The economic significance of Church Homes, Inc.

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THE ECONOMIC SIGNIFICANCE
OF CHURCH HOMES, INC.

A THESIS
SUBMITTED TO THE FACULTY OF ATLANTA UNIVERSITY IN
PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR
THE DEGREE OF MASTER OF
BUSINESS ADMINISTRATION

BY
CORNELIA M. WILSON
SCHOOL OF BUSINESS ADMINISTRATION

ATLANTA, GEORGIA
AUGUST, 1963
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Lastly, the writer is very grateful to her husband, children who constantly expressed their faith and confidence in her.
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CHAPTER I

INTRODUCTION

Origin of the Study

The general aspects of the urban crisis may be evidenced in the fact that in 1850, 15 per cent of America's population lived in urban areas. By 1900, the percentage had increased to 40 per cent; and 1950, to 65 per cent. The outlook is that the population increase of 50 million expected during the next 15 years will occur almost entirely in urban-metropolitan combinations. By 1980, better than three out of every four Americans will probably be living in urban surroundings. The failure of our urban areas to cope successfully with this explosive growth is suggested by the fact that nearly every American city suffers from congestion and traffic strangulation; fast-spreading home, factory, and business slums. The economic and social implications of our 192
metropolitan areas now contain about three-fourths of our manufacturing capacity, and produce 90 per cent of our national income. They furnish the physical setting in which most Americans live and seek their personal and social satisfactions. It is well recognized that commercial, industrial, and residential slums mean economic retrogression. Inefficiency in land uses, traffic congestion and inadequate loading and customer parking facilities lead to a deterioration of business. In such areas, tax revenues are low and municipal service costs high. Slums drive prosperous business firms and prosperous residents to the suburbs.¹

It was a forward move when Wheat Street Church demonstrated its concern of the urban congestion which from a general outlook will become more serious as people continue to crowd in urban areas. The $5,525,000 project which the church will build will help heal the ill appearance of the Butler Street slum and blighted area. The fact that each unit will cost approximately $10,625.00

and will rent for $70.50 and $75.50 per month is evidence that the primary purpose of the project is to help upgrade the standard of living of Negro citizens. The following statement was made in connection with the project: "Below a certain minimum man cannot live a good life." It was upon this statement that this study was made.  

The Problem

The problem of this study is to note the difficulties involved in financing, managing and controlling a non-profit housing organization. More specifically, the problem of the study is to assess the economic value of Church Homes, Inc. to the City of Atlanta and to the Negro community.

The Purpose of the Study

The purpose of this study is to determine the extent to which the church through its philosophy that, "below a certain minimum man cannot live a good life,"
strives to develop the spiritual life of individuals through the improvement of their living standards.

The Significance of the Study

So far as can be determined, Church Homes relocation housing project is the nation's first Negro-sponsored housing project under Section 221-d-3 of the Federal Housing Administration's special assistance program. It is also America's largest relocation project.¹ The experiences of this church may point up examples to evaluate as well as problems to shun.

Need for the Study

This study is limited to the establishment of Church Homes, Inc., and the development of the Church Homes rental housing project of the Urban Renewal program under Section 221-d-3 of the National Housing Act.

Methods of Procedure

The method of collecting data for this study was primarily the interview. The Atlanta University Trevor Arnett Library, the Interdenominational Theological Seminary Library, and the Atlanta Public Library, were

helpful sources of information. Interviews with the executive director of the Atlanta Urban League and administrative heads of Wheat Street Baptist Church provided the basic information for the study. Interviews with local housing authorities were also made. Pamphlets, brochures, charts, graphs, tables, and other valuable information on Urban Renewal were obtained from local Housing Authority offices. "The Wall Street Journal," the "Atlanta Constitution," the "Atlanta Daily World," and the "Atlanta Inquirer" provided current data on the subject.

**Definition of Terms**

**Urban Renewal.** Urban Renewal is the term used to describe the official program of a community to improve itself through the elimination of slums and blight and the removal of the causes of slum and blighted areas, thereby preventing their recurrence. Urban Renewal is a locally planned and executed community-wide improvement program, using public and private resources. Through it a city seeks to refashion and rebuild its physical plant along modern lines, so that it can cope more successfully with
the many problems of this industrial age—poor housing, traffic congestion, inadequate site for commercial and industrial growth, decay of down-town areas, and neighborhood deterioration.¹

Relocation. Relocation is a plan whereby the Local Public Agency is required to offer families that have been displaced from an urban renewal project area, decent, safe, and sanitary housing, conveniently located and at prices or rents within their means. If the city chooses, it may build low-rent public housing with Federal assistance for its displaced low-income families.

