

Correspondence, Grossman, Howard J. Executive
Director of Economic Development Council of NE PA, 1972 October

October 27, 1972

Howard J. Grossman, Executive Director
Economic Development Council of N.E. Pa.
P.O. Box 777
Avoca, Pennsylvania 18641

Dear Howard:

I have a copy of your letter to Ted Robb under date of October 25th.

Paragraph 3 gives me concern because of the suggestion that additional payments be made for property improvements under the Urban renewal program over and above pre-flood values for those who may have invested some money in the rehabilitation of their property. There is considerable complaint already because some people will be paid pre-flood value and others will be compelled to rehabilitate their properties entirely on their own, except for the \$5000 forgiveness. I enclose a copy of a letter I received today from a Wilkes-Barre resident which gives you some idea of the heat which is being generated. Were a property owner to receive a sum over and above pre-flood value because of some rehabilitation he made in the period prior to acquisition, it would limit the funds available to go around and would terribly agitate and escalate the tensions already developing in the renewal program. I would strongly urge the most careful consideration and exercise of restraint in this matter.

I am not certain what you have in mind with respect to paragraph 4 but it may very well be that the comments I made with respect to your paragraph 3 have application to this paragraph, too.

Sincerely yours,

MAX ROSENN

MR:cjr

cc: Theodore Robb
William Conner
Thomas Kiley
Andrew Shaw

JOHN B. HIBBARD, President
ASA L. DAY, JR., Vice President
THOMAS P. SHELBURNE, Vice President
STUART F. PIPHER, Secretary
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Vice President of Fiscal Affairs

HOWARD J. GROSSMAN, Executive Director

**ECONOMIC
DEVELOPMENT
COUNCIL**
OF NORTHEASTERN PENNSYLVANIA



P.O. BOX 777 • AVOCA, PA. 18641 • TEL. 717/457-7456

October 25, 1972

Mr. Theodore Robb
U. S. Department of Housing
and Urban Development
Curtis Building
6th and Walnut Streets
Philadelphia PA 19106

Dear ^{Ted}Mr. Robb:

In recognition of the urgent need to disseminate information to flood victims relative to urban renewal programs, EDCNP, the Luzerne County Redevelopment Authority and the Wilkes-Barre Redevelopment Authority have agreed to launch a public information program which could provide basic information on the urban renewal process and other aspects relative to redevelopment programs. Contemplated is the publication of a booklet on the urban renewal process which would be people-oriented rather than program-oriented and which could be made available to all flood victims as soon as possible.

Before such a booklet can be prepared and published, it would be helpful to have answers to the following questions which follow up my previous letter to you dated October 19. These questions are as follows:

1. It is our understanding that the SBA loan application deadline has been extended to January 15, 1972. Is it possible to indicate at what level, if any, funding for rehabilitation under Section 312 of the Housing Act or under any other appropriate section will be made available to the redevelopment authorities. The preparation of a booklet on urban renewal and the rehabilitation program and whether or not rehabilitation should be emphasized would depend in large part on an answer to this question.

2. The Interim Assistance Program has been extended to other communities in addition to Wilkes-Barre. However, question has come up concerning the amount of dollars available for the Interim Assistance Program. We have been informed that funds for the Interim Assistance Program need not be legislated specifically but that they are a part of Title I funds. If this is the case, is it not possible to go beyond what we have heard to be a \$15 million limitation for Interim Assistance Programs.

Mr. Theodore Robb

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October 25, 1972

3. Announcements have been made that property owners within urban renewal areas defined as flood control projects will be paid pre-flood values for acquisition of these properties by the redevelopment authorities. However, a problem exists in that a property owner who has obtained an SBA loan and has already utilized considerable numbers of dollars in rehabilitation apparently will not be eligible for reimbursement of that portion of his loan which has been invested in rehabilitation of property except for the \$5,000 forgiveness which is a normal part of the SBA program. The fear of this possible loss has apparently prevented many property owners from rehabilitating structures and this has caused deterioration and may possibly necessitate greater acquisition than would otherwise be necessary. Could you clarify whether or not additional payments for property improvements under the urban renewal program might be possible over and above pre-flood values.

