

An Action Program for Housing Development
in Wyoming Valley, Phase I; Financing for New Housing Construction in Wyoming Valley, 1973 October 30th

October 30th

AN ACTION PROGRAM FOR HOUSING DEVELOPMENT IN WYOMING VALLEY

PHASE 1
FINANCING FOR NEW HOUSING CONSTRUCTION IN WYOMING VALLEY

OCTOBER 30, 1973

Prepared for
FLOOD RECOVERY TASK FORCE, INC

By
DIRECTION ASSOCIATES, INC.

AN ACTION PROGRAM FOR HOUSING DEVELOPMENT IN WYOMING VALLEY

PHASE I

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October 30, 1973

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FLOOD RECOVERY TASK FORCE, INC.

By
DIRECTION ASSOCIATES, INC.
Fort Washington, Pennsylvania

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The Honorable Max Rosenn, Past Chairman

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SUMMARY

This report deals with public financing resources available to private developers who might undertake housing construction projects in Wyoming Valley.

Section I describes the mortgage subsidies provided by the Federal and State governments. All may be used for rental or homeownership projects, by nonprofit or limited-dividend developers.

In Part A of Section I, we discuss the moratorium on funding by the Federal Government, in effect since January 5, 1973, and the recently announced exceptions. We recommend quick action by housing sponsors in Wyoming Valley, to obtain some of the monies that are now available because of the exceptions. In a presentation of various proposals for new housing legislation, we contrast cash allowances to families with subsidies of mortgage interest payments by developers. We recommend that the Flood Recovery Task Force support a combination of the two approaches.

In Part B of Section I, the Pennsylvania Housing Finance Agency is discussed as an important new source of construction money. An example is given of the kind of project that can be built with these funds. Appendix A contains detailed financial data supporting this example. Pennsylvania HFA financing may be combined with other actions by the developer to reduce rents and serve more people. These actions are: to include commercially leasable space in apartment buildings; to reduce land costs by the action of certain public bodies; and to provide subsidies from public and private contributions.

Section II is a description of the FHA market-rate mortgage insurance programs for housing development; and Appendix B describes these programs in detail. We also discuss Title X of the Federal Housing Law, as a source of financing large-tract land development.

SECTION I — SUBSIDIZED HOUSING PROGRAMS

PART A — FEDERAL

The Omnibus Housing Law of 1968 established the construction of 2.6 million housing units a year for ten years as a national goal. It specified that of this number approximately one million be constructed for occupancy by low and moderate-income families. To encourage construction for these families, it announced new forms of Federal subsidies: a Home Ownership Program and a Rental Housing Program, known, respectively, as Section 235 and 236.

Section 236 was the more popular with developers and helped finance the construction of more housing units than did Section 235.

Section 236 — Rental Housing Program

Under this program, the Federal Housing Administration (FHA), an agency of the Department of Housing and Urban Development (HUD), guaranteed mortgages, entirely or in part, for developers who agreed to construct apartment housing according to its standards and specifications. A Section 236 developer obligated himself to the payment of principal plus 1% interest for forty years. HUD obligated itself to the payment of the difference between the market interest rate and the 1% paid by the developer. Since this difference is presently 7-1/2%, a typical Section 236 project is currently able to reduce its amortization costs by between 50% and 65%. And, since amortization represents about 75% of a rental project's total operating expenses, this means that Section 236 rents can be pegged 30% to 40% lower than they would be in an unsubsidized project.

By the terms of Section 236, the developer gets a construction mortgage from a private bank which

has the option of selling the mortgage to the Government National Mortgage Association (GNMA) when construction is complete. The private bank finds it advantageous to provide monies for a Section 236 construction project because:

1. The bank's obligation is limited to providing construction money.
2. The mortgage is insured by FHA.
3. The Bank receives a flat rate mortgage service fee of up to 2%.

Section 236 and the Nonprofit Developer

FHA insures the entire mortgage.

The mortgage may cover all project costs, including construction, carrying charges, fees, and land.

The developer must return any proceeds above operating costs to the Federal Treasury.

Section 236 and the Limited-Dividend Developer

FHA insures 90% of the mortgage.

The developer may provide the other 10%, the equity requirement, in forms other than cash, such as value of land or builder's profit. Usually, this means that to show a 10% equity no more than 1% or 2% cash equity is required.

The limited-dividend developer's return on investment:

- a. An annual cash profit up to 7% of the original equity.
- b. Accelerated depreciation with total depreciation in no more than ten years and as few as seven.
- c. The value of the property is likely to increase by the time the building is fully depreciated and the owner is contemplating selling it.

Section 235 -- Homeownership Program

Under this program, the FHA guarantees mortgages for homeowners rather than for developers. The owner pays principal and 1% interest for forty years; HUD pays the difference between 1% and the market interest rate. The result is that the owner of a 235 project house enjoys benefits comparable to those enjoyed by renters of 236 apartments. Just as the 236 renter pays a much lower rent than would be available in the open market, so the 235 homeowner pays much less for his house than does the purchaser of an open market house.

A 235 project must contain a minimum of five homes under unified design by a single developer. The developer applies to HUD for the individual mortgages and distributes them to the purchasing families.

Moratorium

On January 5, 1973, the Administration imposed a moratorium on Sections 235 and 236 mortgages, and, at the same time, called a halt to approvals of public housing projects. For the current

fiscal year, the moratorium impounded approximately \$70 million that had been earmarked for construction of several hundred thousand housing units under Sections 235 and 236. Exceptions to the freeze on subsidized housing were to be granted only to those projects which had received a "feasibility letter" before the moratorium. The Administration announced that the moratorium would be in effect until the summer of 1974. The Administration also announced that it would propose legislation to replace Sections 235 and 236 by September 1973.

Subsequent Exceptions to the Moratorium

On September 19, 1973, the President announced that a limited amount of 235 and 236 subsidy funds would be released without waiting for new housing legislation. These funds were to be applied to the creation of approximately 200,000 housing units, and development projects applying for the funds were to be judged according to the following HUD priorities:

- a. Location within an urban renewal project.
- b. Replacement housing for persons dislocated by urban renewal action.
- c. Replacement housing for persons dislocated by other governmental action such as highway construction, code enforcement, flood prevention.
- d. Housing required for victims of a natural disaster; especially, Hurricane Agnes.
- e. Housing for the elderly.
- f. Housing created to improve the living conditions of American Indians.

Accordingly, we believe it is possible that a new project in the Wyoming Valley might be awarded some of the funds referred to in the September 19 announcement.

On November 2, 1973, HUD said that funding for 69,000 units of subsidized multi-family Section 236 housing, in addition to the 200,000 units approved for funding on September 19, would be made available. We believe, therefore, that a well-developed project might well get favorable attention from HUD even if it does not have a formal application on file. HUD specified that much of this new funding would be allocated to new projects filing applications by June 30, 1974. HUD further specified that funding would be reserved for 8,394 units within the four-State region covered by the Philadelphia HUD office.

We recommend that the appropriate local agency apply for Federal housing funds to construct Section 236 housing in Wyoming Valley promptly. Quick action is necessary because there is a great deal of competition for the limited funding throughout the four-state area served by the Philadelphia HUD Regional Office. Local governments in Wyoming Valley should help convince HUD that Valley projects deserve a portion of the available funds. We believe HUD would favor senior citizens housing in the Wyoming Valley because large waiting lists for the existing senior citizens projects and those under construction will demonstrate to HUD a significant demand in this category of housing.

The local agency to handle the packaging of these applications should have the following characteristics:

1. The primary objective to promote housing development projects in Wyoming Valley.
2. A Board of Directors representative of leadership elements in the Valley.
3. A full-time staff with experience in housing development, mortgage finance, statistical analysis, housing management, building construction, and related areas.
4. An operating budget sufficient to hire consultants when necessary.

This agency should take the lead in obtaining financing for housing projects in the Valley.

Proposals for New Federal Housing Subsidy Legislation

There are presently three proposals for housing legislation before the Congress: an Administration proposal, a Senate bill, and a House bill.

The Administration's Proposal

The Administration proposes to phase out Sections 235 and 236 by summer of 1974. It proposes housing allowances to low and moderate-income families based on their total incomes. Under this plan, a family would buy or rent an existing housing unit and pay for it with their own money supplemented by money they receive from the Federal Government. The criteria regulating who will be eligible for these housing allowances and how much they will receive have not been announced. It is widely believed, however, that the allowances will amount to the difference between 25% of the family's monthly income and the total monthly cost of their housing.

If this does turn out to be the formula the Federal Government uses, a family earning \$7,000 a year could buy a house costing, say, \$250 a month (mortgage payments + other housing costs). The family would lay out \$145 (1/4 of monthly income) of its own money and the Federal Government would provide the rest. The proposal does not specify at this time any limits to the housing costs a family may incur.

The Administration projects that it would take up to ten years to apply a housing allowance program to all low and moderate-income families. First, such an allowance would be to elderly persons and in selected housing markets to young families with children, although we do not know how many elderly persons or which market areas. After a two or three year testing period, the allowances would gradually be extended to more and more categories of families earning below a yearly income to be established by the Federal Government as the proper level.

The Administration's bill proposes a major expansion of an existing subsidy program known as Section 23 - Leased Housing Program, which gives public housing authorities money to lease units in privately owned or constructed buildings and then rent them to low-income families at costs they can afford.

This proposed expansion of the Section 23 Leased Housing Program raises two important questions: First, will the quantity of Section 23 units in privately built housing fully serve the low-income groups? Second, will not the expansion of Section 23 be geared to the lowest income segment of the population to the exclusion of the moderate income sector to which Sections 235 and 236 were directed?*

The House of Representatives Housing Bill

The House bill proposes expenditure of about \$150 million under Section 235 and about \$200 million under Section 236 by 1974, and the phasing out of Sections 235 and 236. This bill also proposes to phase out all public housing construction programs by that date.

This bill proposes that after 1975 housing assistance be given through the vehicle of block grants from the Federal Government to local governments. Although the bill provides for administration of these block grants by the State, it gives the local government broad discretion in establishing criteria for how the monies will be spent.

The Senate Housing Bill

This bill proposes that Sections 235 and 236 be continued indefinitely and that together they be authorized at once to spend \$500 million. It proposes that Section 23 Leased Housing be continued under current administrative provisions and at current funding levels.

*See Appendix C for a comparison between Sections 235-236 and public housing income limitations.

COMPARISON OF ALTERNATIVE HOUSING LEGISLATION

October 30, 1973

	<u>Administration's Proposal</u>	<u>House of Representatives Bill — H.R. 10036</u>	<u>Senate Bill S. 2182</u>
Disposition of Sections 235 and 236	Elimination by mid-1974.	Elimination by 1975.	Continuation indefinitely.
Housing Units — Sections 235 and 236	Up to 200,000 commitments in present fiscal year (includes some Section 23).	About 400,000 units total in next two years.	About 250,000 units annually for indefinite period.
Expenditures — Sections 235 and 236	Not specified.	\$350 million Federal Expenditure by 1975.	Not specified.
Disposition of Section 23 Leased Public Housing	Expand to 100,000 units annually by July 1974.	Elimination by 1975.	Continue under current funding levels.
New Subsidy Approach	Housing allowances to individuals and families to be used in private housing.	Block grants to individual communities (administered by States) with broad discretion to communities in creation of new housing.	HUD guarantees of state and local taxable bonding authority.

Source: Direction Associates, Inc.

