar of Federal support was included as predevelopment costs. The New Communities Administration of HUD carefully examined our costs and accepted them.

HUD required that we provide \$1.5 million in hard equity. One million had to be in cash and \$500,000 could be in the form of costs paid for by McKissick Enterprises and not reimbursed in any way from the proceeds of our federally guaranteed loans. We met these requirements to HUD's satisfaction and an independent audit has so certified.



As far as the other organizations at Soul City are concerned, I have a number of comments. The most serious charge relates to the Warren Regional Planning Corporation's reported misuse of some \$65,000 in funds received under a contract with the U.S. Department of Commerce, Office of Minority Business Enterprise. This allegation is based on a preliminary audit report which has never to this day been officially given to WRPC. Furthermore, we had no knowledge of the contents of the report until a consultant of ours came across it in Atlanta and gave a copy informally to our staff in mid-November, 1974.

The suggestion in the report that Federal funds were used to purchase furniture and equipment which was subsequently leased by McKissick Enterprises to WRPC was simply an error. The purchase in question was made entirely by private funds and the auditors have concurred. Furthermore, the federal audit referred to did not come to any conclusions, but only raised the questions about which clarification was deemed necessary. For a newspaper to allege mismanagement on such a basis does in my estimation, seriously mislead people who rely on accurate journalism. As Will Rogers said "All I know is what I read in the papers." Based on these and other charges two members of the North Carolina Congressional delegation have called for an audit by the General Accounting Office. As we have said repeatedly "We don't have anything to hide or anything to fear." We only hope this audit will proceed quickly so the charges and innuendoes surrounding Soul City will be laid to rest.

One more thing, we have always been cooperative and open in dealing with all press, public and private officials interested in Soul City's progress. I would point out though that this time taken by us is very expensive both in terms of manhours and money.

I trust we will not be subjected to governmental visits every time a news story criticizes our operation.

The News and Observer has also commented at great length on the interrelationships among the various corporate entities involved with the development of Soul City. I would like to say that I am amused at the charges that the payroll is crowded with McKissicks and close associates of mine. Eva Clayton and Lewis Myers, for instance, are outstanding professionals and have skills which any public or private corporation would gladly obtain. Eva Clayton is known throughout this state as an articulate and effective leader on behalf of the poor and minorities. Lewis Myers has an MBA from the University of North Carolina. I don't have to tell you that blacks receiving MBA's from an outstanding institution like the University of North Carolina are in great demand. These two outstanding professionals share with me the attainable dream of bringing new life into this region and in the creation of a new city harnessing the talents of blacks and whites alike.



As far as my wife is concerned, she does not receive any compensation as Chairman of the Sanitary District or for that matter any other activity connected with the development of Soul City.

I am proud to add that my son is also involved with me parttime in this project, while a graduate student at UNC. In business circles with which I am familiar, and especially in the real estate development profession these relationships are common. After all I'll be 80 years old when Soul City is completed, and I intend to insure adequate continuity in our efforts to see this project through to its completion.

Years ago I resolved to come back to my native state of North Carolina. My roots are here and I wanted to do something which could stand as a

symbol of black and other minority aspirations and bring new life to a region of this state which had been excluded from full participation in our wonderously abundant society. Soul City is the symbol and the reality of this desire. With the strong and uncompromising leadership of blacks and whites alike we are succeeding.





western union Mailgram



MGMGBOT HSA
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03216 MGM DC NEWYORK NY 400 03-18 551P EDT
ZIP 27536

MR FLOYD MCKISSICK

HOWARD JOHNSON MOTEL
HENDERSON N C 27536



I HAVE HEARD OF THE ATTACK THE PRESS HAS LAUNCHED AGAINST YOU AND SOUL CITY. YOU HAVE MY SYMPATHY. ONLY SOMEONE

WHO HAS BEEN DIRECTLY INVOLVED IN STARTING UP A NEW COMMUNITY CAN APPRECIATE THE AMOUNT OF TIME AND MONEY NEEDED TO GET ONE UNDER WAY. UNLIKE THE TYPICAL RESIDENTIAL BUILDER, YOU AS DID WE, STARTED BY STUDYING PROGRAMS FOR PEOPLE, THE SUPPORT SYSTEMS THAT ARE ESSENTIAL IN A GOOD COMMUNITY. THEREAFTER, CAME BROAD BRUSH LAND USE PLANS, BASED ON THE PHYSICAL CHARACTERISTICS OF THE LAND AS ANALYZED BY SOIL EXPERTS, ECOLOGISTS AND ENGINEERS, AND DESIGNED TO ENHANCE THE NATURAL ENVIRONMENT AS WELL AS IMPLEMENT DESIRED SOCIAL PROGRAMS. ONLY AFTER THIS IS ACCOMPLISHED CAN PRELIMINARY SITE PLANS FOR THE VARIOUS LAND USES BE STARTED, THIS BEING THE FIRST WORK UNDERTAKEN BY THE TYPICAL BUILDER. THEN COMES WORK WITH LOCAL PLANNERS, AND OTHER OFFICIALS. I AM SURE YOU HAD MORE SUBSTANTIAL HURDLES TO SURMOUNT GAINING LOCAL APPROVALS THAN THE TYPICAL BUILDER, I CERTAINLY DID.