4. A question has come up concerning relocation payments in the urban renewal program. Under the conventional urban renewal program, the property owner is paid the fair market value for his property plus a relocation payment. Because of the complexities of the problems facing each individual home owner or business relative to making decisions on rehabilitation versus clearance, could you clarify the procedures that will be followed relative to relocation payments since it may be that in some cases where a property owner has a large mortgage to pay off, the relocation payment may not be sufficient to enable the relocated property owner to handle a new mortgage in a different location.

5. A question has been raised relative to public improvements within urban renewal areas as related to the flood disaster conditions within the urban renewal and other areas of the region where urban renewal will be utilized for flood recovery purposes. We are aware that the Office of Emergency Preparedness and the Army Corps of Engineers have an involvement in site improvements within the urban renewal project areas. Is it possible to obtain some clear policy on the role that OEP and the Army Corps of Engineers will play in the urban renewal areas? Will there be specific limitations on the amount of upgrading of public improvements that can be accomplished within the urban renewal project areas? What role will the redevelopment authorities play in providing upgraded public improvements within urban renewal project areas. The development of policy on this general issue would seem to be needed in order to have a better understanding of the entire urban renewal process.

Yours truly,

Howard
Howard J. Grossman
Executive Director

HJG:pf

cc: William Conner
Paul Cain
Rober Scalia
William Wilcox

A. Edward Simon
Judge Max Rosenn
Thomas Kiley
Andrew Shaw

October 27, 1972

Dear Bob:

I have a copy of your letter to Frank Carlucci and others to whom it was addressed. Since I did not receive the original, I assume the copy to me is only for informational purposes. I will, therefore, not undertake to directly respond to your letter.

I think there will be a great many inequities in the Recovery Program. Originally, the Task Force had urged the co-insurance program which would have avoided the very problem of which you speak. However, the Congress thought otherwise and determined that the SBA loan program would be the primary vehicle. Renewal and Redevelopment augments that program and is extremely important. However, it will not work evenly and many people are going to get a free ride as you suggest and others will pay the load in part or intoto. I agree with you this is unfair but so was Hurricane Agnes. Personally, I have not only had to expend monies to get back into the house but will have to spend a great deal more on a personal basis to try and rehabilitate it.

I hope the recipient of your original letter will be able to give you help in your dilemma.

Warmest regards to you, Ruth and Nancy.

Sincerely,

MAX ROSENN

MR:cjr

Mr. Robert W. Walker
473 Carey Avenue
Wilkes-Barre, Pa. 18702

473 Carey Avenue
Wilkes-Barre, Pa. 18702
October 26, 1972

TO: Mr. Frank Carlucci, President's Personal Representative
Scandlon Field
Kingston, Pa. 18704

Hon. Martin L. Murray
I.B. E. Building
Public Square
Wilkes-Barre, Pa. 18701

Hon. Daniel J. Flood, M.C.
United Penn Bank Building
Wilkes-Barre, Pa. 18701

✓ Hon. Max Rosenn, U. S. Circuit Court
Federal Building
South Main Street
Wilkes-Barre, Pa. 18701

Mr. Leon Case, Executive Director
Redevelopment Authority of the City of Wilkes-Barre
10th Flr., First National Bank Building
Wilkes-Barre, Pa. 18701

Mr. Carlo Poerio, Director of Community Relations
Redevelopment Authority of the City of Wilkes-Barre
10th Flr., First National Bank Bldg.
Wilkes-Barre, Pa. 18701

Gentlemen:

Please take five minutes of your valuable time to read the attached article, which is an extremely timely bit of reporting.

My family and I are one of the families who were "taken in" so to speak, by the pleas in the newspapers and on radio during the months of July and August of this year, to "GO BACK TO YOUR HOMES, FIX UP YOUR HOMES, LIVE IN YOUR HOMES - - - BRING THIS VALLEY BACK TO LIFE", which is exactly what we did, at our own expense.