Comments on the Various Proposals for Housing Legislation

1. The difference between the Administration's bill and the Senate's points up a basic disagreement on how low and moderate-income families can best get the kind of housing they need at a cost they can afford. The Administration's bill would provide a housing allowance which would encourage a family to search the existing housing market for housing. The Senate's would foster new construction by giving subsidies to developers.
2. Specific provisions of the Administration's proposal seem to bar significant improvement in the quantity and quality of housing for low and moderate-income groups for at least three years. The Administration's bill provides for housing allowances to be tested on sample portions of the population and then for allowances to be provided gradually to low and moderate income families over a ten-year period.
3. Although the Administration estimates that if its housing proposals are put into effect, the cost of a subsidized housing unit to the taxpayers will be 40% less than it currently is, it seems likely that either eligibility requirements for housing assistance will have to be tightened or the overall cost of the Administration's proposal would be intolerably high. If all low and moderate-income families who were eligible for Section 235 and 236 housing were to get the kind of housing allowances the Administration envisions, the total annual cost would be about \$25 billion, or about 50 times more than was ever spent in a year by Sections 235 and 236. This assumes that housing costs are limited to the amount provided for in the 236 subsidy.
4. It seems likely that housing allowances would discourage construction of new housing and have the effect of raising the rents of existing units. To get financing for new housing construction, a developer must be able to show a bank assurances of a market for what he wants to build. And wherever decent housing is in short supply and deteriorated housing is plentiful, housing allowances would inevitably mean widespread acceptance of deteriorated housing.

We recommend that every organization and agency interested in solving Wyoming Valley's housing problems actively support housing legislation having the following features:

1. A construction program for low and moderate-income housing.
2. Housing allowances, but not to the exclusion of programs that would lead to construction of new housing in the Valley.
3. Provisions insuring that construction will begin at once.
4. Assurances that the program will not be so expensive that it will eventually be abandoned.

PART B — STATE

The Pennsylvania Housing Finance Agency (HFA) is an important new source of funds for construction of rental and sales housing at costs a large proportion of the State's population can afford. It made its first commitments of funds in October 1973. It is a quasi-independent agency of the Department of Community Affairs. It has authority to issue short-term notes for construction loans, and long-term bonds to fund permanent mortgages. Because these securities are federally tax exempt, and because HFA has the State's credit backing, it is expected that construction loans at 5-1/2% and 45-year permanent mortgages at 6-1/2% will be committed. Sponsorship of housing may be by nonprofit corporations or by limited-dividend partnerships.

In combination, the slightly below-market permanent mortgage interest rate, the significantly below-market construction interest rate, the 45-year mortgage term, and the limits to cash profit imposed by HFA should encourage a significant amount of construction in the Valley, at rent levels slightly below those possible using private banking arrangements.

Nonprofit Sponsors: Rental and Cooperative Housing

Nonprofit sponsors will receive 100% mortgages covering all costs of constructing rental apartment houses and cooperatives. The mortgage will cover land, utilities on site, foundation, building, carrying charges, fees, and other costs. All design forms are acceptable. Any profits remaining after amortization and operations must be returned to the State, or used to reduce rentals.

Limited-Dividend Sponsors

Pennsylvania HFA will make 90% mortgage loans to limited-dividend housing developers for all kinds of housing projects. The 10% equity requirement can be the developer's profit, a legitimate item in the construction budget. This usually results in an actual cash requirement of no more than 1% or 2% of the total value of the project; sometimes, no cash is required.

In return for his investment, the limited-dividend developer may realize up to 8% annually of the original 10% equity requirement. Accelerated depreciation is permitted for all HFA multi-family projects as it is in Federal Section 236 housing. Provision for depreciation of a multi-million dollar property in a 7 to 10-year period is HFA's principal incentive to private developers. It permits syndication of the ownership with several parties contributing cash in return for a share of the depreciation. The cash investment by a syndicate of investors permits the developer, who would be the general partner in the limited-dividend partnership to obtain 100% financing with no personal cash contribution.

Tenant income limits under HFA rental housing are much broader than under federal subsidy programs: Family incomes can be as much as 7 times the rent charged plus \$750 for each minor dependent. For example, a unit renting for \$185 per month would be available to a family of four (two adults - two children) with a total annual income of no more than \$17,000.

Appendix A contains a hypothetical example of the detailed financial estimates that must be submitted to the Pennsylvania HFA for approval of financing.

Relationship Between Pennsylvania HFA and Section 236 Interest Subsidy Program

The HFA may act as construction and permanent mortgagee under the Federal Section 236 rental housing program. Indeed, a prime purpose of the Pennsylvania HFA law was to create an agency that could "piggy-back" its construction financing mechanism onto the permanent financing mechanism and interest subsidy aspects of the Section 236 program. Thus, in periods of high interest rates, the HFA could provide a lower construction interest rate and make construction financing available where it had not otherwise been available through local private banks. Since imposition of the Federal moratorium, however, the FHA's ability to piggy-back with Section 236 has been limited to those few Section 236 projects still to be "closed out". To assist such 236 projects in their final stages, the Pennsylvania HFA is very interested in doing one or both of the following:

1. Mix Section 236 units with regular HFA units in various combinations up to 100% Section 236. This would assist those Section 236 projects that now have a Feasibility Letter but can not go to closing because construction prices have increased to such an extent that the originally intended number of units can not be built under the mortgage amount allowed by the HUD commitment.
2. Provide construction mortgage money at a figure below the Federal commitment rate, either 7% or 7-3/4 %, to those FHA Section 236 committed projects which have lost their construction mortgages.

Methods for Reducing Rent Levels Using Pennsylvania HFA

A combination of Pennsylvania HFA financing for new multi-family rental construction with the various devices described below can result in the reduction of monthly rent levels by \$40 to \$70 per unit.

1. Commercial Admixture - Up to 10%

Both federal FHA-HUD financing and Pennsylvania HFA procedures permit up to 10% of mortgage money to be used in the construction of commercial space like stores, offices, recreation, or

parking. Commercial rentals would supplement the project's income and reduce the residential rent levels. This approach to the development of a housing project could be used by a nonprofit corporation, such as the community-oriented, housing-packaging agency described previously.

2. Commercial Admixture - Greater than 10%

More extensive commercial development to the extent of 20% or 30% or more of mortgage amount is possible by use of the Industrial Development Authority (IDA). IDA, which operates in Luzerne County, could finance as much commercial development as it thinks marketable at the selected location, at approximately the same interest rate as that permitted by the Pennsylvania HFA. This difference in space utilization from the arrangement described above could reduce dwelling unit rents substantially.

3. Reduction in Land Cost

IDA recently received a large grant (from the Wilkes-Barre Model Cities Agency) to purchase tracts of land for industrial-wholesaling development with the objective of creating employment opportunities. If the objective of creating employment could be extended to commercial and residential development, we could expect that a grant might be made for a development that would include a significant amount of housing. A reduction in land costs of \$100,000 could mean a rental reduction of several dollars per unit.

4. Interest-Bearing Fund by Private and Public Contributions

A nonprofit agency in the Valley may organize a limited-dividend partnership, wherein private investors will contribute cash in return for a share of depreciation in a housing project. The fund created, which could exceed the equity requirement, could be invested, with the interest yield used to reduce rentals. Public bodies, such as a municipality or the State, might also contribute to this fund.

Pennsylvania HFA Housing Purchase Program

The Pennsylvania HFA can make loans to a developer for the construction of housing units to be sold to individual purchasers on advantageous mortgage terms. The mortgages will bear interest and terms as explained above (6-1/2% for 45 years on 90% mortgages). This is an excellent opportunity to fill a large portion of Wyoming Valley's housing needs.

Although Pennsylvania HFA has not yet set forth procedures for accepting applications for this kind of development, such a large-scale development should be applied for at once on behalf of the need for housing in Wyoming Valley. An application under terms of this provision of the HFA law could help to shape Pennsylvania policy in the interest of such a development in Wyoming Valley, and Wyoming Valley could have the first significant project of this kind. An appropriate agency should take the necessary steps to further this recommendation at once. If a nonprofit developer proceeds along these lines, there might be a further reduction in the ultimate sale price to the family purchasing the house, and in the amount of mortgage payments. This reduction is possible because the nonprofit sponsor will not withdraw any funds for profit from the project's revenue.

SECTION II — NON-SUBSIDIZED HOUSING PROGRAMS

PART A — FEDERAL

1. Market-Rate Mortgage Insurance Programs

FHA administers many programs for the construction of multi-family housing projects by all types of developers. These programs feature mortgage insurance at FHA's current interest figure.

In this kind of financing, there are no subsidies to reduce rentals or costs; so, the housing constructed must be marketed in competition with the general housing market. Minor reductions in cost to the ultimate housing consumer are sometimes realized because of the extended mortgage period (up to 40 years is usually permitted in these programs) and because some housing under these programs may have nonprofit sponsorship.

In most of these programs, downpayments of 10% are required, or in FHA's terminology, the "loan-to-value ratio" is 90%. The equity requirement may be cash, land value, services, or builder's profit.

It is possible to finance rental housing through these programs, as well as condominium and cooperative developments. Trailer parks, senior citizens housing and housing rehabilitation are also possible using these programs.

Appendix B contains detailed descriptions of all FHA market-rate mortgage insurance programs.

Since private bank financing is an essential part of those programs, they do not compete with local

lending institutions. The FHA provides the insurance, and the interest rate and terms of the mortgage, and sets standards for construction and bookkeeping. All of this is very attractive to potential mortgagees. In addition, some of these mortgages are eligible for purchase by the Federal National Mortgage Association (FNMA) and the Government National Mortgage Association (GNMA) which means the private mortgagee may elect to sell the mortgage after construction if it wishes, thus realizing short-run gains without tying up large sums of money for extended periods. This, in turn, means that money is freed for additional mortgages.

2. Title X — Land Development

This provision of the Federal Housing Act assists developers in the preparation of land which might be considered as "new communities", new residential neighborhoods containing housing, stores, schools, and other public facilities, within existing urbanized areas. Mortgages are insured to finance the purchase of land and the development of building sites for subdivision or new communities. Costs may include water and sewage systems, streets, sidewalks, and other public facilities.

Title X insures mortgages of up to \$25 million where the "loan-to-value" ratio is either 50% of the estimated value of the land before development takes place plus 90% of the estimated cost of development, or 75% of the estimated value upon completion of the improvements, whichever is less. Mortgages are granted for 10 years. In the case of separate mortgages for new water and/or sewage systems, or for development of a "new community", extended terms are offered.

The developer of a Title X tract of land may be any legitimate development organization, private or nonprofit, except public bodies.

The property must either be owned by the developer or be leased for a 99-year renewable term. Shorter lease provisions are possible but only after special consultation and with approval of the FHA administration. The financing of land purchase and/or development constitutes a first lien against the property, but the mortgage is so constituted that as particular segments of the land are

translated into actual housing development, those portions of the land will be released to other first mortgages.

The Title X legislation envisions that the land developer will issue long-term bonds to the extent insured by Title X for the purposes of land purchase and development.

The following are requirements for mortgages and bond issues:

- a. The land development must contribute to "good living conditions in the area being developed."
- b. The development must be consistent with the local Comprehensive Plan.
- c. The development must have a sound economic base and prospects for a long economic life.
- d. The development must include or be serviced by facilities such as shopping areas, schools, recreation facilities, transportation and other proper land use categories.
- e. The land development must be undertaken and executed according to a time-table that will properly assure the marketing of the overall development.

We believe various area offices of HUD in Pennsylvania are eager to get a satisfactory Title X application. We also believe that HUD would be particularly glad to get an application from Wyoming Valley. There are tracts of land within the urbanized portions of Wyoming Valley which already contain public utilities and access roads close enough to the site to minimize the overall cost involved in a Title X procedure. The interest rate is limited to the prevailing FHA rate which is currently 8-1/2%, and extensions of the terms of the mortgage beyond the original 10-year period would be possible in the case of large-scale developments. Although there is no minimum acreage mentioned in the law, the Federal authorities would probably approve any minimum acreage that conforms to the principals of marketability and good land use planning.