ALL OF THE ABOVE PALES BY COMPARISON INVOLVED IN FINANCING A NEW COMMUNITY, DEALING WITH FINANCIAL INSTITUTIONS AND INDIVIDUAL INVESTORS UNUSED TO THE AMOUNT OF FINANCIAL DATA THAT IS ASSEMBLED IN AN ECONOMIC MODEL REQUIRES PATIENCE AND PERSISTENCE. DEALING WITH THE FEDERAL GOVERNMENT, IN MY CONSIDERED JUDGEMENT, RAISES STAFF AND CONSULTANT COSTS BY AT LEAST 100% ACROSS THE BOARD OVER THE COSTS OF A PRIVATELY SUPPORTED DEVELOPMENT, I SHOULD KNOW, BECAUSE I HAVE HAD BOTH EXPERIENCES. RESTON AND RIVERTON.

I CAN'T DO JUSTICE IN A SUMMARY OF THE TIME AND EFFORT REQUIRED TO SECURE THE GRANTS, WITHOUT WHICH THE TITLE VII PROGRAM MAKES NO SENSE. SUFFICE IT TO SAY THAT IN RIVERTON WE HAD TO DEAL WITH 51 GOVERNMENT AGENCIES TO SECURE OUR GRANTS; AS FOR HOUSING SUBSIDIES, WE STILL DON'T HAVE NECESSARY APPROVALS FROM FHA, VA, GINNY MAE AND FANNY MAE.

PAGE 2

western union

Mailgram



DON'T LET THE IGNORANT GET YOU DOWN. TAKE THEM
THROUGH YOUR SHOP AND SHOW THEM WHAT IT TAKES TO GET AS
AS FAR AS YOU HAVE SUCCEEDED IN DOING, I'M SURE THIS
WILL CONVERT THEM TO APPRECIATION OF WHAT YOU HAVE DONE.

ROBERT E. SIMON, JR.

21:25 EST

MGMGBOT HSA



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ICS IPMMYZZ CSP
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ZIP



Mailgram



RECEIVED

MAR 19 1975

FLOYD B. MCKISSICK
SOUL CITY NC 27589

THE SOUL CITY COMPANY

DON'T BE DISHEARTENED BY THE PRESS CRITICISM AND FAILURE TO COMPREHEND THE COMPLEXITIES AND DIFFICULTIES OF NEW TOWN BUILDING. EVEN UNDER THE BEST OF CIRCUMSTANCES, EVERY NEW TOWN THAT I KNOW OF HAS COST FAR MORE THAN SOUL CITY HAS AT A COMPRABLE POINT IN TIME WITH ITS SPECIAL MISSION AND SPECIAL PROBLEMS, ANY REASONABLE PERSON SHOULD BE IMPRESSED WITH WHAT YOU HAVE ACCOMPLISHED THUS FAR, BE ASSURED OF MY SUPPORT AND KEEP UP THE GOOD WORK

JOEL L. FLEISHMAN
PO BOX 4875
DUKES STATION
DURHAM NC 27706

11122 EST

MGMGBOT HSB



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ICS IPMUAWA WSH

11033 GOVT BUWASHINGTON DC 149 03-18 344P EDT

PMS FLOYD MCKISSICK, DLR

HOWARD JOHNSON MOTOR LODGE

HENDERSON NC

I DEEPLY REGRET THAT MY LEGISLATIVE RESPONSIBILITIES HERE IN CONGRESS PREVENT ME FROM BEING WITH YOU TODAY.

IT IS IRONIC THAT IN THESE DAYS OF ECONOMIC RECESSION THE RALEIGH NEWS AND OBSERVOR WOULD LAUNCH AN ATTACK ON ONE OF THE MOST INNOVATIVE AND POSITIVE ECONOMIC DEVELOPMENT PROJECTS IN YOUR STATE.

