

FW 3.9.6/pdd. 1

LIBRARY  
UNIVERSITY OF KENTUCKY



FEDERAL WORKS AGENCY  
UNITED STATES HOUSING AUTHORITY  
WASHINGTON, D. C.

REVISED MATERIAL ON "CAPITAL DONATIONS"

Addendum No. 1

to Bulletin No. 6 on Policy and Procedure

Certain revisions in Bulletin No. 6 have become necessary in order to conform the statement of USHA policy as to Capital Donations with the statement of its policy as to Development Cost embodied in Bulletin No. 4, entitled "Development Cost of a Low-Rent Housing Project" and dated June 30, 1939. These conforming revisions are necessary because Capital Donations comprise part of Development Cost and no item ineligible for inclusion in Development Cost may be counted as a Capital Donation. Bulletin No. 4 provides that Development Cost may not include:

- (a) Any value for tax exemption on project property during the development period (i. e., the period beginning with the acquisition of the project site and ending with the physical completion of the project);
- (b) Any value for the remission of taxes or special assessments which are levied on project property during the development period: or
- (c) Any value for land obtained by the vacating of streets or alleys.

It necessarily follows that none of these items can have any value or be counted as Capital Donations. The attached Addendum has accordingly been issued to communicate this fact generally to local authorities and to make the necessary revisions in Bulletin No. 6.

October 31, 1939



UNITED STATES HOUSING AUTHORITY

BULLETIN NO. 6 ON POLICY AND PROCEDURE

LOCAL CONTRIBUTIONS  
AND  
OTHER LOCAL AIDS IN ACHIEVING LOW RENTS

Addendum No. 1 -- Revised Material on  
"Capital Donations"

Scope and Content of Addendum. This Addendum conforms those portions of Bulletin No. 6 dealing with "Capital Donations" to Bulletin No. 4, as revised June 30, 1939.

1. The attention of local authorities is invited to the fact that Bulletin No. 4, as revised June 30, 1939 does not include the value of tax exemption on project property during the development period, or the value of the remission of taxes or special assessments levied on project property during the development period, among the items eligible for inclusion in the development cost of projects. Bulletin No. 4 also stipulates that no value shall be included in development cost for land in vacated streets or alleys. Since no item ineligible for inclusion in development cost may be counted as a capital donation, Bulletin No. 4 thus indicates that these three items can no longer be counted as capital donations. Accordingly, this Addendum revises Bulletin No. 6 by deleting these items from the list of items eligible for credit as capital donations.

2. The specific revisions are as follows:

(a) The second and third subparagraphs of paragraph 9, page 5, are hereby revised to read respectively as follows:

"The local authority should explore fully the possibility of obtaining capital donations of all forms. Capital donations to development cost may include such items as: (i) cash payments; (ii) remission of taxes or special assessments levied on property to be included in the project and which are delinquent or unpaid at the time of its acquisition; (iii) waiver of building permit, inspection or other similar fees; (iv) technical, professional or administrative services in the development of the project furnished without cost; (v) land other than the net areas obtained by the vacating of streets and alleys; (vi) new improvements (such as grading, street paving, sidewalks, sewers, water mains, landscaping, etc.) furnished



without cost to the project other than improvements, if any, which are (or customarily would be) furnished to private property owners without cost to them.

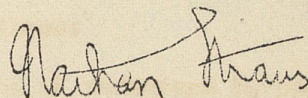
"Many cities in which projects have been approved by the USHA have also agreed to improve new streets and drives within the project and to install sewer and water lines without charge. It is therefore expected that other cities will where possible make similar capital donations.

"It is also expected that cities in which projects have been approved by the USHA will, without cost to the project, continue (a) to vacate public streets and alleys where necessary within the project and (b), in cases where the city owns the beds of such streets and alleys, to transfer title to such land area to the project, although neither item (a) nor item (b) is eligible for credit as a capital donation."

(b) The parenthetical insertion at the end of paragraph 3(a), page 2, is hereby deleted.

(c) The parenthetical insertion at the end of paragraph 3(b), page 2, is hereby revised to read as follows:

"(The value of remissions under item (i) will also constitute capital donations to the project and may be included in development cost.)"



NATHAN STRAUS,  
Administrator.

October 31, 1939.