APPENDIX A

EXAMPLE OF FINANCIAL ESTIMATES
UNDER PENNSYLVANIA HFA DIRECT LOAN PROGRAM

The proposed project envisions 250 rental units in the form of townhouses and garden apartments. This project could be located anywhere within Wyoming Valley but should be convenient to major highways and public transportation.

The proposed project would have the following characteristics:

<u>Type of Unit</u>	<u>No. of Dwelling Units</u>	<u>Square Feet</u>	<u>Monthly Rental (Includes all utilities)</u>
0-Bedroom (efficiency apartments)	30	450	\$125
1-Bedroom Apartments	65	575	\$155
2-Bedroom Apartments	65	675	\$185
2-Bedroom Townhouses	65	750	\$185
3-Bedroom Townhouses	25	900	\$252

A community building of approximately 10,000 square feet would be included. About one-half of this would be available for commercial leasing. The rest would be used for community purposes.

The building would be two-story, without elevator, at a cost of \$14 per gross square foot. Note that under Schedule 1-B, the equity requirement of \$391,265 will be substantially taken care of by application of the builder-sponsor profit and risk allowance of \$355,115 and the builder-sponsor need put forth in cash only \$36,150 which represents only 1.03% of the total mortgage amount.

Operating expenses are estimated conservatively. This analysis shows that the owner would realize a cash return of \$31,300 annually, as well as the relevant tax advantages on a building valued at \$3-1/2 million.

The rental levels which include all utilities and air conditioning are reasonable in terms of the quality construction that will result from this financing, and these rents will satisfy a substantial portion of the Valley's housing demand. The Phase II report, to be published by December 31, 1973, will give more information on this matter.

We recommend that an appropriate agency in Wyoming Valley should proceed at once with at least one development as outlined in Appendix A. This agency should proceed jointly with a housing developer-builder. The Pennsylvania HFA will accept preliminary applications with minimal financial details, provided the site or sites are known to be available.

SCHEDULE 1-A: FINANCIAL ESTIMATES

PHFA NO. _____

DATE 1973

Rental Townhouses & Garden Apartments
Name of Housing Development

Located at _____
(Address)

Luzerne County
(Municipality) and (County)

Type of Development

(☒) Rental () Nonprofit () Section 236 %
() Cooperative (☒) Limited Profit () Rent Supplement %

Zoning Classification: _____ (_____ Units Per Acre) _____ Existing ☒ Proposed

No. of Dwelling Units 250

Total Land Area _____ sq. ft. (@ 10-15 acres)

No. of Rental Rooms 980

Land Coverage _____ sq. ft. (_____ %)

Total Parking @ 400 spaces

Net Land Area _____ sq. ft. (_____ acres)

Ratio of Parking to D.U.'s 1.6

Density _____ Units per Acre

Gross Building Area 185,000 sq. ft.

All in conformity with local zoning codes.

[175,000 S.F. =
RESIDENTIAL
10,000 S.F. =
COMMUNITY-
COMMERCIAL
BLDG.]

TYPES OF STRUCTURES	Number of Buildings	Number of Stories Each
Residential	<u>10</u>	<u>2</u>
Residential		
Commercial/Professional		
Garage		
Other		
TOTAL	<u>10</u>	<u>11111111</u>

APARTMENT DISTRIBUTION

UNIT TYPE	% of Total D.U.'s	Number of D.U.'s	Size (Net Rental Area)	Rental Rooms		Number of Balconies	Total Rent/Carrying Charge from Schedule 1-C	
				P.U.	Total		Market	Basic
A. 0-Bedroom Apartment	<u>12</u>	<u>30</u>	<u>450</u>	<u>2 1/2</u>	<u>75</u>	<u>0</u>	<u>125.00</u>	
B. 1-Bedroom Apartment	<u>26</u>	<u>65</u>	<u>575</u>	<u>3 1/2</u>	<u>227 1/2</u>	<u>0</u>	<u>155.00</u>	
C. 2-Bedroom Apartment	<u>26</u>	<u>65</u>	<u>675</u>	<u>4 1/2</u>	<u>292 1/2</u>	<u>0</u>	<u>185.00</u>	
D. 2-Bedroom Townhouse	<u>26</u>	<u>65</u>	<u>750</u>	<u>5</u>	<u>325</u>	<u>0</u>	<u>185.00</u>	
E. 3-Bedroom Townhouse	<u>10</u>	<u>25</u>	<u>900</u>	<u>6</u>	<u>60</u>	<u>0</u>	<u>252.28</u>	
TOTAL	<u>100%</u>	<u>250</u>			<u>980</u>	<u>0</u>		
Commercial/Prof. Space							(Not Included Above)	
Other Facilities								

Average No. of Rooms Per D.U. 3.4

NAME OF DEVELOPER LIMITED PROFIT DEVELOPER PHFA NO. _____
NAME OF DEVELOPMENT RENTAL TOWNHOUSES & GARDEN APARTMENTS DATE 1973
MUNICIPALITY LUZERNE COUNTY, PENNSYLVANIA

SCHEDULE 1-B: ESTIMATED REPLACEMENT COSTS AND CAPITAL REQUIREMENTS

1. CONSTRUCTION COSTS

a.	Main Buildings	(\$ <u>14</u> / gross sq. ft.)	\$ <u>2,450,000</u>	
b.	Accessory Buildings	(\$ <u>12</u> / gross sq. ft.)	\$ <u>120,000</u>	
c.	Garage	(\$ <u>-</u> / gross sq. ft.)	\$ <u>-</u>	
d.	All Other Buildings	(\$ <u>-</u> / gross sq. ft.)	\$ <u>-</u>	
e.	Site Work		\$ <u>80,000</u>	
f.		SUB TOTAL	\$ <u>2,650,000</u>	
g.	General Requirements	<u>5</u> % of \$ <u>2,650,000</u>	\$ <u>132,500</u>	
h.	Builder's General Overhead	<u>3</u> % of \$ <u>2,782,500</u>	\$ <u>83,475</u>	
i.	Builder's Profit	<u>SEE LINE 4</u>	\$ <u>0</u>	
j.	Bond Premium		\$ <u>25,000</u>	
k.	Insurance		\$ <u>3,025</u>	
l.	Total Construction Price			\$ <u>2,894,000</u>

2. FEES

a.	Architect's Fee -- Design	<u>3.50</u> % of \$ <u>2,894,000</u>	\$ <u>101,290</u>	
b.	Architect's Fee -- Supervision	<u>1.17</u> % of \$ <u>2,894,000</u>	\$ <u>33,860</u>	
c.	Legal-Organizational		\$ <u>12,500</u>	
d.	Consultant or Processing Agent		\$ <u>12,500</u>	HDC OF LUZERNE Co.
e.	Marketing		\$ <u>0</u>	
f.	Other Fees		\$ <u>0</u>	
g.		TOTAL		\$ <u>160,150</u>

3. FINANCING AND CARRYING CHARGES

a.	Interest at <u>6 1/2</u> % for <u>18</u> months	\$ <u>341,250</u>	
	on \$ _____		
b.	Taxes	\$ <u>25,000</u>	
c.	PHFA Service Fee <u>1/2</u> % (ANNUAL)	\$ <u>35,000</u>	
d.	PHFA Development Fee <u>1</u> % (AT INITIAL ONLY)	\$ <u>35,000</u>	
e.	AMPO for Nonprofit Sponsors only	\$ <u>0</u>	
f.	Title and Recording	\$ <u>10,750</u>	
g.	Financial Contingency	\$ <u>50,000</u>	
h.		TOTAL	\$ <u>497,000</u>

4. BUILDER/SPONSOR PROFIT AND RISK

10 % of \$ 3,551,150 (Total 1-3)

Put To Equity \$ 355,115

5. LAND

a.	<u>525,000</u> sq. ft. at \$ <u>0.20</u> per sq. ft.	\$ <u>100,000</u>	
b.	Carrying Charges	\$ <u>-</u>	
c.	Relocation Costs	\$ <u>-</u>	
d.	Off-site Improvements	\$ <u>50,000</u>	
e.		TOTAL	\$ <u>150,000</u>

6. TOTAL ESTIMATED REPLACEMENT COST OF PROJECT (TOTAL 1-5)

\$ 3,906,265

7. EQUITY REQUIREMENT (10 %)

\$ 391,265

8. MAXIMUM MORTGAGE LOAN . . . 90 % of Line 6

\$ 3,515,000

Est. Replacement Cost \$ 3,906,265
Number of D.U.'s 250
Cost Per D.U. \$ 15,625

Number of Rooms 980
Cost Per Room \$ 3,986

SCHEDULE 1-C: ESTIMATED ANNUAL EXPENSES and INCOME

PHFA NO. _____

DATE 1973

Replacement Cost \$ 3,906,265

Mortgage Amount \$ 3,515,000

Mortgage Interest Rate 6 % PHFA Fees and Charges 1/2 % Term 45 Years

Market Debt Service Factor 0647 1% Debt Service Factor —

I. MARKET

II. BASIC

- | | | | |
|----|--|-----------------------------|----------|
| 1. | (a) Interest and Amortization | \$ <u>227,420</u> | \$ _____ |
| | (b) PHFA Fees and Charges (<u>1/2</u> %) | <u>17,575</u> | |
| | (c) Maintenance Operation and Admin. Expenses | | |
| | (From Schedule 1-D) (\$ <u>162.75</u> / yr. x <u>980</u> Rooms | <u>159,500</u> | |
| | (d) Taxes - Real Estate \$ <u>300</u> / D.U. | <u>75,000</u> | |
| | (e) Reserves: Painting and Decorating | | |
| | \$ <u>10</u> / Annum x <u>980</u> Rooms | <u>9,800</u> | |
| | Replacements | | |
| | \$ <u>5</u> / Annum x <u>980</u> Rooms | <u>4,900</u> | |
| | (f) Return on Equity (<u>8</u> % on \$ _____ | <u>31,300</u> | |
| | (g) Other (Specify) | <u> </u> | |
| | (h) Sub-Total | <u>280,500</u> | _____ |
| | (i) Contingency <u>5</u> % of h | <u>14,000</u> | _____ |
| | (j) Effective Gross Expense (Income) | <u>539,495</u> | _____ |
| | (k) Vacancy Factor <u>3</u> % | <u>16,185</u> | _____ |
| | (l) Total Gross Expense (Income) | <u>555,680</u> | _____ |

2. Less: Non-Housing Income (as detailed in Schedule 1-E) Less: (25,500)
3. Total Net Annual Expense \$ 530,180 \$ _____
4. Total Net Monthly Expenses \$ 44,182 \$ _____
5. Rent or carrying charges per month based on 980
residential rooms, including balconies.
- Rent or carrying charges including all utilities except:
- Average per room per month: \$ 45.08 Market
\$ — Basic

				COST OF UTILITIES <i>(Not Included in 1-C Above)</i>	TOTAL RENT OR CARRYING CHARGES		MONTHLY INC.	MONTHLY INC.
	NUMBER RM. CT.	MARKET RENT	BASIC RENT		MARKET	BASIC	MARKET	BASIC 1%
Eff.	<u>30</u> <u>75</u>	\$ _____	\$ _____	\$ _____	\$ <u>125.00</u>	\$ _____	\$ <u>3,750</u>	\$ _____
1 BR.	<u>65</u> <u>227 1/2</u>	_____	_____	_____	<u>155.00</u>	_____	<u>10,075</u>	_____
2 BR.	<u>130</u> <u>617 1/2</u>	_____	_____	_____	<u>185.00</u>	_____	<u>24,050</u>	_____
3 BR.	<u>25</u> <u>60</u>	_____	_____	_____	<u>252.25</u>	_____	<u>6,307</u>	_____
4 BR.	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____	_____	_____	_____
	_____	_____	_____	_____	_____	_____	_____	_____
						TOTAL	<u>\$44,182</u>	\$ _____

NOTE: ALL UTILITIES AND AIR CONDITIONING INCLUDED IN ALL RENT.