AS A MEMBER OF THE HOUSE APPROPRIATIONS COMMITTEE AND ITS SUBCOMMITTEE ON HOUSING AND URBAN DEVELOPMENT I AM PARTICULARLY AWARE OF THE ROLE SOUL CITY PLAYS. AS THE FIRST RURAL NEW TOWN TO RECEIVE A COMMITMENT OF FEDERAL ASSISTANCE. SOUL CITY IS IN A



UNIQUE POSITION TO DEMONSTRATE WHAT A FREE STANDING COMMUNITY CAN MEAN TO THE DEVELOPMENT OF THE ENTIRE AREA THAT SURROUNDS IT.

PLEASE BE ASSURED OF MY CONTINUED SUPPORT IN YOUR EFFORTS TO DEVELOP A MODEL COMMUNITY IN WHICH EACH AND EVERYONE OF ITS CITIZENS CAN MAXIMIZE THEIR POTENTIAL AND ENJOY LIVES OF SATISFACTION AND FULFILLMENT.

YVONNE BRATHWAITE BURKE MEMBER OF CONGRESS.

WUAGT HEND

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ICS IPMUAWA WSH

11057 GOVT BUWASHINGTON DC 107 03-19 355P EDT

PMS FLOYD B MCKISSICK PRESIDENT, DLR

SOUL CITY FOUNDATION INC

HOWARD JOHNSON MOTEL

HENDERSON NC

PRESS CONFERENCE SCHEDULED FOR THURSDAY, MARCH 20, 1975

I REGRET THAT I AM UNABLE TO BE WITH YOU TODAY TO ASSURE YOU
IN PERSON OF MY CONTINUING SUPPORT FOR SOUL CITY. SOUL CITY
NEEDS TO BE SUPPORTED AS AMERICA'S ONLY FREE STANDING NEW TOWN
AND ONE OF THE LARHEST MINORITY ENTREPRENEURSHIP EFFORTS OF
RECENT TIME. AS A MEMBER OF THE BANKING, CURRENCY AND HOUSING
COMMITTEE, US HOUSE OF REPRESENTATIVES, I AM AWARE THAT
SOUL CITY HAS THE POTENTIAL FOR FOSTERING EFFECTIVELY THE
DEVELOPMENT OF MINORITY ENTREPRENEURSHIP. CONTINUE TO WORK TO



MAKE SOUL CITY REACH ITS FULL POTENTIAL. THE TRUE MEASURE OF
SUCCESS WILL BE THE FINAL PRODUCT.

CONGRESSMAN PARREN J MITCHELL.

NNNN

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NEW YORK Amsterdam News Arts and Entertainment

Night Clubs

Films

Books

Music

Theatre

— NO. 12

SATURDAY, MARCH 22, 1975

Dear Sir:
Still waiting
for your
acknowledg-
ment of our
work from
the highest
office in
the Land.

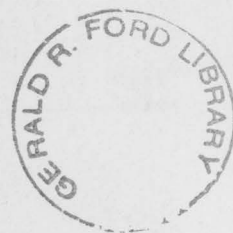
The youth
and parents
of New York
wish you
continued
Success.

Sincerely
Lucky
Holmes



The Stars man is honored

Lucky Holmes, right, director of "Rap With The Stars" recently received a citation from Manhattan Borough President Percy Sutton. Citing the organizations contribution to the youth of the city, Sutton praised Holmes for bringing stars and celebrities to community hospitals, schools, prisons and playgrounds. Last year, the group brought Marvin Gaye to a Harlem Elementary School and Redd Foxx to Harlem hospital. Don Cornelius, Stevie Wonder, Cleveon Little and Dizzy Gillespie have also participated in the program. Holmes expressed the hope that even more stars would give their time and allow the youth of New York City to "Rap With The Stars."



NEW YORK Amsterdam News

NEW YORK Amsterdam News

VOL. 66 — NO. 7

SATURDAY, FEBRUARY 15, 1975 — A-1



AMERICA'S LARGEST WEEKLY

This issue Published
in four sections

25

Sutton Cites Holmes

Manhattan Borough President Percy Sutton has issued a Citation today honoring "Rap With the Stars, Inc.," an educational, athletic and cultural youth organization founded and directed by Lucky Holmes.

The Citation cites the organiza-

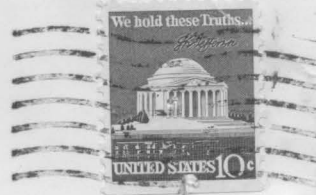
★ RAP WITH THE STARS, Inc. ★

EDUCATIONAL, CULTURAL AND ATHLETIC

YOUTH ORGANIZATION

2186 - 5th Avenue, Suite 9-N

New York, N.Y. 10037



Super Urgent

Mr. Stan Scott
Special Assistant
to the President.
The White House
Washington D.C.