Eminent domain. Eminent domain is the right of the State or one of its political subdivisions to purchase the property of any individual, in accordance with due process of law and upon payment of just compensation to the owner, when the public good requires it.

Displaced Families. These are families that have been forced to move from a certain section that has been declared a slum.²

²Ibid., p. 12.
Slum. A slum consists of structures used and maintained for human habitation and for other purposes, which are dilapidated, unsafe and unsanitary, the premises which are littered with rubbish, refuse and filth, constitute a menace and detriment to the health, morals, safety and general welfare of the people of the city.¹

Local Public Agency. LPA means any State, county, municipality, or other governmental entity or public body or two or more such entities or bodies, authorized to undertake the project for which assistance is sought.²

Section 221-d-3. Section 221-d-3 is designed to supplement systems of mortgage insurance under other provisions of the National Housing Act in order to assist:

(1) in relocating families from urban renewal areas, (2) in relocating families to be displaced as the result of governmental action in a community. If executed by a mortgagor which is a private non-profit corporation or association or other acceptable private non-profit organization, regulated or supervised under Federal or State laws or by political subdivisions of States or agencies thereof.

²Ibid.
CHAPTER II

ESTABLISHMENT OF CHURCH HOMES, INC.

Citizen participation in the redevelopment of an urban renewal area was exemplified by the Wheat Street Baptist Church when it undertook the largest urban renewal effort by Negroes anywhere and the largest redevelopment project anywhere in the nation. The church organized Church Homes, Inc. which will build 520 dwellings in the Butler Street Urban Renewal project area, financed through special Federal Housing Administration mortgage insurance under the Urban Renewal provisions of Section 221-d-3 of the National Housing Act. With the full backing of the Atlanta Urban League and the Atlanta Life Insurance Company, the group was high bidder for 22 acres of project land in the Butler Street area.¹

Acting upon a proposal submitted by the Atlanta Urban League three years ago, Wheat Street Church agreed

by a resolution of its board of trustees to buy 22 acres of land from the Atlanta Housing Authority for the construction of the 520 units housing project because it saw the value of the proposal and the need for such a project to help solve the acute housing problem for Negroes who had been hit hardest by urban renewal slum clearance.

Church Homes, Inc., a non-profit organization consists of 22 members of Wheat Street Baptist Church who make up the Board of Directors. Reverend Borders, pastor of the church, serves as president and the Atlanta Urban League is the coordinating agency.¹

In connection with the proposed housing development, one housing spokesman has said that the City of Atlanta will be a step nearer in solving the problem of urban redevelopment because of the efforts of Church Homes, Inc. in its purchase of the 22-acre tract of land in the northwest section of the city for the building of a multi-million housing project.²

¹Atlanta Urban League, Interview with the Executive Director, Robert A. Thompson, June 11, 1963.
Urban renewal and expressway projects have displaced thousands of Negroes and have forced them outward in search for living space. Some observers hold that many of these families crowd back into other slum areas because of their financial inability to afford standard living quarters.¹ It has been estimated by housing officials that the expressway project alone displaced 5,000 families in the Butler Street area and an additional 3,000 families for the Church Homes project. As a result of these estimates, 8,000 families have been displaced as a result of urban renewal activity in the Butler Street area. In an address by Malcolm D. Jones before the Executive's Club, the question was asked: Where will these Negroes go?² Upon this question, Church Homes, Inc. has made a step forward to provide some space for Negroes to dwell at rent which they can afford, by sponsoring this 520 unit housing project which will provide housing for one-sixth of the families moved out of the area.

¹Ibid.

²Malcolm D. Jones, Director of Urban Renewal, City of Atlanta, "A Synopsis of Urban Renewal," Address before The Executive's Club, Dinkler Plaza Hotel, Atlanta, November 15, 1961.
Negro population within the City of Atlanta is increasing more rapidly than is the white. It has risen 106 per cent in the three decades since 1930. The number of white residents, in comparison, increased by a total of 67 per cent during the same period of time. This growth has placed extreme pressure on older Negro areas near the City's center and has contributed to slum congestion.¹

Of Atlanta's 400,000 Negro population, there are only eight Negro public housing projects:

- Carver Homes
- Grady Homes
- High Point Homes
- Herndon Homes
- John Eagan
- John Hope
- Perry Homes
- University Homes

Aside from these public housing facilities, there are numerous apartment buildings, rooming housing, motels, yet the severe shortage of housing exists. Church Homes, as explained by John F. Thigpen of the Georgia FHA, has worked out a fine solution to alleviate some of the housing

¹The Atlanta Daily World, (Editorial), December 6, 1961, p. 4.
difficulties which exist among Negroes by constructing this low-rent housing project to accommodate families with in-between incomes - too high for public housing requirements and too low to afford most private housing.