Total Annual Income	<u>MARKET</u>	<u>BASIC</u>
	\$530.180	\$

Total Annual Expense
(No. 3 Above) \$530,180

PHFA NO. _____
DATE 1973

SCHEDULE 1-D: SUPPORTING SCHEDULES

1. MAINTENANCE AND OPERATION EXPENSE - DETAILED BREAKDOWN

Administrative

Advertising \$ 1,000
Management 25,000
Legal 2,500
Audit 1,500

Maintenance

Elevator Maintenance 0
Air Conditioning Maintenance 5,500
Janitor Supplies 5,000
Payroll (From Schedule Below) 24,500
Repairs 7,500
Exterminating 2,500
Insurance 7,500
Ground Expense 2,000
Other 5,000

Total Administrative and Maintenance \$ 89,500

Utilities

Fuel Oil (Heating and Domestic Hot Water) \$ —

Lighting and miscellaneous power

☐ Elevators	☐ Heating	
☐ Household Electricity	☐ Hot Water	<u>45,000</u>
☐ Air Conditioning	☐ Cooking	
☐ Public Space		

Sewer 7,500

Water 7,500

Gas

☐ Cooking	☐ Heating	<u>—</u>
☐ Air Conditioning	☐ Hot Water	

Garbage and Trash Removal 5,000

Other 5,000

Total Utilities \$ 70,000

Total Administrative, Maintenance and Operation

(Enter Line 1-C Schedule 1-C) \$ 159,500

Total Number Rooms, Excluding Balconies 980

Average Expense per/rm. per/yr. \$ 162.75

2. PAYROLL BREAKDOWN

Number	Type of Position	Rental Value of Quarters	Wages	Social Security + Fringe Benefits	Total
1	JANITOR	\$ —	\$ 7,500	\$ 1,500	\$ 9,000
1	SECRETARY	—	6,500	1,250	7,750
1	SECURITY	—	6,500	1,250	7,750
		\$	\$	\$	\$24,500

PHFA NO. _____
DATE 1973

SCHEDULE 1-E: NON-HOUSING INCOME

(a) Parking Income
i. _____ Indoor spaces @ \$ _____ /yr.
Less _____ % Vacancy loss equals 0
ii. _____ Outdoor spaces @ \$ _____ /yr.
Less _____ % Vacancy loss equals 0

(b) Income From:
i Washing machines @ \$ 24 /D.U./yr. x 250 D.U. 6,000
ii Vending machines @ \$ 24 /D.U./yr. x 250 D.U. 6,000

(c) Professional space _____ sq. ft. @ \$ _____ /sq.ft./yr.
Less _____ % Vacancy loss equals 0

(d) Commercial spaces: 5,000 sq. ft. @ \$ 3.00 /sq.ft./yr.
Less 10 % Vacancy loss equals 13,500

TOTAL 25,500

SCHEDULE 1-F: 236 FEASIBILITY

Unit	Occupancy	Limit Used*	Income Limit	÷ 48	Basic Rent	Monthly	Annual
						Rental Spread	Income Spread (48 x Monthly Rental Spread)
Eff.	1						
	2						
1 BR.	1						
	2						
2 BR.	2						
	3						
	4						
3 BR.	4						
	5						
	6						
4 BR.	6						
	7						
	8						
5 BR.	8						
	9						
	10						

NOT APPLICABLE

APPENDIX B

DETAILED DESCRIPTIONS OF FEDERAL

NON-SUBSIDIZED FINANCING DEVICES

SECTION 207 RENTAL HOUSING INSURANCE (MULTIFAMILY)

Purpose of Mortgage

Finance construction or rehabilitation of detached, semi-detached, row, walkup, or elevator type rental housing of eight or more units.

Maximum Amount Insurable

\$20,000,000 private mortgagor.
\$50,000,000 public mortgagor.

Limits Per Family Unit —

Elevator Type:

\$16,747 no bedroom
\$23,925 one-bedroom
\$28,710 two-bedroom
\$35,887 three-bedroom
\$40,672 four-bedroom or more

All Other Types:

\$14,355 no bedroom
\$19,937 one-bedroom
\$23,925 two-bedroom
\$29,507 three-bedroom
\$33,495 four-bedroom or more

Loan-Value Ratio

For proposed construction, 90% of estimated value and for rehabilitation, 90% of appraised value after rehabilitation, subject to certain limitations.

Term of Mortgage

40 years, or not appreciably in excess of 3/4 of the remaining economic life, whichever is less.

Interest Rate

8-1/2%

Insurance Premium

1/2% on declining scheduled balances.

Initial Service Charge

2%

Application Fees — Application and Commitment

\$3 per \$1,000.

Separate Inspection Fee

As set by FHA, but not to exceed \$5 per \$1,000.

Special Factors

Cost certification is required.

SECTION 221(d)(4) MORTGAGE INSURANCE FOR LOW- AND MODERATE-INCOME HOUSING
PROJECTS (MARKET RATE)

Purpose of Mortgage

Finance construction or rehabilitation of detached, semi-detached, row, walkup, or elevator type rental housing containing five or more units with rental charges that could be afforded by low- or moderate-income families, with priority in occupancy to those displaced by urban renewal or other governmental action. Families need not report income to FHA.

Maximum Amount Insurable

\$12,500,000.

Limits Per Family Unit —

Elevator Type:

\$15,623 no bedroom
\$22,201 one-bedroom
\$26,312 two-bedroom
\$32,890 three-bedroom
\$37,412 four-bedroom or more

All Other Types:

\$13,156 no bedroom
\$18,500 one-bedroom
\$22,200 two-bedroom
\$27,956 three-bedroom
\$31,656 four-bedroom or more

Loan-Value Ratio

Proposed Construction: 90% of estimated replacement cost.

Rehabilitation

Property to be Acquired: 90% of estimated rehabilitation cost plus the lesser of 90% of purchase price or 90% of estimated value before rehabilitation.

SECTION 207 MORTGAGE INSURANCE FOR MOBILE-HOME COURTS

<u>Purpose of Mortgage</u>		<u>Maximum Amount Insurable</u>
Finance construction or rehabilitation of mobile-home courts.		\$1,000,000 total. \$3,625 per space.
<u>Loan-Value Ratio</u>		
Proposed Construction:	90% of estimated value after completion of improvements.	
Rehabilitation:	90% of estimated value after rehabilitation, subject to the following limitations:	
Property to be Acquired:	90% of estimated rehabilitation cost plus 90% of the lesser of purchase price or appraised value before rehabilitation.	
<u>Term of Mortgage</u>		
20 years except that such mortgage may have longer term, up to 40 years, if project is consistent with desirable growth patterns in the foreseeable future or not appreciably in excess of 3/4 of remaining economic life, whichever is less.		
<u>Interest Rate</u>	<u>Insurance Premium</u>	<u>Initial Service Charge</u>
8-1/2%	1/2% on declining scheduled balances.	2%
<u>Application Fees - Application and Commitment</u>		<u>Separate Inspection Fee</u>
\$3 per \$1,000.		As set by FHA, but not to exceed \$5 per \$1,000.
<u>Special Factors</u>		
Cost certification is required.		

SECTION 213 MORTGAGE INSURANCE FOR MANAGEMENT-TYPE COOPERATIVE PROJECT

Purpose of Mortgage

Finance construction, acquisition of existing, or rehabilitation of detached, semi-detached, row, walkup, or elevator type housing by a nonprofit cooperative or acquisition from investor sponsor — five or more units.

Maximum Amount Insurable

Same as Section 207, except \$25,000,000 for public mortgagor. Limits per family unit same as Section 207 also.

Loan-Value Ratio

97% of estimated replacement cost for proposed construction or rehabilitation.

Term of Mortgage

40 years, or not appreciably in excess of 3/4 of the remaining economic life, whichever is less.

Interest Rate

8-1/2%

Insurance Premium

1/2% on declining scheduled balances.

Initial Service Charge

2%

Application Fees - Application and Commitment

\$3 per \$1,000.

Separate Inspection Fee

As set by FHA, but not to exceed \$5 per \$1,000.

Special Factors

Cost certification is required. Cooperative membership may be eligible for assistance under Section 235.

SECTION 207 MORTGAGE INSURANCE FOR MOBILE-HOME COURTS

Purpose of Mortgage

Finance construction or rehabilitation of mobile-home courts.

Maximum Amount Insurable

\$1,000,000 total. \$3,625 per space.

Loan-Value Ratio

Proposed Construction: 90% of estimated value after completion of improvements.

Rehabilitation: 90% of estimated value after rehabilitation, subject to the following limitations:

Property to be Acquired: 90% of estimated rehabilitation cost plus 90% of the lesser of purchase price or appraised value before rehabilitation.

Term of Mortgage

20 years except that such mortgage may have longer term, up to 40 years, if project is consistent with desirable growth patterns in the foreseeable future or not appreciably in excess of 3/4 of remaining economic life, whichever is less.

Interest Rate

8-1/2%

Insurance Premium

1/2% on declining scheduled balances.

Initial Service Charge

2%

Application Fees - Application and Commitment

\$3 per \$1,000.

Separate Inspection Fee

As set by FHA, but not to exceed \$5 per \$1,000.

Special Factors

Cost certification is required.

SECTION 213 MORTGAGE INSURANCE FOR MANAGEMENT-TYPE COOPERATIVE PROJECT

Purpose of Mortgage

Finance construction, acquisition of existing, or rehabilitation of detached, semi-detached, row, walkup, or elevator type housing by a nonprofit cooperative or acquisition from investor sponsor — five or more units.

Maximum Amount Insurable

Same as Section 207, except \$25,000,000 for public mortgagor. Limits per family unit same as Section 207 also.

Loan-Value Ratio

97% of estimated replacement cost for proposed construction or rehabilitation.

Term of Mortgage

40 years, or not appreciably in excess of 3/4 of the remaining economic life, whichever is less.

Interest Rate

8-1/2%

Insurance Premium

1/2% on declining scheduled balances.

Initial Service Charge

2%

Application Fees - Application and Commitment

\$3 per \$1,000.

Separate Inspection Fee

As set by FHA, but not to exceed \$5 per \$1,000.

Special Factors

Cost certification is required. Cooperative membership may be eligible for assistance under Section 235.

SECTION 213 COOPERATIVE HOUSING INSURANCE, SALES-TYPE PROJECTS

Purpose of Mortgage

Finance construction of single-family detached, semi-detached, or row housing for sale to member of nonprofit cooperative with five or more units.

Maximum Amount Insurable - Loan Value Ratio

\$12,500,000, or sum of separate maximum mortgages on single-family housing insurable for occupant mortgagors under Section 203(b), whichever is less.

Term of Mortgage

35 years, or not appreciably in excess of 3/4 of the remaining economic life, whichever is less.

Interest Rate

8-1/2%

Insurance Premium

1/2% on declining scheduled balances.

Initial Service Charge

2%

Application Fees - Application and Commitment

\$3 per \$1,000. No Separate Inspection Fee.

SECTION 213 COOPERATIVE HOUSING INSURANCE, INVESTOR-SPONSORED PROJECTS

Purpose of Mortgage

Finance construction or rehabilitation of detached, semi-detached, row, walkup, or elevator type housing, with five or more units, by mortgagor intending to sell to nonprofit cooperative.

Maximum Amount Insurable

Same as Section 207, except \$25,000,000 for public mortgagor. Limits per family unit same as Section 207 also.

