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A CHRONOLOGY OF HOUSING LEGISLATION AND SELECTED EXECUTIVE ACTIONS, 1892-2003

A REPORT BY THE CONGRESSIONAL RESEARCH SERVICE

PRINTED FOR THE USE OF THE

COMMITTEE ON FINANCIAL SERVICES

U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED EIGHTH CONGRESS

SECOND SESSION

MARCH 2004

This report has not been officially adopted by the Committee on Financial Services and may not necessarily reflect the views of its Members.

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CONTENTS

	Page
Submittal Letters and Memoranda	v
Forward	viii
I. The Early Years	1
II. The 1930s—Responses to the Depression	3
III. The 1940s—War, Emergency, and Postwar Housing	17
IV. The 1950s—Evolution of a Community Development Approach	33
V. The 1960s—Economic and Population Growth	75
VI. The 1970s—Reappraisal and Redesign	141
VII. The 1980s—Shifting Priorities	211
VIII. The 1990s—Toward Decentralization	251
IX. The 21st Century—New Challenges for a New Millenium	331

SUBMITTAL MEMORANDA AND LETTER

MEMORANDA FROM CONGRESSIONAL RESEARCH SERVICE
ACCOMPANYING UPDATES

CONGRESSIONAL RESEARCH SERVICE,
LIBRARY OF CONGRESS,
Washington, DC, January 24, 2003.

Subcommittee on Housing and Community Opportunity,
Committee on Financial Services
House of Representatives, Washington, DC.

SUBJECT: Chronology of Housing Legislation, Update with 103rd through 107th Congress

As you requested, we have prepared the following chronology and summary of housing laws enacted during the 103rd through 107th Congress. This information is intended to update Committee Print 103-2, prepared by CRS for the House Banking, Finance and Urban Affairs Committee and published in December 1993. In general, we have used a similar format and provided the same level of detail as the 1993 document. (See the forward on page [vii of this] committee print for an explanation of provisions that were selected to be included or excluded.) To meet your deadline, we chose the most efficient method for preparing this update, and relied primarily on the summaries of laws prepared by CRS for the electronic Legislative Information System (LIS). We then compared the summaries to the public laws and made necessary additions, deletions, or edits. We made every effort to be comprehensive; however, we cannot guarantee absolute consistency or that every relevant provision is included in this chronology.

We hope this update will meet your needs. If you have questions about the methodology or need additional information, please contact Karen Spar, Children and Families (including housing) Section Head.

CONGRESSIONAL RESEARCH SERVICE,
LIBRARY OF CONGRESS,
Washington, DC, February 27, 2004.

Subcommittee on Housing and Community Opportunity,
Committee on Financial Services
House of Representatives, Washington, DC.

SUBJECT: Housing Chronology

Attached please find the update to the Chronology of housing laws.

Public Law 108-185 (H.J. Res. 82) is not included because the chronology has historically omitted appropriations bills unless they include significant changes in housing programs. H.R. 1443 was not included in the version of S. 811 that became law. Similarly, H.R. 2470 is not in the Agriculture appropriations bill that became law.

ORIGINAL TRANSMITTAL LETTER FROM CONGRESSIONAL RESEARCH SERVICE

CONGRESSIONAL RESEARCH SERVICE,
LIBRARY OF CONGRESS,
Washington, DC, July 15, 1993.

Hon. HENRY B. GONZALES,
Chairman, Committee on Banking, Financial Services, and Urban Affairs
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: It gives me pleasure to convey this summary of legislation relating to housing and urban development entitled "A Chronology of Housing Legislation and Selected Executive Actions, 1892-1992." It revises and continues through 1992 the record presented in the Committee print of October, 1975, "Evolution of Role of the Federal Government in Housing and Community Development."

The principal author of this work has been Dr. Grace Milgram. She has been assisted in summarizing some of the legislation concerning the secondary mortgage market and Resolution Trust Fund by Barbara Miles, and that concerning community development by Eugene P. Boyd. Marietta L. Sharperson has provided thoughtful clerical assistance.

We trust that this chronology will assist the Congress in consideration of housing and community development issues and policies.

Sincerely,

JOSEPH E. ROSS, *Director*.