Table I below gives an over-all picture of the status of sales of U R properties in the Butler Street area.

**TABLE 1**

STATUS OF SALE OF PARCELS IN THE BUTLER STREET URBAN RENEWAL AREA MARCH 20, 1963*

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>R-9</td>
<td>2.19</td>
<td>$200,000</td>
<td>$3,286,000</td>
<td>21 story apt.</td>
<td>$ 54,380</td>
</tr>
<tr>
<td>R-9</td>
<td>3.85</td>
<td>429,000</td>
<td>3,000,000</td>
<td>300 rm Motel</td>
<td>53,490</td>
</tr>
<tr>
<td>R-9</td>
<td>.60</td>
<td>78,000</td>
<td>400,000</td>
<td>4 story off.</td>
<td>7,456</td>
</tr>
<tr>
<td>R-9</td>
<td>.27</td>
<td>30,000</td>
<td></td>
<td>Bldg/parking</td>
<td>468</td>
</tr>
<tr>
<td>R-9**</td>
<td>22.20</td>
<td>450,000</td>
<td>4,000,000</td>
<td>520 unit aps</td>
<td>71,320</td>
</tr>
<tr>
<td>R-9</td>
<td>2.51</td>
<td>48,150</td>
<td>2,100,000</td>
<td>210 unit P.H.</td>
<td></td>
</tr>
</tbody>
</table>

*E. Bruce Wedge, Regional Director, UR, April 1, 1963

**Church Homes Project
### TABLE 2

**RELOCATION OF FAMILIES DISPLACED BY FEDERAL URBAN RENEWAL PROJECTS - ATLANTA AREA AS OF DECEMBER 31, 1962***

<table>
<thead>
<tr>
<th>Proj. No.</th>
<th>Total Reloc'd</th>
<th>Std. (a)</th>
<th>Pvt. (b)</th>
<th>Pub. Std. (c)</th>
<th>Out Temp. (d)</th>
<th>Sub Urban Area Lost (e)</th>
<th>Std. %+</th>
<th>Sub. Std. %**</th>
</tr>
</thead>
<tbody>
<tr>
<td>R-9</td>
<td>663</td>
<td>501</td>
<td>76</td>
<td>22</td>
<td>3</td>
<td>61</td>
<td>49</td>
<td>89</td>
</tr>
<tr>
<td>R-10</td>
<td>438</td>
<td>280</td>
<td>36</td>
<td>19</td>
<td>10</td>
<td>93</td>
<td>14</td>
<td>91</td>
</tr>
<tr>
<td>R-11</td>
<td>561</td>
<td>395</td>
<td>105</td>
<td>12</td>
<td>13</td>
<td>36</td>
<td>12</td>
<td>95</td>
</tr>
<tr>
<td>R-21</td>
<td>215</td>
<td>162</td>
<td>21</td>
<td>7</td>
<td>12</td>
<td>13</td>
<td>2</td>
<td>95</td>
</tr>
<tr>
<td>R-22</td>
<td>255</td>
<td>189</td>
<td>18</td>
<td>0</td>
<td>30</td>
<td>18</td>
<td>16</td>
<td>93</td>
</tr>
</tbody>
</table>

*Prepared by Department of Urban Renewal, 13th Floor, City Hall, Atlanta 3, Georgia, December 31, 1962.*

**Percentage computed by dividing the sum of columns (c) and (d) by the sum of columns (a), (b), (c), and (d).**

*Percentage computed by dividing the sum of columns (a) and (b) by the sum of columns (a), (b), (c), and (d).*

**Note:** R-9 Butler Street Area
R-10 Rawson-Washington Area
R-11 University Homes
R-21 Rockdale
R-22 Thomasville

(At the time this report was prepared, Georgia State was not included).
Table 2 shows that only a small percentage of displaced families live in substandard homes, only a small number is unaccounted for, and still a smaller number has moved out of urban renewal areas and are not included in measuring the effectiveness of urban relocation. Relocation performance is based on the number of families who have moved to dwellings "the condition of which was reported." People moving "outside the Urban Area," are thus excluded.\footnote{E. Bruce Wedge, Regional Director of Urban Renewal, April, 1963.}

The fact that relocation performance appears attractive from Table 2, does not necessarily hold that there is not a need for additional housing facilities. People tend to crowd in housing projects that offer the best facilities, conveniently located, and at the most reasonable rental rates.