Loan-Value Ratio

90% of estimated replacement cost for proposed construction, and for rehabilitation jobs, 90% of appraised value after rehabilitation.

Term of Mortgage

40 years, or not appreciably in excess of 3/4 of the remaining economic life, whichever is less.

Interest Rate

8-1/2%

Insurance Premium

1/2% on declining scheduled balances.

Initial Service Charge

2%

Application Fees - Application and Commitment

\$3 per \$1,000 based upon commitment amount applicable to management project.

Separate Inspection Fee

As set by FHA, but not to exceed \$5 per \$1,000.

Special Factors

Cost certification is required.

SECTION 220 MORTGAGE INSURANCE FOR URBAN RENEWAL PROJECTS

Purpose of Mortgage

Finance proposed construction or rehabilitation of detached, semi-detached, row, walkup, or elevator type rental housing or finance purchase of properties which have been rehabilitated by a local public agency; all may include nondwelling facilities. Property must consist of two or more units and must be located in an approved urban renewal area, urban redevelopment project, or code enforcement program area or urban area receiving rehabilitation assistance as a result of natural disaster.

Maximum Amount Insurable

\$50,000,000

Limits Per Family Unit —

Elevator Type:

\$16,747 no bedroom
\$23,925 one-bedroom
\$28,710 two-bedroom
\$35,887 three-bedroom
\$40,672 four-bedroom or more

All Other Types:

\$14,355 no bedroom
\$19,937 one-bedroom
\$23,925 two-bedroom
\$29,507 three-bedroom
\$33,495 four-bedroom or more

Loan-Value Ratio

Proposed Construction:	90% of estimated replacement cost.
Under Construction:	90% of estimated value when completed.
Rehabilitation Property to be Acquired:	90% of estimated rehabilitation cost plus the lesser of 90% of purchase price or 90% of estimated value before rehabilitation.

Property Owned

Where Property is Owned
Free and Clear:

100% of estimated cost of rehabilitation.

Where Existing Indebtedness
is to be Refinanced with
Mortgage Proceeds:

100% of estimated rehabilitation cost plus the lesser of existing debt on
property or 90% of appraised value before rehabilitation.

Property Purchased from
Local Public Agency after
Rehabilitation:

Lesser of 90% of appraised value or 90% of actual cost of acquisition.

Term of Mortgage

40 years, or not appreciably in excess of 3/4 of remaining economic life, whichever is less.

Interest Rate

8-1/2%

Insurance Premium

1/2% on declining scheduled balances.

Initial Service Charge

2%

Application Fees - Application and Commitment

\$3 per \$1,000.

Separate Inspection Fee

As set by FHA, but not to exceed \$5
per \$1,000.

Special Factors

Cost certification is required.

SECTION 220(h) INSURED IMPROVEMENT LOANS FOR URBAN RENEWAL PROJECTS

Purpose of Loan

Finance alteration, repair, or improvement of existing detached, semi-detached, row, walkup, or elevator type rental housing consisting of five or more family units; loan proceeds may be used to pay municipal assessments or similar charges, for sewer, sidewalk, curb, or other public improvements. Housing must be at least 10 years old, unless loan is primarily to make structural improvements; to correct faults not known when structure was completed, or caused by fire, flood, or other disaster; or to construct civil defense shelter. Property must be located in an approved urban renewal area, urban redevelopment project, or code enforcement program area or urban area receiving rehabilitation assistance as a result of natural disaster.

Maximum Amount Insurable

\$17,400 per family unit.

Loan-Value Ratio

Cost of rehabilitation. Loan plus debt on property may not exceed limits insurable under Section 220.

Term of Loan

20 years, or not appreciably in excess of 3/4 of remaining economic life, whichever is less. Insured loan may be made to lessee if the term of the lease will run more than 10 years beyond the maturity of the loan.

Interest Rate

8-1/2%

Insurance Premium

1/2% on declining scheduled balances.

Initial Service Charge

2%

Application Fees - Application and Commitment

\$3 per \$1,000.

Separate Inspection Fee

As set by FHA, but not to exceed \$5 per \$1,000.

Special Factors

Cost certification is required. If loan is over \$40,000, title evidence is required and construction advances may be insured. Loans in amounts up to \$40,000 to improve five- to eleven-family properties may be processed either as home or multifamily housing improvement loans.

Property Owned: 100% of estimated rehabilitation cost plus the lesser of existing debt on property or 90% of estimated value before rehabilitation.

Where Property is Owned Free and Clear: 100% of estimated cost of rehabilitation.

Where Existing Indebtedness is to be Refinanced with Mortgage Proceeds: 100% of estimated rehabilitation cost plus the lesser of debt on property or 90% of appraised value before rehabilitation.

Term of Mortgage

40 years, or not appreciably in excess of 3/4 of remaining economic life, whichever is less.

<u>Interest Rate</u>	<u>Insurance Premium</u>	<u>Initial Service Charge</u>
8-1/2%	1/2% on declining scheduled balances.	2%

Application Fees - Application and Commitment

\$3 per \$1,000.

Separate Inspection Fee

As set by FHA, but not to exceed \$5 per \$1,000.

Special Factors

Cost certification required. Only profit-motivated mortgagors are eligible.

SECTION 231 MORTGAGE INSURANCE FOR HOUSING FOR THE ELDERLY

Purpose of Mortgage

Finance construction or rehabilitation of detached, semi-detached, row, walkup, or elevator type rental housing designed for occupancy by elderly or handicapped individuals with eight or more units.

Maximum Amount Insurable

\$12,500,000 private mortgagor.

\$50,000,000 public mortgagor.

Limits Per Family Unit —

Elevator Type:

\$15,152 no bedroom
\$21,532 one-bedroom
\$25,520 two-bedroom
\$31,900 three-bedroom
\$36,286 four-bedroom or more

All Other Types:

\$12,760 no bedroom
\$17,943 one-bedroom
\$21,532 two-bedroom
\$27,115 three-bedroom
\$30,703 four-bedroom or more

Loan-Value Ratio

Nonprofit Mortgagor Proposed Construction:

100% of estimated replacement cost.

Rehabilitation:

100% of estimated value after rehabilitation, subject to following limitations:

Property to be Acquired:

100% of estimated rehabilitation cost plus the lesser of actual purchase price or estimated value before rehabilitation.

Property Owned:

100% of estimated rehabilitation cost plus the lesser of existing debt on property or estimated value before rehabilitation.

Profit Mortgagor

Proposed Construction: 90% of estimated replacement cost.

Rehabilitation: 90% of estimated value after rehabilitation, subject to the following limitations:

Property to be Acquired: 90% of estimated rehabilitation cost plus the lesser of 90% of purchase price or 90% of estimated value before rehabilitation.

Property Owned

Where Property is Owned Free and Clear: 100% of estimated cost of rehabilitation.

Where Existing Indebtedness is to be Refinanced with Mortgage Proceeds: 100% of estimated rehabilitation cost plus the lesser of existing debt on property or 90% of appraised value before rehabilitation.

Term of Mortgage

40 years, or not appreciably in excess of 3/4 of remaining economic life, whichever is less.

Interest Rate

8-1/2%

Insurance Premium

1/2% on declining scheduled balances.

Initial Service Charge

2%

Application Fees - Application and Commitment

\$3 per \$1,000.

Separate Inspection Fee

As set by FHA, but not to exceed \$5 per \$1,000.

Special Factor

Cost certification is required.

Property Owned

Where Property is Owned
Free and Clear: 100% of estimated cost of rehabilitation.

Where Existing Indebtedness
is to be Refinanced with
Mortgage Proceeds: 100% of estimated rehabilitation cost plus the lesser of existing debt
on property or 90% of appraised value before rehabilitation.

Term of Mortgage

Blanket Mortgage: 40 years, or not appreciably in excess of 3/4 of remaining economic life, whichever
is less.

Interest Rate

8-1/2%

Insurance Premium

1/2% on declining scheduled balances.

Initial Service Charge

2%

Application Fees - Application and Commitment

\$3 per \$1,000.

Separate Inspection Fee

As set by FHA, but not to exceed \$5
per \$1,000.

Special Factors

Cost certification is required.

SECTION 234(d) MORTGAGE INSURANCE FOR CONDOMINIUM PROJECTS

Purpose of Mortgage

Finance construction or rehabilitation of detached, semi-detached, row, walkup, or elevator type housing by sponsor intending to sell individual units as condominiums. Four or more units required.

Maximum Amount Insurable

\$20,000,000 private mortgagor.
\$25,000,000 public mortgagor.

Limit Per Family Unit —

Elevator Type:

\$16,747 no bedroom
\$23,925 one-bedroom
\$28,710 two-bedroom
\$35,887 three-bedroom
\$40,672 four-bedroom or more

All Other Types:

\$14,355 no bedroom
\$19,937 one-bedroom
\$23,925 two-bedroom
\$29,507 three-bedroom
\$33,495 four-bedroom or more

Loan-Value Ratio

Proposed Construction:

90% of replacement cost or sum of unit mortgage amounts computed under Section 234(c) for occupant mortgagor, whichever is less.

Rehabilitation:

Sum of unit mortgage amounts computed under Section 234(c) for owner-occupant mortgagor subject to the following limitations:

Property to be Acquired:

90% of estimated rehabilitation cost plus the lesser of 90% of purchase price or 90% of estimated value before rehabilitation.

SECTION 241 SUPPLEMENTAL LOAN INSURANCE FOR MULTIFAMILY HOUSING

Purpose of Loan

Finance alteration, repair, additions, and improvements of any multifamily project insured under any section of the Act; loan proceeds may be used to finance the purchase of equipment to be used in the operation of a nursing home or group practice facility.

Maximum Amount Insurable

An amount which, when added to the outstanding indebtedness relating to the property, does not exceed the amount currently insurable under the Section or Title pursuant to which the mortgage covering such project or facility is insured.

Loan-Value Ratio

90% of the estimated value of the improvements, additions, or equipment.

Term of Loan

Not to exceed the remaining term of the insured mortgage.

Interest Rate

8-1/2%

Insurance Premium

1/2% on declining scheduled balances.

Initial Service Charge

2%. (Mortgagee may charge only 1/2 of 1% of loan proceeds used for purchase of equipment for Nursing Home or Group Practice Facility).

Application Fees - Application and Commitment

\$3 per \$1,000.

Separate Inspection Fee

As set by FHA, but not to exceed \$5 per \$1,000.

Special Factors

Cost certification is required.

APPENDIX C

SECTIONS 235 AND 236 AND PUBLIC HOUSING
INCOME LIMITS

SECTIONS 235 AND 236 AND PUBLIC HOUSING

INCOME LIMITS

<u>Family Size</u>	<u>PUBLIC HOUSING</u>	<u>SECTIONS 235 AND 236</u>
	<u>Maximum Income for Continuing Occupancy</u>	<u>Exception Income Limits</u>
1 Person	\$6,000	\$ 6,650
2 Persons	\$6,375	\$ 8,100
3 Persons	\$6,750	\$ 9,550
4 Persons	\$7,125	\$ 9,550
5 Persons	\$7,500	\$11,000
6 Persons	\$7,875	\$11,000
7 Persons	\$8,250	\$12,400
8 Persons	\$8,625	\$12,400
9 Persons	\$9,000	\$12,400
10+ Persons	\$9,375	\$12,400

The above comparison shows that families wanting Sections 235 or 236 housing may earn up to 50% more than families eligible for public housing. The public housing limits apply to all of Wyoming Valley; the 235 and 236 limits are for the City of Wilkes-Barre only, since the limits vary by community.

Lack of Follow-up Diminishes Plans for Improving Region

An urban planner said Thursday local groups and government units are not following through on recommendations being made by expert consultants.

The planner also urged steps be taken to improve Wyoming

Valley's appearance because, rated against other areas, the valley is "not the most attractive."