The News and Observer

Soul City

Delay Defended By McKissick

Raleigh, N.C., Friday, March 21, 1975

By RICK NICHOLS

Staff Writer

HENDERSON — Soul City's developer, Floyd B. McKissick, said here Thursday that the progress of his "new town" venture in rural Warren County has been slowed by a maze of federal red tape and the "crippling effects" of the national economic slump.

All things considered, though, he called it "remarkable" that the six-year-old project is as far along as it is.

The 53-year-old former civil rights leader made his comments to a packed news conference at the Howard Johnson Motor Lodge here in response to a series of articles in The News and Observer that raised questions concerning federal financing, political influence and the pace of development at Soul City.

Earns \$50,000 a year

McKissick said he earns a salary of \$50,000 a year from The Soul City Co., the private

development concern that he heads, and gets no other compensation connected with the project.

Another company official, Charles Allen, said afterwards that any substantial profits for McKissick would come from the future sale of homesites or commercial land at Soul City.

McKissick said that his wife, who is chairman of the Soul City Sanitary District, does not receive any compensation.

Announced in 1969 as an alternative to urban overcrowding and the migration of young people from an economically depressed region, Soul City will have nearly 50,000 persons living and working in it within 30 years, its planners have said.

The predictions were based

on attracting industry to the city — now a 2,000-acre piece of rolling pastureland punctuated by a few office trailers and a partly completed industrial building.

McKissick said his early optimism about locating industrial prospects was dimmed by a delayed closing on a \$14-million federal loan guarantee and the drastic reduction in spending for new plants. He announced no prospects Thursday.

The News and Observer series showed that the federal government has approved \$19.5 million in grants, loan guarantees and contracts for Soul City and that more than \$5 million has already been spent on the project, with little results. This prompted a call for a General Accounting Office investigation by Sen. Jesse Helms (R-N.C.) and Rep. L. H. Fountain (D-N.C.).

"We don't have anything to



Staff photo by Gene Furr

McKissick emphasizes a point at news conference



PR RELEASE DATE 3/21/75

The News and Observer, Raleigh, N. C.
Friday, March 21, 1975

McKissick: Didn't Claim Predevelopment Expenses

By PAT STITH
Staff Writer

HENDERSON—Floyd B. McKissick said Thursday his development firm, Soul City Co., did not claim as its own expenses predevelopment costs which the federal government paid for through a contract with a Soul City planning agency that McKissick also leads.

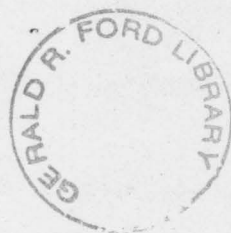
The News and Observer reported earlier this month that federal officials did not know whether The Soul City Co. had claimed expenses actually paid by the federal govern-

ment to the planning agency.

"In accounting for these predevelopment costs a clear differentiation was made between those costs borne through other federal programs and our direct corporate expenses," McKissick told a crowded press conference here.

"Not one dollar of federal support was included as predevelopment costs," he said. "The New Communities Administration of HUD carefully examined our costs and accepted them."

See DEVELOPER, Page 5B



PR RELEASE DATE 3/21/75

Durham Morning Herald

Section C—14 Pages

Friday, March 21, 1975



Soul City Founder Says Switch Didn't Affect Funding

By JACK HOLMES
Herald Staff Writer

HENDERSON — Floyd McKissick said Thursday his vision of a new free-standing city in rural Warren County has been pursued without political payoffs.

McKissick, the chief developer of Soul City, denied that the majority of Soul City's \$19.5 million in federally guaranteed loans, grants and contracts were approved because of his switch to the Republican Party.

"Why else were there three federal feasibility studies instead of just one?" he asked. "Politics opens doors. What is important is to do the right thing once you get in the door."

McKissick said his 1972 switchover from the Democratic Party to the Republican Party was not the first time he had publicly expressed dissatisfaction with the Democratic Party.

The former Durham attorney, who was former head of the

He contended that charges of mismanagement were erroneous and said he welcomes the audit.

Answering what he called charges that "the payroll is crowded with McKissicks and associates of mine," McKissick said, "I believe in competent nepotism just like the News and Observer."

He then named members of the Daniels family, which owns the News and Observer, who hold or have held posts with the

terprise.

"This allegation is based on a preliminary audit report which has never to this day been officially given to WRPC," he said.