Church Homes, Inc. carries the following advantages: It is centrally located—one block northwest of Edgewood-Boulevard intersection, bounded by Jackson Parkway and Fort, Irwin and Old Wheat Streets. The project is only
eight minutes from Five-Points, three blocks from the Curb Market, four blocks from Grady Memorial Hospital and Spaulding's Clinic, four blocks from six churches, one block from the Auburn Avenue business district, and less than one block from Scripto, Inc., an organization which employs 1500 Negro women.¹

Based on the general aspects of urban crisis as previously stated in this text, M. Carter McFarland points out that by 1980 better than three out of every four Americans will probably be living in urban surroundings. From these statistics, Church Homes will bear little or no risk of maintaining occupants for its 520 apartments, now or in the future.²

Unfortunately, urban clearance does not always meet with full acceptance by some citizens of the community. By moving 8,000 families out of the Butler Street, the Auburn Avenue businesses suffered from the standpoint of trade. The displaced families have suffered additional

transportation expense as a result of being forced to move outward in search for dwellings. Not only have the families suffered from financial disruptions, but their social relationships have also been disrupted. No matter how substandard an area may be, families develop strong ties with neighbors, churches, merchants and social institutions. Slum clearance disrupt these ties and create acute social problems in social readjustment.

These are problems which the city must face in acquiring the real estate properties from the private owners. A city or state has the constitutional right to acquire private property for public use if it is deemed necessary. This may be done by direct purchase or by the eminent domain process. Urban redevelopment has been deemed to be a public use by the Legislature of 45 of the 50 States.

The first step a city or state must take in acquiring private property, is to determine whether or not the area is slum or blighted. This is accomplished by having the prospective slum area appraised by expert real estate appraisers. If the structures do not meet certain standards
and city codes, and are deteriorated beyond repair, the area is deemed slum and blight. Trained personnel then make several visits to each family in an effort to counsel and attempt to influence the families as to the danger of such areas to one's health. This is a severe social problem and requires well planned procedures in contacting the effected families. In acquiring the land, the city must pay the private owners a fair market price. The fair market price is determined by expert and recognized real estate appraisers. In setting the value on property, an appraiser must determine the value in accordance with practices and precedents which have been established in eminent domain procedures in State and local courts. A fair market price, generally speaking, is considered to be the price which a property would bring if exposed for sale on the open market with reasonable time allowed in which to find a knowledgeable purchaser. ¹

After a city or community obtains the land from

private ownership, before it can avail itself for urban renewal assistance from the Federal Government, it is required to submit and have approved a Workable Program for Community Improvement. This is the program for the utilization of local resources in a concerted attack on slums and blight—a concerted effort to foster economic and cultural development. One requirement of a Workable Program is citizen participation. By this is meant the utilizations—in a positive way of local leadership and organizations—the community's private resources that can profitably assist in the community's efforts.¹

Church Homes, Inc. demonstrated its Workable Plan gaining the support of Atlanta Urban League and 26 business, religious and professional organizations as follows: Afro-American Life Insurance Company; Atlanta Funeral Services Practitioners Association; Atlanta Life Insurance Company; The Atlanta Medical Association; Atlanta Negro Voters League; Business and Professional Association;

Butler Street YMCA; Citizens Trust Company; Empire Real Estate Board; Fulton County Citizens Democratic Club; Gate City Bar Association; Greater Atlanta Council on Human Relations; Interdenominational Ministers Alliance; Labor Council AFL-CIO; Mutual Federal Savings and Loan Association; National Alliance of Postal Employees; National Urban League, Inc; North Carolina Mutual Life Insurance Company; Phyllis Wheatley YWCA; Pilgrim Health and Life Insurance Company; Prince Hall Grand Lodge; Scripto, Inc.; South Atlanta Coordinating Council; South-eastern Fidelity Fire Insurance Company; Smooth Ashlar Grand Lodge; Atlanta Urban League.¹