FOREWORD

FROM THE 1993 EDITION

This Chronology summarizes the main provisions of Federal legislation relating to housing and community development, particularly that relating to programs administered by the Department of Housing and Urban Development and the Farmers Home Administration of the Department of Agriculture. It covers the period 1892 through 1992, in chronological order. It incorporates, in revised form, and continues the now out-of-print Committee document, Evolution of Role of the Federal Government in Housing and Community Development, issued October, 1975. In addition to the legislation, it includes summaries of Executive documents related in significant ways to the development of such legislation and to the organization of the administering agencies. It also includes legislation affecting housing-related matters in the jurisdiction of the Home Loan Bank Board and its successor agencies, but not banking legislation per se.

The Chronology does not include the less closely related housing programs of the Department of Veterans Affairs, the Department of Defense, or other governmental agencies which are not within the purview of the Subcommittee on Housing and Community Development of the Committee on Banking, Finance and Urban Affairs. It includes authorization levels of funding only when a particular program is begun, to indicate its planned dimensions. It does not include budget proposals nor appropriations, but does include substantive matters contained in appropriation Acts.

It should be understood that these summaries are simply that summaries of the more important provisions of the Acts. The Chronology is not meant to be all-inclusive, nor does it attempt any interpretation of the legislation. Thus, it provides a reference to assist in following important developments in housing policies, and a guide to locating the particular statute which might be of special interest to the reader. For precise knowledge of the provisions of the law, the summary in the Chronology should not be considered a substitute for the actual text of the Acts.

UPDATES TO THIS EDITION

This edition updates the previous edition by adding information regarding programs enacted or reauthorized from 1992 through the end of the first session of the 108th Congress in 2003.

I. THE EARLY YEARS

INVESTIGATION OF CITY SLUMS

(Public Resolution 52-22, July 20, 1892)

• Provided $20,000 for investigation of slums in cities of 200,000 or more population. The report covered four cities.

REPORTS OF THE PRESIDENT'S HOUSING COMMISSION

(60th Congress, 1909)

• Recommended government loans to build habitable dwellings, condemnation and purchase of slum properties by the government and improvement or replacement of these so that inexpensive and healthful habitations would be available to the poor by rental or purchase at low interest rates.

LOANS FOR HOUSING FOR SHIPYARD EMPLOYEES

(Public Law 65-102, March 1, 1918)

• Authorized Federal loans to realty companies incorporated by shipbuilding companies for housing for shipyard employees. (Housing was provided in 24 localities, including 9,000 houses, 1,100 apartments, 19 dormitories, and 8 hotels.)

HOUSING FOR WAR WORKERS

(Public Laws 65-149 and 65-164, May 16, and June 4, 1918)

• Authorized the U.S. Housing Corporation to build and manage community projects for war workers. (25 communities comprising more than 5,000 single-family dwellings, and, in addition, apartments, dormitories and hotels were built. Most of the housing after the War was sold to private owners.)

II. THE 1930s RESPONSES TO THE DEPRESSION

THE PRESIDENT'S CONFERENCE ON HOME BUILDING AND HOME OWNERSHIP

(December 2-4, 1931)

• Convened by the President, who announced his intention to recommend to the Congress "* * * a system of Home Loan Discount Banks" to:

a. take pressure off sound home mortgage lending institutions and permit them to recover;

b. stimulate home construction and increase employment;

c. prevent repetition of the mortgage industry's collapse in the face of economic difficulty; and

d. create a structure for the promotion of homeownership.

• Identified weaknesses and inadequacies of housing and home financing in the United States, but advanced no specific recommendations for Federal legislation.

• Issued Proceedings & Reports of the President's Commission, December 19.

EMERGENCY RELIEF AND CONSTRUCTION ACT OF 1932

(Public Law 72-302, July 21, 1932)

• Authorized the Reconstruction Finance Corporation to make loans to corporations established to provide housing for low income families or to reconstruct slum areas. (Two loans were made—one for $8,059,000 to finance Knickerbocker Village in New York City, and the other for $155,000 to finance rural homes in Kansas.)

FEDERAL HOME LOAN BANK ACT

(Public Law 72-304, July 22, 1932)

• Established the Federal Home Loan Bank System by creating the Federal Home Loan Bank Board, which was directed to establish up to 12 Federal Home Loan Banks to operate in districts designated by the Board.

• Made building and loan associations, cooperative banks, homestead associations, insurance companies and savings banks eligible to become members of, or nonmember borrowers from, the Federal Home Loan Banks.