"The suggestion in the report that federal funds were used to purchase furniture and equipment, which was subsequently leased by McKissick Enterprises to WRPC was entirely in error. The purchase in question was made entirely with private funds and the

Committee to Re-elect the President (CREEP). He did not elaborate, but agreed that he had met with Paul R. Jones, an official of the Black Voters Division of CREEP.

McKissick also denied charges that "we have failed to sustain a satisfactory development pace," in rebuttal to observations that after six years Soul City remains little more than a cluster of trailers.

He said SoulTech I, an industrial and office complex

Wall Street Journal recently by the state.

He said the current economic situation is "not particularly advantageous" to industrial or residential development.

Nonetheless, he said, "we at Soul City remain confident about achieving both our immediate and longrange goals for creation of industrial jobs."

He said the contract between Soul City and HUD calls for the creation of 300 jobs by the end of 1976.

FRIDAY, MARCH 21, 1975

Regional Water System Is Cited As Contribution

By JACK HOLMES
Herald Staff Writer

HENDERSON. — Floyd McKissick said Thursday that most organizations would be considered successful if they had done nothing more than assure an area of a "major regional water system," such as he said Soul City has done.

McKissick discussed the water system at a press conference he called Thursday to answer criticism of Soul City, a new planned community that is being developed in Warren County.

McKissick was flanked by officials of two existing cities, Henderson in Vance County and



McKISSICK

Says Soul City

Accomplished

Major Tasks

Oxford in Granville, that are partners in the system with Soul City.

The \$12-million regional water system, which is being subsidized by federal and state funds, is about one-third complete.

McKissick said he believes that local support for Soul City is strong because its development is crucial to the growth of the region.

He said, "... due to a lack of adequate water supply — the key to growth and development — this region was stagnating. Both Henderson and Oxford have experienced critical and sustained water shortages.

"Three counties, along with Soul City, have benefited by the construction and funding of the \$12 million regional water system."

Sitting at the speakers' tables in support of McKissick were Mayor George V. Boyd and City Manager Melvin Holmes of Henderson and Mayor Hugh Currin and City Manager R.T. Ragland of Oxford.

However, only Boyd spoke to newsmen about the regional water system.



Henderson Daily Dispatch

HENDERSON, N. C., THURSDAY AFTERNOON, MARCH 20, 1975

McKissick: Soul City Growth 'On Schedule'

By DORR DEPEW
Staff Writer

Floyd B. McKissick, Sr., developer of Soul City, told a press conference today that the "free-standing new community" is on schedule and that Soul City will "meet or surpass" its goal of providing 300 jobs by the end of 1976 for economically-depressed Warren County.

McKissick called the conference to respond to allegations in the Raleigh News and Observer that the project was "six years along and had nothing to show" and that McKissick and his associates had misused federal funds. He delivered a 30-minute prepared statement before opening the floor for questions.

With regard to the News and Observer's portrayal of Soul

City, McKissick said, "It may make good copy and even better cartoons but it is short on analysis as it relates to progress made, the experiences of other federally-supported new communities, and the crippling effects of the economic downturn."

Visitors to the Soul City site, near Manson in Warren County, may observe that the only new permanent structure is the shell of a soon-to-be-completed industrial facility called "SoulTech I." He said an apparent delay in SoulTech I, the first industrial operation at Soul City, is due largely to the fact that utilities have not yet been completed, and that a highway serving the facility is still under construction. "Nevertheless," he said, "we at Soul City remain confident about achieving both our immediate and long-range goals for

creation of industrial jobs. We are effectively making our case with industries who will be expanding as markets improve."

"It is important to note that almost all of the federal grants have gone into other 'new communities,' as Soul City, before the first resident moves in. That's what this program is all about — providing facilities before a population base is established so its only done once and it's done right," McKissick stated.

The Soul City leader referred to charges that he has attracted "a cadre of my relations from near and far" to work with him on the project, noting that he is "amused" at such charges. "I believe in competent nepotism," McKissick stated, but stressed that his associates are "outstanding

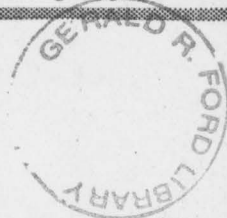
professionals with skills which any public or private corporation would gladly obtain."

McKissick's wife, Evelyn, is chairman of the Soul City Sanitary District, a fact brought out in the News and Observer articles. He said his wife "does not receive any compensation as chairman of the Sanitary District, or for that matter, any other activity connected with the development of Soul City.

He noted that his son is also involved in the project, McKissick's intent being "to insure adequate continuity" since he will be 80 years old when the project is complete.

McKissick explained that the process of building a new town involves "a considerable amount of time spent in

See MCKISSICK Page 8



PR RELEASE DATE 3/21/75