The community must also clearly show: (1) that the need for an urban renewal program has been demonstrated and is the kind of undertaking that would have broad citizen support, (2) that the city government is prepared to accept the responsibility for and will take the necessary steps to carry out a community-wide program for

¹25th Anniversary Yearbook, Wheat Street Baptist Church, Atlanta, Georgia, December, 1962.
the prevention of slums and blight, (3) that there is a reasonable outlook for the community to successfully meet its responsibilities for such major requirements as financing the local share of the project cost, relocating any families displaced by an urban renewal project. The net cost which the city pays for urban renewal real estate property is the difference between the purchase price of the dilapidated property acquired by the projects (including cost of demolition of the dilapidated structures; also planning and administration costs) and returns received for the property when sold for public or private redevelopment. When all necessary data have been obtained, the city submits the application to the FHA for financial assistance. The application is composed of (1) urban renewal area data, (2) local plans and programs, (3) local plans and programs concerning budget data, (4) maps and exhibits, (5) legal data, and (6) locality data.¹

In like manner, a private organization, as Church Homes, Inc., that wishes to sponsor a redevelopment

¹Ibid.
program, must submit and have approved by the local Housing Authority, a similar Workable Plan before it can be considered for Federal assistance. If the Workable Plan is approved by local authorities, it is then submitted to the Federal Housing Administration for consideration for financial assistance.1

A further requirement is that the private re-developer must submit to the Aldermanic Board a written assurance that such a property that would be erected on the said land would be subjected to ad valorem tax. In other words, Church Homes, Inc., although a non-profit organization, will be taxed same as any other housing organization. Aside from these tax obligations, Church Homes, Inc. has agreed to meet any financial differential which may arise.2

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ACQUISITION OF LAND

A private organization may purchase urban renewal land for redevelopment purposes if it meets the requirements of the local Housing Authority by presenting a sound workable program as described in the preceding paragraphs of this text. Since urban renewal land is sold on open bids, the prospective redeveloper is faced with the problem of what would be a figure competitive with other bidders, and at the same time be acceptable by the Housing Authority. In view of this fact, the sponsors of Church Homes, Inc. sought legal advice, suggestions from the architectural firm, and sought advice from every level of authority in connection with placing a bid. In order to curtail excessive overhead expenses in the preliminaries, a representative of the Atlanta Urban League requested that the legal counsel and the architectural firm agree to accept responsibility for the implementation of the project on a contingency basis, that is, Church Homes, Inc. would not be obligated to pay any fees for services rendered if Church Homes, Inc.
were the unsuccessful bidder. The group was not pessi-
mistic as to whether the Atlanta Life Insurance Company
would provide funds needed for the purchase of the land
because the company had endorsed the project assuring
its financial support. When these sponsors of Church
Homes approached Atlanta Life for financial assistance,
Atlanta Life agreed to lend Church Homes, Inc. up to
$1,000,000, the maximum amount it can legally lend one
single agency according to company policies. With this
financial backing, Church Homes, Inc. in cooperation with
the attorney, the architect and a representative of the
Atlanta Urban League established a figure of $450,000
that would be offered as a bid to the Atlanta Housing
Authority for the 22 acres of land in the Butler Street
Urban Renewal area.¹

The bidding took place in the office of the Board
of Aldermen in the Atlanta City Hall, December, 1961.
Church Homes, Inc. placed its bid of $450,000 for the
land which was about $26,000 more than the nearest com-
petitor, Crawford Homes, Inc., out of Baton Rouge, Louisiana.

¹Interview, Atlanta Urban League, June 18, 1963.
Subsequent to the successful bid of Wheat Street Baptist Church, Church Homes, Inc., a non-profit tax-exempt corporation became the subsidiary and operating corporation of Wheat Street Baptist Church.¹

The problems which generally exist in a construction of this size were minimized because of several reasons: (1) Wheat Street Baptist, the sponsoring institution of Church Homes has years of unmarred financial records in the community. It has had several financial dealings with Atlanta Life which involved huge sums of money, (2) the church has a membership of 5,500 of which includes all income levels, (3) the leadership of the church over a period of 25 years has been of such that has won the trust of the members, (4) its physical plant is valued at $500,000, (5) it has a 300 acre farm just outside of Atlanta, (6) it has a Federal Credit Union with a cash balance of $35,000 and outstanding loans to members in excess of $27,000, (7) its Educational Building, constructed in 1956 at a cost of $400,000, (8) the church's yearly income from tithes, contributions and general church activities runs in the hundreds of thousands of
dollars, i.e., according to records for the year ending 1961, total income amounted to $971,272.02. (9) Since the Church Homes project is the type that is governed by section 221-d-3 of the National Housing Act, it has the full backing of a Federal Housing Administration's commitment. With this type of record, Wheat Street Church and its subsidiary, Church Homes, Inc., was not faced with the general problems of financing a multi-million dollar housing project that would ordinarily exist.¹