Now, in October, we become aware that the Redevelopment Authority is replacing doors, windows, heating units, etc., at no cost to the homeowner - - replacements, all of which we undertook to do at a cost of approximately \$2,500.00 from our personal funds, in order to "BRING THIS VALLEY BACK TO LIFE". This is a joke. This indignity, together with the "Pre-Flood Value to be Paid to Home Owners" jolt, is by far the worst injustice to be meted out to the victims of Hurricane Agnes, and the resulting Flood of 1972.

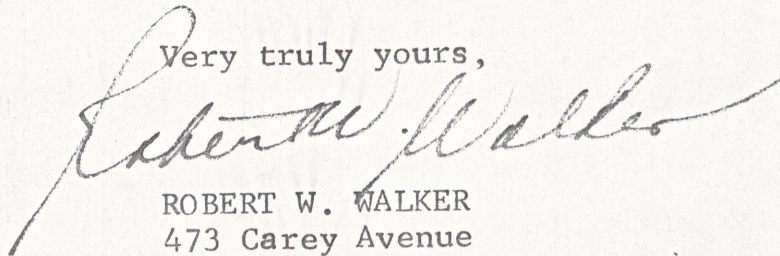
Page 2.

October 26, 1972

Please be advised and take notice that as of this date, unless reimbursement is made to me for the work done by my contractor and paid for out of my pocket, which these "Johnny come latelys" are now receiving for free, I will take all steps available to me under the laws of the Commonwealth of Pennsylvania and any and all Federal laws applicable thereto to see that justice is done and reimbursement received.

I will expect to hear from you concerning this matter as soon as possible.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Robert W. Walker".

ROBERT W. WALKER
473 Carey Avenue
Wilkes-Barre, Pa.

RWW:n11
Enclosure

florence eckert ★ stop redevelopment!!!!

Before the word "Redevelopment" or "Urban Renewal" became a household word around the Valley, the Observer was repeatedly making mention of it. Way back in the July 16 issue, Clint Morse revealed a conversation he had with a very influential resident of the Riverside Drive section of Wilkes-Barre. Again in the July 30 issue this same man appears before Wilkes-Barre city council with his complaints. If you are able to dig up one of the more recent Observer issues, October 1, page 5, the story continues.

What do you know about Redevelopment? How about pre-flood value? How are they going to affect YOU personally? Will you benefit or will you be hurt? I am going to eliminate all the fancy talk about flood plain, economic unfeasibility, 30, 40, 50 or 75 per cent damages, etc., and explain as simply as possible how it is going to affect you.

The state government tells us that they will put up \$100 million to match the \$300 million that the federal government says will be appropriated for redevelopment. One point that should be made clear is that this money has only been promised and is nowhere in written agreement. Secondly this amount is for the entire state of Pennsylvania and not for this area exclusively. At the present time the President's representative, Frank Carlucci, has authorized local officials to begin selection of the areas and properties which will be acquired by urban renewal in flood-stricken areas. The cost of this planning, Mr. Carlucci says, will be reimbursed by HUD in the near future.

What does this mean to you, the flood victim? Frankly, nothing — as hopeful and interesting as they try to make it sound — it simply says that Leon Case of the city redevelopment authority and Jim Price of the county will go to the drawing board and decide which homes are to be acquired and which rejected; however, there are no funds at the present time guaranteeing that this program will be carried out.

Thinking positively, let's say the funds ARE approved by Congress. Now — we look at the little map that has been drawn up in the redevelopment offices and see where we stand. The property of Mr. X is within the boundary lines drawn up by the authority, and its pre-flood value was \$100,000. Mr. X has not lifted a finger since Agnes in the way of clean-up or repair. He hasn't invested one red cent in the property, but he now gets the full pre-flood value from Uncle Sam. With \$100,000 in his pocket he has quite a few options for spending it, perhaps even the possibility of buying it back from the redevelopment authority. Maybe he took out a separate SBA loan for his personal loss, \$5,000 of which is a gift from good old Uncle Sam also. How badly off would you say he is?