• Authorized the Bank to make advances to member and nonmember borrowers upon the security of home mortgages which met requirements of the Act. Aggregate outstanding advances made to any member could not exceed 12 times the amount paid in by the member for outstanding capital stock held by it in the Bank. Advances to a nonmember borrower could not exceed 12 times the value of the security required. The Banks could sell advances made

under the Act to other Federal Home Loan Banks, or allow participation in such advances.

• Provided that any homeowner who came within the limits of the Act and who was unable to obtain mortgage money from any other source could obtain mortgage money from any Bank organized under the Act. (This provision was repealed by P.L. 73-43, June 13, 1933.)

• Required the capital stock of each Federal Home Loan Bank to be not less than $5 million.

• Required members to subscribe to stock in amounts equal to 1 percent of the subscriber's home mortgage loans. The U.S. Treasury subscribed to the amounts of stock required to provide the minimum capital for each Bank, but not more than an aggregate amount of $125 million. Authorized the Reconstruction Finance Corporation to provide funds for the stock purchases by the Treasury out of the capital of the RFC or the proceeds of obligations issued by RFC.

• When the amount of capital of a Bank paid in by members equaled the amount paid in by the Treasury, required the Bank to pay annually towards retirement of Treasury-held stock 50 percent of all sums thereafter paid in as capital until all the Treasury-held stock was retired at par. Also, stock held by the U.S. could, at any time with the approval of the Board, be paid off at par and retired in whole or in part. Further, the Board could at any time require Treasury-held stock to be paid off at par and retired in whole or in part, if the Board was of the opinion that the Bank had available resources for this purpose.

• Empowered each Federal Home Loan Bank to issue bonds and debentures secured by the transfer of eligible obligations of borrowing institutions on advances made by the Bank to borrowing institutions, and by the deposit of home mortgages. The Banks were jointly and severally liable for the bonds and debentures issued by any Federal Home Loan Bank. All obligations were required to state plainly that they were not obligations of the United States and not guaranteed by the United States.

HOME OWNERS' LOAN ACT OF 1933

(Public Law 73-43, June 13, 1933)

Emergency Relief to Home Mortgagors

• Directed the Federal Home Loan Bank Board to create the Home Owners' Loan Corporation. Directed the Secretary of the Treasury to subscribe to capital stock of the Corporation in amounts aggregating not more than $200 million. Funds for the stock subscription were provided by the Reconstruction Finance Corporation, and RFC's authority to issue obligations for borrowing was increased for this purpose by $200 million. Authorized the HOLC to issue bonds in amounts aggregating not more than $2 billion to provide funds for its operations. Guaranteed payment of interest on the bonds. Exempted the bonds from Federal, State and local taxation, both as to principal and interest.

• Authorized the HOLC, for a period of three years, to refinance mortgages of distressed home-owners by offering them long-term mortgage loans to be amortized by monthly payments sufficient to

retire the loans within 15 years. The interest on the HOLC loans could not exceed 5 percent. The HOLC could also make advances for the redemption of foreclosed home mortgages. (More than a million home loans were refinanced. The HLBB announced the termination of HOLC, following delivery of a check for nearly $14 million surplus to the U.S. Treasury, May 29, 1951.)

Federal Savings and Loan Associations

• Authorized the Federal Home Loan Bank Board to provide for the organization, examination, operation, and regulation of Federal savings and loan associations. The associations could lend their funds only on the security of their shares or on the security of home mortgages or combinations of home and business property mortgages within 50 miles of their home offices. Limited the loans to $20,000, except that not more than 15 percent of an Association's assets could be loaned on other improved real estate without regard to the $20,000 and 50 miles limit.

• Made each Federal savings and loan association a member of the Federal Home Loan Bank of the district in which it was located and members of the Federal Home Loan Banks were permitted to convert into Federal savings and loan associations.

• Authorized the Secretary of the Treasury to subscribe for preferred shares in an association up to $100,000 if necessary to encourage local home financing in the community. Authorized Federal appropriations aggregating up to $100 million for this purpose.

• Exempted the associations and their loans and income, and all shares (both value and income) from Federal taxes. Prohibited State and local authorities from imposing taxes on the associations greater than those imposed on similar thrift and home financing institutions.

• Repealed the direct loan authority of Federal home loan banks.