The comments were made by Richard E. Miller, project director for Wilbur Smith and Associates, Inc., Columbia, S. C., which conducted a Wyoming

Valley Public Opinion Survey for the Flood Recovery Task Force.

Miller and task force officials underwent extensive questioning at a press conference held Thursday at noon in Hotel Sterling to release results of the survey.

A cross section of residents in 45 of the county's 75 municipalities indicated in the survey that they feel:

—Local government is generally doing a good job, but government should combine to provide even better services.

—Something should be done to make Wyoming Valley more attractive.

—Mountaintop and the Back Mountain hold the greatest appeal as the places people would like to live.

Miller's organization made some recommendations 14 years ago and, the urban planner noted, few have been followed.

As an example, Miller said his firm urged the merger of eight or nine economic development organizations in Luzerne County into one, unified well-financed group that could conduct a more effective industrial development campaign.

Miller said the few recommendations that were followed were those tackled by the Flood Recovery Task Force.

On the subject of Wyoming Valley's appearance, Miller said the opinion survey indicates a great majority of the people feel something should be done to improve the region's attractiveness. He said this is a key factor in company decisions to build plants.

The greatest single response to any question in the survey came when interviewers asked area residents if an improvement program should be undertaken to make Wyoming Valley more attractive. "Yes" answers came from 1,397 people (93 percent) while only 105 people (7 percent) said "no."

Asked if they feel Wyoming Valley has an overall attractive appearance, 945 (63 percent) said "yes," while 556 (37 percent) answered "no."

Percentages declined when

residents were asked if they feel outsiders think Wyoming Valley is an attractive place. A total of 853 (59 percent) said "yes," while 591 (41 percent) said "no."

The great majority then urged the improvement program.

The categories "cities and towns" and "streets and highways" got the lowest marks for attractiveness, while majorities said they feel Luzerne County's parks, open spaces and riverfront areas are attractive.

Miller said Wilbur Smith and Associates is now conducting a followup survey to identify specific things that should be cleaned up. He said it is obvious that culm banks and junk yards are eyesores and should be eliminated, but the firm will document all types of unattractive items.

Task Force officials, all residents of this area, agreed that improvement is needed to make the area more appealing. Charles Hardwick told of a couple who came to this area when the husband had a job interview. The wife, seeing culm banks on entering the city, absolutely refused to get out of the car, Hardwick said.

The survey, financed by a \$22,000 grant from the U. S. Economic Development Administration, is expected to come into use in the continuing recovery from the 1972 flood.

The survey was conducted by college students in 45 of the county's now 75 municipalities. There were 74 communities at the time of the survey in 1973.

Generally, the area surveyed ran from Duryea on the north to Shickshinny on the south, and into the Back Mountain and Mountaintop area.

The students, under direction of Wilbur Smith and Associates, used scientific sampling methods to select the 1,600 households out of 86,594 in the area to be surveyed.

On the effectiveness of local government, 60 percent of the area's residents feel local government listens to people. A whopping 85 percent felt local government did a "good job" during and after the flood.

While 58 percent are satisfied with the way local government is working, 61 percent of the citizenry favors the merger of local governments.

The issue of consolidation was raised several times in the months after the flood. Federal and state officials, chief among them William H. Wilcox, Secretary of the State Department of Community Affairs, said consolidation would speed recovery and make the job of all levels of government easier. Federal relief coordinator Frank Carlucci made the same point.

Local government officials for the most part have ignored consolidation talk.

Ironically, Luzerne County has actually expanded in the number of local government units since the flood. Only this month, the county court approved creation of Penn Lake Park Borough as the county's 75th community. The new borough will be carved out of Bear Creek and Dennison Townships.

About half the respondents—46 percent—feel county government could provide services better than local government.

Andrew Shaw, Task Force executive director, said he feels the survey results are a "significant barometer" to the thinking of area residents regarding consolidation of communities.

While the area might not see actual physical consolidation, he said, a "functional consolidation of services" might take place to improve the operation of local government.

Shaw said the Luzerne County Charter Study Commission recommendations could have a sharp impact on the future operation of government and inter-governmental cooperation.

Task Force member Thomas Kiley said he was disappointed in the citizen response regarding government. If area residents were "really proud," he said, more than 58 percent of those surveyed would have said they were satisfied with government operation.

Miller said the local survey had unique results in that Wyoming Valley residents favor single family dwellings, while while the nationwide trend is toward multiple-unit and town house residences.

The survey indicates many Wyoming Valley residents want to move to Mountaintop and the Back Mountain. Those areas now hold eight percent of the

PD Receiver Bid Pushed

Testimony will resume Friday morning at 10 in Luzerne County Courthouse on the multiple phases of the court proceedings regarding the financially troubled Pocono Downs, Inc., Plains Township.

Judge Richard L. Bigelow is presiding.

Hearings deal with petition of the First National Bank of Eastern Pennsylvania, Wilkes-Barre and Clifton Williams, Kingston, a stockholder, for appointment of a temporary receiver for Pocono Downs and also for an injunction to prevent the sale of assets or any other distribution of corporation holdings.

The major issue before the court is a petition of the same parties for appointment of a permanent receiver for the racing firm. This complaint and petition was filed Feb. 22. A full-scale hearing on this matter will be conducted by the court Monday at 10 a. m. Federal, state and regional officials and groups have been asked to attend Monday's hearing.

Judge Bigelow, late Thursday, denied the preliminary objections of Atty. Theodore L. Krohn, counsel for Pocono Downs, to the petition for appointment of a temporary receiver and for an injunction. The jurist then stated that testimony on the petitions will be heard Friday at 10 a. m.

Atty. Aston contends PRMA wishes to purchase the assets of Pocono Downs, except the racing license, for \$7,500,000 to lease the premises until the sale is complete.

Atty. Albert H. Aston, counsel for the bank and Williams, reiterated his remarks on a subpoena for the records of Pocono Downs. Atty. Krohn told the court that his clients will produce records available to them for Friday's hearing.

Judge Bigelow then denied a motion by Attorney Aston that "the status quo" remain as it was on Feb. 22. This meant that Aston wanted the Pocono Downs Corporation to remain intact and undisturbed as it was when the original court proceedings

Aston, counsel for First National Bank of Eastern Pennsylvania, a judgment creditor, Williams, PD stockholder; Atty. Krohn, counsel for PD; Atty. W. Ken Duffy, counsel for himself, a stockholder; Atty. Richard Kane, counsel for Eugene Bartoli, stockholder; Atty. S. Keene Mitchell, counsel for PRMA and Sportservice, Inc., Buffalo, N.Y. Atty. Leroy Lenhart, Hazleton, made an appearance for the first time on behalf of 12 stockholders, including Victor C. Diehm, Sr., a former president of Pocono Downs.

Horace Kramer and William Mainwaring, officials of First National Bank of Eastern Pennsylvania also attended.

Atty. Aston filed the original motion for appointment of a permanent receiver. On Thursday, he filed an application for appointment of a temporary receiver and an injunction.

The attorney wants to stop Pocono Downs from leasing, selling, agreeing to sell or otherwise disposing of any of its property or assets except in the ordinary course of business until an order of the court or until conclusion of the court proceedings.

Atty. Aston said even an additional \$2,500,000 is less than the value of the assets and is not even sufficient to pay debts, redeem the debentures, or to return investments to stockholders.

Atty. Duffy said that testimony could show that the PMRA-Pocono Downs lease agreement would clearly be a "fraud" on creditors and stockholders of Pocono Downs. He said the PD assets are "very clearly" in excess of \$10,000,000.

Duffy told this newspaper that

Planning Unit Approves Lot Subdivisions

Griffith Pool Site To Be Sold as 4 Residential Parcels

Wilkes-Barre City Planning Commission, in special session Thursday afternoon at City Hall, approved subdividing of the former Griffith Pool site on the Heights into four residential

(Photo by Lukasik)

AT MAGISTRATE'S OFFICE — Wearing handcuffs and with head bowed, Raymond O. Smith, 22, of 23 Maple St., West Pittston, enters the office of Magistrate Carmen Maffei in Exeter for a hearing Thursday on a charge of criminal homicide.

The magistrate ruled a prima facie case was established and remanded Smith to Luzerne County Prison without bail.

Behind Smith are State Troopers Michael Jordan, center and Carl Allen.

Prima Facie Case Is Ruled in Strangling

Raymond O. Smith, 22, of 23 Maple St., West Pittston, was remanded to Luzerne County Prison on a charge of criminal homicide following a hearing Thursday before District Magistrate Carmen Maffei, Exeter.

The magistrate ruled a prima facie case. He denied bail when that motion was placed by Atty. Michael J. Cefalo, who represents Smith. Smith is also represented by Atty. Barry Yelen. Smith is charged with the

that Smith told him that he, Smith, had done something wrong. Smith asked to use the phone.

Williams said he overheard Smith asking for Tom, then Williams said he heard Smith saying, "Yep yep."

According to Williams, Smith said he killed somebody and "I didn't believe him."

Williams said he did not believe Smith committed the crime and thought it was some kind of joke.

ton. Assistant District Attorney Anthony Anzalone appeared for the Commonwealth.

Witnesses included Dr. George Hudock Jr., county coroner; who testified that Euth was strangled. Appearing for the State Police were Trooper Michael Jordan and Carl Allan. Chief County Detective Robert Musser was also present at the hearing and took testimony on a recording machine.

Police Chief Bernard Pepperling of Exeter and Chief Thomas Dale of West Pittston, who aided in the investigation, appeared at the hearing.

First witness, Tony J. Williams, of 124 Park St., West Pittston, testified Smith came to his home the day of the incident, March 2. Williams said

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Upper Susquehanna and Northeast including Poconos — Sunny Friday. High in the mid to upper 40s. Increasing cloudiness Friday night with the chance of some rain and snow Saturday. Low Friday night 30 to 35. High Saturday 35 to 40. Precipitation probability near zero percent Friday, 20 percent Friday night. Winds southerly five to 15 miles-per-hour Friday.

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Alan questioned me but I didn't sign a statement," Williams said. "The troopers left a subpoena in my mailbox Sunday afternoon, Mar. 3."

Thomas B. Kubelis, 124 Tompkins St., Pittston, a co-worker of Smith's, said he knew the defendant for the last 18 months when they worked together at Farmer's Pride, Pittston Township, cutting up chickens together.

When Kubelis arrived, Smith was seated at the far end of the bar together with James Loftus, 612 Wisner St., West Pittston.

According to Loftus, who testified next, Smith was inebriated and his words were slurred. Smith, Kubelis and Loftus then got into the Farmer's Pride Company truck. Loftus said they went to seek the location of the victim's body. Loftus found the body 30 to 50 feet from the site Smith said it was located, at the end of a chain link fence at Pride Lumber Company, Tunkhannock Ave., Exeter.

When the body was found it was fully clothed.

There was a question between the witnesses, one of whom said "If it was me, I would bury it."

Loftus stated that he made the statement "If I didn't turn myself in I would bury it." Loftus testified that Smith told him that he, Smith, strangled the man with his belt.

It was not brought out at Thursday's hearing why the crime was committed. Loftus said Smith was talking in a most incoherent manner and slurred his words.

Loftus said Smith was drinking beer but could walk around.

Atlantic Zayre to Abide by Agreement

Atlantic Zayre, Inc., Framingham, Mass., has promised not to advertise in Pennsylvania unless its stores are stocked with enough of the advertised merchandise to meet the expected public demand, according to Joel Weisberg, director of the State Bureau of Consumer Protection. Five stores in Western Pennsylvania were involved.

The agreement was filed in Allegheny County Court following a complaint lodged by the bureau against Zayre. The company was accused of advertising without supplying reasonably expectable public demand in violation of the Unfair Trade Practices and Consumer Protection Law.