Now, on the other hand, let's take Mr. Y. He looks at the map and his house is also in the boundary lines of redevelopment, but his story runs a little differently. The pre-flood value of his home was \$30,000. It was severely damaged and he still has a \$20,000 mortgage with the bank at 6 per cent. He felt he didn't have much choice except to take an SBA loan and immediately get started rehabilitating that home. In order to return it to its pre-flood condition at today's union wages requires a \$30,000 loan. Now Mr. Y has a standing mortgage of \$20,000 at 6 per cent interest, with a new loan of \$30,000 at 1 per cent interest. Take away the \$5,000 forgiveness and he owes SBA \$25,000. Add this to his standing mortgage of \$20,000 and you come up with a grand total of \$45,000. With heavy heart and aching muscles, he

and his wife spent two weeks of back-breaking work shoveling mud and debris out of their home. They were eager beavers and not free-loaders, so they lived with in-laws and began the commuting route to recovery. Contractors were hired while they traveled back and forth from in-laws to their sad looking dwelling, overseeing the work being done by the contractors and doing the little things they could to speed the job. This was July. They knew winter was no time to decide what to do. Plumbers, carpenters and electricians soon ate up much of their loan and before they knew it, they had spent \$9,000 out of the \$30,000.

All the while the work was being done, Mr. Y realized that when he completed the job he would have a \$60,000 investment in a home that would still sell for only \$30,000 on the open market. However, he had no choice because he needed a place to live. Then came the big blow he wasn't prepared for! Redevelopment was buying his property and they were giving him pre-flood value — \$30,000. But what about the \$9,000 he has already spent? Leon Case says — we're sorry about that! Now Mr. Y has \$30,000 — no place to live — and a mortgage of \$45,000. If he uses the \$30,000 to pay the mortgage, he has \$15,000 left. Can he rebuild his home for \$15,000? What about the \$9,000 that he already spent on the home? Compare him with Mr. X.

Mr. Z owned a property worth \$18,000. Agnes did damage amounting to \$10,000. He has a mortgage with the bank for \$12,000. Like Mr. Y, he shoveled mud and debris for several weeks and immediately began rehabilitating. His SBA loan is for \$17,000 property and personal loss. Of this amount \$5,000 is forgiven, leaving a balance of \$12,000. Add this to his present mortgage of \$12,000 and you come up with a grand total of \$24,000. He, too, hired a contractor and has spent in the neighborhood of \$7,000 to date. Mr. Z looks at the map and finds out he is not included in the homes to be acquired by redevelopment. How does he feel? Considering that Mr. X above had a home worth \$100,000 and got back \$100,000 while he, Mr. Z, had a home worth \$18,000 and now has an investment of \$30,000 in that home and gets nothing from Uncle Sam, how do you think Mr. Z feels?

Many inequities have taken place since the flood, but this is by far the biggest

crime of all!!! Why should one taxpayer receive nothing for his losses while another receives full value? Unless EVERY flood victim can receive equal compensation for his loss, then NO flood victim should receive it. Why should discrimination be shown? Haven't we had enough of it up to now? No government official, local, state or federal, can convince me that it is just to give one man full value for his losses while another receives nothing but added debts!!! There is only one fair avenue and that is

STOP REDEVELOPMENT!

If allowed to continue, this valley may witness a few lynchings, suicides and riots with violence. Remember, the river didn't select her victims; they were from all walks of life.

There were 80,000 people affected by the flood in Wyoming Valley. An organization made up of 200 people represents less than 1 per cent of the victims. Their aims, their tactics and their lawyer are representative of the 200 of them, and so they should not continue to say they represent the flood victims of this valley. If they want to march, yell and holler for what they are trying to obtain for themselves, I say all well and good, that is their right and their privilege. However, they should refrain from demanding that all flood victims join with them since there is a possibility that the other 99 per cent do not agree with what they are trying to get for themselves or the methods they are using to reach those heights. Therefore, when they request special meetings with Sec. Wilcox, the Corps of Engineers or Mr. Carlucci, they must remember to speak for their membership of 200 and not the 80,000 flood victims in the valley.

The same goes for the other group. They are made up of businessmen and also represent their own interests and not those of the average flood victim. I also resent the fact that they were given \$261,000 of my tax money for planning. Who represents John Doe? Even though my presence is not appreciated at some of these meetings of experts, I will continue to attend every one I possibly can and bring back information to the general public on what the experts are planning for them, both through my writings and through my speaking engagements before civic groups.

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