CONSTRUCTION

The first section which includes 280 units of the 520 units project will be constructed by Jett, Banks & Russell Contractors who placed the lowest bid for the job. Bids for construction were as follows:

- Daniel Construction Company........... $2,676,000
- ABCO Builders, Inc...................... 2,617,000
- Moine Construction Company........... 2,539,000
- Jett, Banks & Russell................... 2,355,000

Jett, Banks & Russell, a Negro firm, was awarded the contract to build the first 280 units at a cost of $2,355,000, the lowest of the four bidders.¹

The contractor, was required to submit a 100% performance bond for the construction of the units. To enable the firm to meet this obligation, Citizens Trust Company extended a line of credit to the contractor in the amount required in the contract. Jett, Banks and Russell is the largest Negro firm in the area.²

¹An Interview with the Executive Director, Atlanta Urban League, June 25, 1963.
²An Interview, Ibid., July 2, 1963.
With the backing of the Federal Housing Administration, Church Homes, Inc. and a representative of the Atlanta Urban League contacted the Trust Company of Georgia, Atlanta's third largest bank, for a commitment for a construction loan. This loan was granted at interest rate of 6 per cent.\(^1\)

Church Homes, Inc engaged the Wise, Simpson, Aikens and Associates Architectural Firm, of Atlanta at a cost of $125,000. The firm is required by Federal law to draw up blueprints to the specifications of the FHA and provisions of section 221-d-3 of the National Housing Act. The firm, upon an agreement, is responsible for the supervision of the construction of the apartments to the completion of the structures and see to it that each unit is built according to specifications.\(^2\)

\(^1\)Ibid.

\(^2\)Ibid.
Three-fourths of the cost of construction of the Church Homes project is furnished by the Federal Government under section 221-d-3 of the National Housing Act. The Federal Housing Authority issued a commitment of $2,975,000 to construct the first 280 units. This commitment includes: (1) cost of land, (2) architectural fees, (3) legal fees, and (4) interest on monies borrowed. The FHA mortgage for the entire project is extended over a period of 40 years, interest at 3 1/8 per cent. This low interest rate is a provision for special assistance under section 221-d-3. Wheat Street Church, through its subsidiary, Church Homes, Inc., is risking approximately $59,000 of its funds in the development of the first section of the project. These funds of the church are held in escrow by the Federal Housing Authority and the Federal National Mortgage Association. Further risks include an estimated $25,000 per year ad valorem taxes; the possibility of apartment vacancies at different times
and delinquent rent payments, the risk of proper maintenance and general up-keep of the project, managerial salaries, and general overhead expenses are considered as risks.

The Church Homes, Inc. project is technically known as a section 221-d-3 project, a special assistance project and the 3 1/8 interest rate is applied only to this section of the National Housing Act. Therefore, the Federal Government places restrictions on the eligibility of tenants in the project. In other words, management must give priority to displaced persons with incomes as follows: no more than $5,100 for two persons, $6,000 for three or four persons, $6,900 for five or six persons, and $7,800 for seven or more persons. The rent schedule as shown on Table 3 is set by the FHA for only persons in the above income range.

1 An Interview, Ibid., June 11, 1963.


3 The Atlanta Constitution, December 6, 1962.
## Table 3

**Eligibility of Tenants Based on Annual Income Per Family and the Number of Persons in Each Family**

<table>
<thead>
<tr>
<th>Annual Income</th>
<th>No. In Family</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5,100 to $6,000</td>
<td>For two persons</td>
</tr>
<tr>
<td>$6,000 to $6,900</td>
<td>For three or four persons</td>
</tr>
<tr>
<td>$6,900 to $7,800</td>
<td>For five or six persons</td>
</tr>
<tr>
<td>$7,800</td>
<td>For seven or more persons</td>
</tr>
</tbody>
</table>