William Schoonover of the redevelopment authority staff appeared before the commission for the second time within a week and reported the authority, owner of the pool site, had decided to break the area up into four lots instead of five so that they would comply with the requirements of an R-1 (residential) zone.

He said two of the lots on Hillside Street would have a frontage of 68.75 feet and the two lots in the rear on Taft Street would have a frontage of 88.75 feet. The back-to-back lots would each have a depth of 100 feet.

Schoonover said the RA had two displaced persons from E. Market Street who were anxious to buy and build on the lots as soon as possible. He said all four lots would be sold to families displaced by the RA.

Questioned as to what the lots might sell for, Schoonover said it depended on appraisals. At the former meeting it was reported lots might range between 25 and 30 cents a square foot.

Sale of the properties to new purchasers will have to be approved by city council before they can be deeded over.

During the meeting copies of the revised zoning ordinance and proposed zoning maps were distributed to commission members for perusal. The commission will conduct a public hearing on the new ordinance at City Hall on April 1.

PUC Freezes Planned PG&W Rate Hike

Harrisburg (P)—Water rates for the Pennsylvania Gas and Water Co. were temporarily frozen Thursday until the Pennsylvania Public Utility Commission decides on a \$2.6 million increase proposed by the utility.

The freeze on the rates of the Wilkes-Barre company prevents the increase from automatically taking effect Friday.

The company already agreed to three postponements but the PUC said its caseload was too great to meet the deadline.

The company originally filed for a \$4.8 million increase but was conditionally awarded \$2.2 million of it. The rest was suspended pending completion of the investigation.

Under the freeze provisions, the company can recoup the difference between the temporary rate and the authorized rate.

Lackawanna and Luzerne counties, Scranton, Wilkes-Barre and several townships and boroughs have opposed the increase.

could not tell the names of the officers of Pocono Downs.

—It is claimed that \$7,500,000 has been offered by Pocono Racing Management Association for Pocono Downs.

—It is claimed the price, plus another \$2,500,000, is far less than the value of Pocono Downs assets and the sum is less than sufficient to pay the debts, redeemed debentures, and return investments of stockholders.

—The former controller of Pocono Downs has certain records which cannot be produced in court.

—An additional lawyer, representing 12 stockholders has entered his appearance in the case. This group of stockholders includes a former president of Pocono Downs.

—Two lawyers said a former president of Pocono Downs is unable to secure a list of the officers of the corporation.

—Another attorney said the State racing commission does not know who the Pocono Downs officers are.

—The court received a telegram from Buffalo, N. Y., stating that the chairman of the board of PRMA and president of Shamrock Racing Association was out of town Thursday and unable to appear in court.

—All available records of Pocono Downs will be presented in court on Monday.

One stockholder has been unable to secure an accounting of financial records of Pocono Downs since Sept. 7, 1973, when a subpoena for the records was issued.

—An offer was made to withdraw the petition for a temporary receiver if Pocono Downs and PMRA would assure the court that nothing would be done to affect the assets of Pocono Downs until the hearing on Monday and until a record of the proceedings is closed.

—The court was asked for an immediate injunction to halt any dealings between Pocono Downs and PMRA.

—It was intimated that, at this very moment, transactions might be in progress in Buffalo, N. Y.

—One lawyer said that testimony would be given regarding a lease agreement and PMRA which could show that a "fraud" was being perpetrated on the creditors and stockholders of Pocono Downs.

—Another lawyer said that appointment of a receiver could possibly result in the lifting of a moratorium on the first mortgage of \$4,000,000. This mortgage is held by the Teamsters Union Pension Fund.

—Still another lawyer said that if a receiver is named, bond indebtedness of Pocono Downs would become payable immediately.

Lawyers taking part in the debate Thursday were: Atty.

could not tell the names of the officers of Pocono Downs. Judge Bigelow told those in the courtroom that he received a telegram Thursday morning from John Passan, president of Shamrock and chairman of PMRA, that Passan was in Buffalo and unable to attend hearing.

Atty. Krohn said he was advised by the Teamsters Union that a foreclosure on the first mortgage could be a possibility if a receiver was appointed for Pocono Downs.

Atty. Kane said naming of a receiver would mean that all bonds would become due immediately.

Aston, in urging the court to issue the injunction, intimated that sale of Pocono Downs could be taking place "at this moment" in Buffalo.

A memorandum of lease and agreement was filed at the courthouse Wednesday by Attys. John Aponick and S. Keene Mitchell, representing the PRMA, Inc. The legal papers were on an agreement between PRMA and Pocono Downs for property of Pocono Downs in Plains Township.

Representatives of PRMA stated on Tuesday at a news conference that the firm has "contracted to acquire" the track. Legal papers filed Tuesday state in part that "the name of the lessor-seller is Pocono Downs, Inc., and the name of the lease-buyer is Pocono Racing Management Association, Inc." The latter's address is given as 828 United Penn Bank Building, Wilkes-Barre.

Section seven of the agreement states "the real property to be sold is described in exhibits A and B attached hereto and made a part hereof."

Lease term is about 10 years, beginning March 9, 1974, and terminating December 31, 1983. There is a lease option for an additional 10 years.

Wednesday's hearing before the court was in connection with certain parties filing to intervene in the case originally initiated by First National Bank of Eastern Pennsylvania, Wilkes-Barre, and Clifton Williams of Kingston, a stockholder in Pocono Downs. Those intervening thus far are Attys. W. Ken Duffy, a stockholder; Atty. Kane, counsel for Eugene Bartoli, a stockholder, and the Sports-service, Inc., Buffalo N. Y., a creditor.

Objections were raised when Attorneys Aponick and Mitchell attempted to have PRMA an intervenor in the proceedings. The objections were voiced by Attorney Albert Aston, representing the original petitioners for appointment of a receiver for Pocono Downs; Attorneys Duffy and Kane. All stated that the PRMA was not part of the picture on February 22, 1974, when the petition to appoint a receiver was filed.

rating, according to the survey conducted for the Flood Recovery Force, and parks get the worse score.

Residents commented on 15 categories of public service in the survey intended to gain an opinion of local government.

The survey was conducted in about 1,600 households in 45 communities of Luzerne County. Those communities hold 86,594 of the total 116,924 households in the county.

Fire protection	1,346	131	28
Police protection	1,080	312	120
Garbage pickup	1,253	152	67
Sewer facilities	960	224	251
Water facilities	1,207	194	100
Road Maintenance and snow removal	640	420	448
Bus transportation	610	336	346
Parks	405	373	493
Sports facilities	515	335	420
Hospitals, clinics	823	282	265
Libraries	869	209	247
Ambulance service	1,146	155	112
Housing for elderly	534	313	371
Pollution control	350	408	488
Nursing homes	462	349	327

City Council Cancels Ambulance Meeting

Special meeting of Wilkes-Barre City Council called for Friday at 4:30 p.m. to adopt an ordinance regarding a referendum on ambulance service has been canceled, it was announced Thursday afternoon by Bernard J. Gallagher, city manager.

He reported he was informed Thursday by Atty. Michael McHugh, city solicitor, that ordinances providing for tax levies "are not subject to the referendum process" of the Third Class City Code, Act 1931, June 23, PL 932.

McHugh's review stated: "Fifty-three PS 36050 lists exceptions from referendum. Included in these exceptions are (B) Ordinances providing for tax levies." Therefore, the solicitor stated, the proposed Ambulance Millage Ordinance is not the subject of a referendum vote under the terms of said act.

Adopted on first reading last week was an ordinance which would have placed a referendum on the ballot for the spring primary to levy 2 mills, more or less, to operate ambulance service in Wilkes-Barre. Ordinance would have had to be adopted finally at the Friday meeting to meet the time requirements for placing the referendum on the ballot.

Gallagher said the whole question of ambulance service will again be considered by city council. Ambulance has been operated by city firemen since Public Ambulance Service broke its contract to provide the service.

Saturday will be cloudy with the chance of some rain and snow likely. High Saturday will range between 35 and 40 degrees.

Precipitation probability is near zero Friday morning and Friday, 20 percent Friday night and 40 percent Saturday.

Thursday's high reached 39 degrees while the low dropped to 19 degrees, leaving an average of 29 degrees, six degrees below normal for the date.

tion, garbage collection, water facilities, ambulance service and sewer facilities.

In addition to parks, Wyoming Valley residents gave poor ratings to road maintenance and snow removal, sports facilities, housing for the elderly, pollution control and nursing homes.

This is how people responded to the question, "How do you feel about the quality of the following public services you are receiving?"

Good	So-So	Bad
1,346	131	28
1,080	312	120
1,253	152	67
960	224	251
1,207	194	100
640	420	448
610	336	346
405	373	493
515	335	420
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would like to live in either location. Based on the 86,594 figure for total residences in the survey area, this would mean 1,000 new homes in Mountain-top and Back Mountain, something sure to have an impact on the environment, local government and schools.

Despite its problems, a full 91 percent of respondents said they would not want to "leave the valley."

Respondents gave this percentage range of incomes in the 45 communities surveyed: Less than \$7,500 per year, 41 percent; \$7,500 to \$9,900, 25 percent; \$10,000 to \$14,999, 23 percent and over \$15,000, 12 percent.

Miller said area wages are "low" when compared to other sections of the country surveyed by his firm. The planner attributed part of the problem to the "labor intensive garment industry."

Other Task Force members present were Harold Rose and Edward Schechter.

DEATHS

(Obituaries on Page 6)

BEGEL — In Gnaden Huetten Hospital, Leighton, Mar. 13, Kenneth Begel, 45, Leighton.

CIESLINSKI — At Wilkes-Barre, Mar. 14, Mrs. Josephine Cieslinski, 66, native of Plains.

FEALY — In North Penn Hospital, Lansdale, Mar. 13, Emory C. Fealy, 56, native of Plymouth.

GITLOVITZ — At Buffalo, N. Y., Mar. 5, Mrs. Nathan Gitlovitz, formerly of Wilkes-Barre.

GUERRIERI — At Taylor Hospital, Mar. 14, Americo Matte Guerrieri, 73, Old Forge.

JAROSCAK — In Valley Crest, Mar. 14, Miss Mary Jaroscak, 77, Plymouth.

McLAUGHLIN — At Pinellas Park, Fla., Mar. 14, Leo J. McLaughlin, native of Wilkes-Barre.

MISSION — At Dallas, Mar. 14, Mrs. Lena Viola Mission, 91.

MONTROSS — At Tunkhannock RD 4, Mar. 13, Mrs. Edith Naomi Montross, 81.

O'LEARY — In Nesbitt Memorial Hospital, Mar. 14, Thomas R. O'Leary, Kingston.

OMELECKI — At Hanover section of Nanticoke, Mar. 14, Mrs. Rose Brozelewski Omelecki, 91, formerly of Plymouth.

PASCOE — In the Thomas Guest Home, Huntsville, Mar. 14, Mrs. Mae V. Pascoe, 80, Wilkes-Barre.

PROCTOR — In Radford, Va., Community Hospital, March 14, Mrs. Mary H. Shultz Proctor, 80, formerly of Berwick.

SEITCHEK — At Luzerne, Mar. 14, Jacob (Seitz) Seitchek.

VERESPY — At Plains, Mar. 14, John E. Verespy.

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Witnesses included Dr. George Hudock Jr., county coroner; who testified that Euth was strangled. Appearing for the State Police were Trooper Michael Jordan and Carl Allan. Chief County Detective Robert Musser was also present at the hearing and took testimony on a recording machine.

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Williams said, "The troopers left a subpoena in my mailbox Sunday afternoon, Mar. 3."