Table 3 reveals the income range in accordance with the number of persons to each family. With an annual income ranging from $5,100 to 6,000 no more than two persons can constitute a family, $6,000 to $6,900, no more than four persons, $6,900 to $7,800 no more than six persons can constitute a family, and income of $7,800 seven or more persons can occupy an apartment. FHA director, John F. Thigpen explained that of the 280 apartments of the first section of Church Homes, 156 will rent for $70.50 a month and 124 will rent for $75.50 a month. This includes all services except gas and electricity. Each unit will be equipped with a range, refrigerator and a kitchen exhaust fan. The majority of families living in the apartments will consist of five persons within the $6,900 annual income limit. These families cannot obtain elsewhere in Atlanta the space, equipment, and services intended unless a much greater part of income is allocated to rent. Based on a survey conducted by the Atlanta Urban League and the Attorney for Church Homes, Inc., the following conclusions were

\[1\] Ibid.
reached: (1) that comparable facilities in "walk to work" locations produced conventionally or under other FHA programs would require $85.00 monthly rentals, (2) that there are more than enough families with children and incomes within the limits set who will seek and utilize the number of units built in this project to assure stable occupancy, and (3) that in the northeast section of Atlanta only the older properties have desirable room size but rents are $15.00 per room per month.¹

The housing project will be in full control of Wheat Street Church and Church Homes, Inc. after the 40 year loan has been amortized. The church plans to amortize the mortgage out of income from rent.

The Personnel Staff has not been selected, but in an interview with Mrs. Borders, a well qualified staff will be in charge including a M. S. degree personnel in Social Work.²

¹A survey of 15 comparable properties of Urban Renewal to compare rent schedules. The survey was conducted by the Atlanta Urban League and the Attorney for Church Homes, Inc., Submitted January 24, 1963, to FHA Director John F. Thigpen.

²An interview with Mrs. Borders, July 27, 1863.
CHAPTER III

SUMMARY, CONCLUSIONS, AND ASSUMPTIONS

A demonstration of the economic value of Church Homes, Inc. is dramatically revealed in a statement by Sy Gordy who states:¹

When the project is completely developed according to plan, ad valorem property tax will be $25,000 per year above the previously tax yield. The project will provide economic gain in construction payrolls as well as permanent payrolls, and will lessen the tax burden on the city by decreasing police service, fire hazards and welfare expense.

The sponsors of Church Homes, Inc. and the sympathetic community support are to be commended for realizing the value of such a project and going forward with the necessary details to make the venture a reality. As a result of the development, hundreds of Negroes will have an opportunity to live in decent homes and surroundings. Church Homes is rendering a valuable service in way of relieving the city of some of its burden in dollars and cents as well as improving the standard of living of our Negro citizens.

Not only will enable people to enjoy better housing facilities for the Negro community, but the project will also cause an increase in the value of the properties in the Auburn Avenue business district. Church Homes, Inc. housing project being the first housing project sponsored by Negroes, and the largest project of its type anywhere in the nation, is setting an example by which other similar organizations and institutions may follow.

The various benefits as a result of the study have been pointed out through this study. From the standpoint of these benefits, the following assumptions have been developed: (1) that other similar institutions will sponsor similar projects in the future, (2) that the business firms in the Auburn Avenue area will immediately rehabilitate and modernize their businesses so as to attract the tenants living in the Church Homes housing project, (3) the families living in the decent homes will strive to readjust to a higher standard of living by improving their earning capacities, (4) better housing
facilities will enhance people to live a better life, (5) the project will cause an uprise in the economy because of a continuous cycle of spending, (6) the project due to its central location will cause an increase in the membership of Wheat Street Church and the churches in the vicinity, and (7) the Federal Housing Administration will observe the economic and industrial outlook of Negro groups.
APENDIX A

FEDERAL LAWS AUTHORIZING ASSISTANCE TO URBAN RENEWAL
Housing Act of 1949. As amended, Public Law 171, 81st Congress, approved July 15, 1959, is the principal Federal law authorizing Federal assistance to slum clearance and urban renewal. As originally enacted, Title I authorized the Federal aid to the clearance and redevelopment of slums.

Housing Act of 1954. Public Law 560, 83d Congress approved August 2, 1954, broadened the provisions of Title I to authorize Federal assistance to the prevention of the spread of slums and urban blight through the rehabilitation and conservation of blighted and deteriorating areas, in addition to the clearance and redevelopment of slums.