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Kubelis testified he received a call at approximately 7:50 p. m. on Mar. 2. Kubelis said Smith told him, "I think I killed somebody. Come over to Bell's Tavern, Luzerne Ave., West Pittston."

When Kubelis arrived, Smith was seated at the far end of the bar together with James Loftus, 612 Wisner St., West Pittston.

According to Loftus, who testified next, Smith was inebriated and his words were slurred. Smith, Kubelis and Loftus then got into the Farmer's Pride Company truck. Loftus said they went to seek the location of the victim's body. Loftus found the body 30 to 50 feet from the site Smith said it was located, at the end of a chain link fence at Pride Lumber Company, Tunkhannock Ave., Exeter.

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Questioned as to what the lots might sell for, Schoonover said it depended on appraisals. At the former meeting it was reported lots might range between 25 and 30 cents a square foot.

Sale of the properties to new purchasers will have to be approved by city council before they can be deeded over.

During the meeting copies of the revised zoning ordinance and proposed zoning maps were distributed to commission members for perusal. The commission will conduct a public hearing on the new ordinance at City Hall on April 1.

Atlantic Zayre, Inc., Framingham, Mass., has promised not to advertise in Pennsylvania unless its stores are stocked with enough of the advertised merchandise to meet the expected public demand, according to Joel Weisberg, director of the State Bureau of Consumer Protection. Five stores in Western Pennsylvania were involved.

The agreement was filed in Allegheny County Court following a complaint lodged by the bureau against Zayre. The company was accused of advertising without supplying reasonably expectable public demand in violation of the Unfair Trade Practices and Consumer Protection Law.

Atlantic Zayre to Abide by Agreement

PUC Freezes Planned PG&W Rate Hike

Harrisburg (P)—Water rates for the Pennsylvania Gas and Water Co. were temporarily frozen Thursday until the Pennsylvania Public Utility Commission decides on a \$2.6 million increase proposed by the utility.

The freeze on the rates of the Wilkes-Barre company prevents the increase from automatically taking effect Friday.

The company already agreed to three postponements but the PUC said its caseload was too great to meet the deadline.

The company originally filed for a \$4.8 million increase but was conditionally awarded \$2.2 million of it. The rest was suspended pending completion of the investigation.

Under the freeze provisions, the company can recoup the difference between the temporary rate and the authorized rate.

Lackawanna and Luzerne counties, Scranton, Wilkes-Barre and several townships and boroughs have opposed the increase.

—It is claimed that \$7,500,000 has been offered by Pocono Racing Management Association for Pocono Downs.

—It is claimed the price, plus another \$2,500,000, is far less than the value of Pocono Downs assets and the sum is less than sufficient to pay the debts, redeemed debentures, and return investments of stockholders.

—The former controller of Pocono Downs has certain records which cannot be produced in court.

—An additional lawyer, representing 12 stockholders has entered his appearance in the case. This group of stockholders includes a former president of Pocono Downs.

—Two lawyers said a former president of Pocono Downs is unable to secure a list of the officers of the corporation.

—Another attorney said the State racing commission does not know who the Pocono Downs officers are.

—The court received a telegram from Buffalo, N. Y., stating that the chairman of the board of PRMA and president of Shamrock Racing Association was out of town Thursday and unable to appear in court.

—All available records of Pocono Downs will be presented in court on Monday.

One stockholder has been unable to secure an accounting of financial records of Pocono Downs since Sept. 7, 1973, when a subpoena for the records was issued.

—An offer was made to withdraw the petition for a temporary receiver if Pocono Downs and PMRA would assure the court that nothing would be done to affect the assets of Pocono Downs until the hearing on Monday and until a record of the proceedings is closed.

—The court was asked for an immediate injunction to halt any dealings between Pocono Downs and PMRA.

—It was intimated that, at this very moment, transactions might be in progress in Buffalo, N. Y.

—One lawyer said that testimony would be given regarding a lease agreement and PMRA which could show that a "fraud" was being perpetrated on the creditors and stockholders of Pocono Downs.

—Another lawyer said that appointment of a receiver could possibly result in the lifting of a moratorium on the first mortgage of \$4,000,000. This mortgage is held by the Teamsters Union Pension Fund.

—Still another lawyer said that if a receiver is named, bond indebtedness of Pocono Downs would become payable immediately.

Lawyers taking part in the debate Thursday were: Atty.

could not tell the names of the officers of Pocono Downs.

Judge Bigelow told those in the courtroom that he received a telegram Thursday morning from John Passan, president of Shamrock and chairman of PMRA, that Passan was in Buffalo and unable to attend hearing.

Atty. Krohn said he was advised by the Teamsters Union that a foreclosure on the first mortgage could be a possibility if a receiver was appointed for Pocono Downs.

Atty. Kane said naming of a receiver would mean that all bonds would become due immediately.

Aston, in urging the court to issue the injunction, intimated that sale of Pocono Downs could be taking place "at this moment" in Buffalo.

A memorandum of lease and agreement was filed at the courthouse Wednesday by Attys. John Aponick and S. Keene Mitchell, representing the PRMA, Inc. The legal papers were on an agreement between PRMA and Pocono Downs for property of Pocono Downs in Plains Township.

Representatives of PRMA stated on Tuesday at a news conference that the firm has "contracted to acquire" the track. Legal papers filed Tuesday state in part that "the name of the lessor-seller is Pocono Downs, Inc., and the name of the lease-buyer is Pocono Racing Management Association, Inc." The latter's address is given as 828 United Penn Bank Building, Wilkes-Barre.

Section seven of the agreement states "the real property to be sold is described in exhibits A and B attached hereto and made a part hereof."

Lease term is about 10 years, beginning March 9, 1974, and terminating December 31, 1983. There is a lease option for an additional 10 years.

Wednesday's hearing before the court was in connection with certain parties filing to intervene in the case originally initiated by First National Bank of Eastern Pennsylvania, Wilkes-Barre, and Clifton Williams of Kingston, a stockholder in Pocono Downs. Those intervening thus far are Attys. W. Ken Duffy, a stockholder; Atty. Kane, counsel for Eugene Bartoli, a stockholder, and the Sports-service, Inc., Buffalo N. Y., a creditor.

Objections were raised when Attorneys Aponick and Mitchell attempted to have PRMA an intervenor in the proceedings. The objections were voiced by Attorney Albert Aston, representing the original petitioners for appointment of a receiver for Pocono Downs; Attorneys Duffy and Kane. All stated that the PRMA was not part of the picture on February 22, 1974, when the petition to appoint a receiver was filed.

tion, garbage collection, water facilities, ambulance service and sewer facilities.

In addition to parks, Wyoming Valley residents gave poor ratings to road maintenance and snow removal, sports facilities, housing for the elderly, pollution control and nursing homes.

This is how people responded to the question, "How do you feel about the quality of the following public services you are receiving?"

	Good	So-So	Bad
Fire protection	1,346	131	28
Police protection	1,080	312	120
Garbage pickup	1,253	152	67
Sewer facilities	960	224	251
Water facilities	1,207	194	100
Road Maintenance and snow removal	640	420	448
Bus transportation	610	336	346
Parks	405	373	493
Sports facilities	515	335	420
Hospitals, clinics	823	282	265
Libraries	869	209	247
Ambulance service	1,146	155	112
Housing for elderly	534	313	371
Pollution control	350	408	488
Nursing homes	462	349	327

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City Council Cancels Ambulance Meeting

Special meeting of Wilkes-Barre City Council called for Friday at 4:30 p. m. to adopt an ordinance regarding a referendum on ambulance service has been canceled, it was announced Thursday afternoon by Bernard J. Gallagher, city manager.

He reported he was informed Thursday by Atty. Michael McHugh, city solicitor, that ordinances providing for tax levies "are not subject to the referendum process" of the Third Class City Code, Act 1931, June 23, PL 932.

McHugh's review stated: "Fifty-three PS 36050 lists exceptions from referendum. Included in these exceptions are (B) Ordinances providing for tax levies." Therefore, the solicitor stated, the proposed Ambulance Millage Ordinance is not the subject of a referendum vote under the terms of said act.

Adopted on first reading last week was an ordinance which would have placed a referendum on the ballot for the spring primary to levy 2 mills, more or less, to operate ambulance service in Wilkes-Barre. Ordinance would have had to be adopted finally at the Friday meeting to meet the time requirements for placing the referendum on the ballot.

Gallagher said the whole question of ambulance service will again be considered by city council. Ambulance has been operated by city firemen since Public Ambulance Service broke its contract to provide the service.

Weather Is Expected To Moderate Friday

It appears the weather is beginning to moderate somewhat after several days of wintry weather.

It's going to be clear and cold Friday morning with the temperatures ranging between 15 and 20 degrees. Friday will be sunny and milder with the high in the mid to upper 40s.

National Weather Service at Wilkes-Barre-Scranton Airport reported increasing cloudiness will move into the area Friday night but it will not be so cold. The temperature is expected to range around 30 degrees.

Saturday will be cloudy with the chance of some rain and snow likely. High Saturday will range between 35 and 40 degrees.

Precipitation probability is near zero Friday morning and Friday, 20 percent Friday night and 40 percent Saturday.

Thursday's high reached 39 degrees while the low dropped to 19 degrees, leaving an average of 29 degrees, six degrees below normal for the date.

would like to live in either location. Based on the 86,594 figure for total residences in the survey area, this would mean 1,000 new homes in Mountain-top and Back Mountain, something sure to have an impact on the environment, local government and schools.

Despite its problems, a full 91 percent of respondents said they would not want to "leave the valley."

Respondents gave this percentage range of incomes in the 45 communities surveyed: Less than \$7,500 per year, 41 percent; \$7,500 to \$9,900, 25 percent; \$10,000 to \$14,999, 23 percent and over \$15,000, 12 percent.

Miller said area wages are "low" when compared to other sections of the country surveyed by his firm. The planner attributed part of the problem to the "labor intensive garment industry."

Other Task Force members present were Harold Rose and Edward Schechter.

DEATHS

(Obituaries on Page 6)

BEGEL — In Gnadon Huetten Hospital, Leighton, Mar. 13, Kenneth Begel, 45, Leighton.

CIESLINSKI — At Wilkes-Barre, Mar. 14, Mrs. Josephine Cieslinski, 66, native of Plains.

FEALY — In North Penn Hospital, Lansdale, Mar. 13, Emory C. Fealy, 56, native of Plymouth.

GITLOVITZ — At Buffalo, N. Y., Mar. 5, Mrs. Nathan Gitlovitz, formerly of Wilkes-Barre.

GUERRIERI — At Taylor Hospital, Mar. 14, Americo Matte Guerrieri, 73, Old Forge.

JAROSCAK — In Valley Crest, Mar. 14, Miss Mary Jaroscak, 77, Plymouth.

McLAUGHLIN — At Pinellas Park, Fla., Mar. 14, Leo J. McLaughlin, native of Wilkes-Barre.

MISSION — At Dallas, Mar. 14, Mrs. Lena Viola Mission, 91.

MONTROSS — At Tunkhannock RD 4, Mar. 13, Mrs. Edith Naomi Montross, 81.

O'LEARY — In Nesbitt Memorial Hospital, Mar. 14, Thomas R. O'Leary, Kingston.

OMELECKI — At Hanover section of Nanticoke, Mar. 14, Mrs. Rose Brozelewski Omelecki, 91, formerly of Plymouth.

PASCOE — In the Thomas Guest Home, Huntsville, Mar. 14, Mrs. Mae V. Pascoe, 80, Wilkes-Barre.

PROCTOR — In Radford, Va., Community Hospital, March 14, Mrs. Mary H. Shultz Proctor, 80, formerly of Berwick.

SEITCHEK — At Luzerne, Mar. 14, Jacob (Seitz) Seitchek.

VERESPY — At Plains, Mar. 14, John E. Verespy.