Sec. 312 of Housing Act of 1954. This section of the Housing Act of 1954 provided that communities carrying out slum clearance and urban development projects prior to enactment of the 1954 Act would be permitted to complete such projects under the provisions of Title I of the Housing Act of 1949 as in effect prior to the enactment of the 1954 Act. In addition to Section 312 of the Housing Act of 1954, provisions of the Act (1) authorized Federal grants to communities to assist in developing, testing and demonstrating activities for urban renewal, and (2) authorized Federal grants to urban planning.
Housing Act of 1956. Public Law 1020, 84th Congress, approved August 7, 1956, again liberalized Title I of the Housing Act of 1949 in several respects. These included, among others, the addition of provisions to Title I authorizing relocation payments to individuals, families and business concerns for moving expenses and losses of property resulting from their displacement by an urban renewal project, and the making of Federal advances for the preparation of "General Neighborhood Renewal Plans."

Housing Act of 1957. Public Law 104, 85th Congress, approved July 12, 1957, amended Title I to increase the capital grant authorization and to provide a new alternative capital grant formula. Several miscellaneous amendments were also made in Title I by the Housing Act of 1957.

Housing Act of 1959. Public Law 86-372, approved September 23, 1959, again increased the authorization in Title I of the Housing Act of 1949 for Federal financial assistance to urban renewal and enacted new provisions for Federal grants to "Community Renewal Programs". The limits on the amounts of relocation payments were increased and relocation payments were authorized to be made when displacement from an urban Renewal Area.
**Title III of the National Housing Act.** (the Federal National Mortgage Association Charter Act) is also not included in this compilation although some assistance to urban renewal is authorized by its provisions. Under Title III, the Federal National Mortgage Association Assists in the provision of credit for FHA section 220 and 221 urban renewal and relocation housing by purchasing the mortgages financing the housing from lenders and making advance commitments to make such purchases.

*United States Housing Act of 1937.* Excerpts from the U. S. Housing Act of 1937, as amended, Public Law 412, 75th Congress, are also set forth in this compilation. These include, among others, provisions that require preferences in the admission of families to low-rent public housing who have been displaced by urban renewal activities, and the elimination of an equal number of slum dwellings for the number of low-rent public housing units provided with Federal assistance in a community.¹

The National Housing Act. Excerpts from the National Housing Act, as amended, Public Law 479, 73d Congress, are included in this compilation. These provisions authorize special Federal Housing Administration mortgage insurance programs (sections 220 and 221) to assist in financing the construction and rehabilitation of housing in urban renewal areas and for families displaced by urban renewal activities or other Governmental action. Other provisions of the National Housing Act may provide assistance to urban renewal but are not included in this compilation because they are available for all areas whether part of urban renewal programs or not. These include FHA insurance of (1) loans for the modernization and repair of homes, (2) mortgages for rehabilitation of multi-family housing under the regular rental housing provisions of action 207, (3) mortgages for the purchase of existing housing, and (4) "open end" mortgages whereby property owners may obtain additional funds for modernization or basic improvements and repay them as part of the existing mortgage without the expense of complete refinancing.
APPENDIX B

ADMINISTRATION OF FEDERAL ASSISTANCE
Most of the functions of the Housing and Home Finance Administrator with respect to Federal assistance to slum clearance and urban renewal are administered by the Urban Renewal Commissioner of the Urban Renewal Administration, a constituent of the Housing and Home Finance Agency. The mortgage insurance program for urban renewal housing is administered by the Federal Housing Administration, and the Federal National Mortgage Association provides a secondary market for the mortgages. These two agencies are also constituent agencies of the Housing and Home Finance Agency. The low-cost public housing program is assisted by the Public Housing Administration, another constituent agency of the Housing and Home Finance Agency, with the housing being owned and operated by local public housing agencies.¹

¹Ibid.
APPENDIX C

FEDERAL GRANTS
The 1949 legislation authorized the Housing and Home Finance Administrator to carry out a program of slum clearance and urban redevelopment through loans and grants to local redevelopment authorities. The Act authorized $500 million in Federal grants and $1 billion in loans. Subsequent acts of Congress increased the total grant authorization to $2 billion as of January 1, 1960, of which $1.7 billion was available at that date. Under this law, Federal grants could cover up to two-thirds of the net cost of redevelopment projects. (Net project cost is the total expenditures necessary to carry out the project, (1) planning and local administrative costs, (2) acquisition of slum properties, (3) demolition of blighted structures, (4) preparation of land for redevelopment), less the sales price of land sold or its value if leased or retained for use by the city.¹

¹Ibid., p. 2
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