NATIONAL INDUSTRIAL RECOVERY ACT

(Public Law 73-67, June 16, 1933)

• Authorized the use of Federal funds to finance low-cost and slum-clearance housing and subsistence homesteads, as a means of providing employment. (Resulted in construction of 50 low-rent public housing projects, containing 21,600 units, in 37 cities, and 15,000 units were provided in resettlement projects and Greenbelt towns. In addition, loans were made for seven limited-dividend projects with 3,065 dwelling units.)

AMENDMENT TO HOME OWNERS LOAN ACT OF 1933

(Public Law 73-178, April 27, 1934)

• Authorized federal guarantee of the principal of the bonds issued by the Home Owners' Loan Corporation, in addition to previously authorized guarantee of interest.

• Authorized HOLC to purchase shares in savings and loan associations which were members of the Federal Home Loan Banks. ($223 million was so invested.)

NATIONAL HOUSING ACT

(Public Law 73-479, June 27, 1934)

• Created the Federal Housing Administration, headed by a Federal Housing Administrator.

Title I—Housing Renovation and Modernization

• Authorized the Administrator to insure banks, trust companies, personal finance companies, mortgage companies, building and loan associations, installments lending companies, and other such financial institutions approved by him against losses on loans and purchases of obligations representing loans for financing alterations, repairs, and improvements upon real property. The insurance could in no case exceed 20 percent of the total amount of such loans and purchases made by the financial institutions, and the total liability incurred by the Administrator for such insurance could not exceed in the aggregate $200 million. No insurance could be entered into after the end of 1935. The face amount of an obligation could not exceed $2,000 and had to meet terms, conditions and restrictions prescribed by FHA.

• Authorized FHA to make loans to insured institutions upon the security of obligations which met the requirements prescribed under the Title I loan insurance program. (Repealed by P.L. 74-486, April 3, 1936)

Title II—Mutual Mortgage Insurance. Insurance of Mortgages on One- to Four-Family Homes

• Authorized FHA in Section 203 to insure, and to make commitments to insure mortgages on one- to four-family homes with obligations not exceeding $16,000 or 80 percent of the appraised value of the property covered by the mortgage. Maturity of a mortgage could not exceed 20 years, and the interest rate could not exceed 5 percent, or 6 percent if the Administrator found that in certain areas or under special circumstances the mortgage demanded it.

• Authorized the Administrator to fix a premium charge for the insurance of mortgages.

• No mortgage could be insured under Section 203 unless the Administrator found that the project covered by the mortgage was economically sound.

• Provided for payment of insurance by the issuance of 3-year debentures by FHA, bearing interest at a rate determined by FHA at the time the mortgage was offered for insurance, but not more than 3 percent.

• Fully guaranteed such debentures issued prior to July 1, 1937 as to principal and interest, payable from the Mutual Mortgage Insurance Fund created by the Act. Provided that if the Fund could not pay the principal of, or interest on, the debentures when due, the Secretary of the Treasury would pay the amount demanded out of any money in the Treasury not otherwise appropriated.

• Established the Mutual Mortgage Insurance Fund and funded it with $10 million made available by the Treasury.

• The mortgages insured were to be classified by FHA into groups involving similar risk characteristics and similar maturity dates and premium charges and all earnings of the assets of the group

account were to be credited to the account of the group to which the mortgage was assigned. Debentures and other expenses of the mortgages in a group were to be charged to the account of the group to which a mortgage was assigned.

Low-Cost Housing Insurance

• Authorized in Section 207 insurance of mortgages covering property held by Federal or State instrumentalities, private limited dividend corporations, or municipal corporate instrumentalities of one or more States, formed for the purpose of providing housing for persons of low incomes. The housing was required to be regulated by FHA as to rents, charges, capital structure, rate of return, and methods of operation. The mortgage could not exceed $10 million.

Statistical and Economic Surveys

• Directed the Administrator to make such statistical surveys and legal economic studies as he deemed useful to guide the development of housing and the creation of a sound mortgage market in U.S.

Provision of Funds

• Directed the Reconstruction Finance Corporation to make available to FHA such funds as deemed necessary, and increased the amount of obligations RFC was empowered to have outstanding by an amount sufficient to provide the funds. Authorized the President to provide such funds or any portion thereof by allotment to the FHA from any funds available to the President for emergency purposes.

National Mortgage Association

• Authorized the Federal Housing Administrator to establish national mortgage associations to provide a secondary market for home mortgages by the purchase and sale of first mortgages. The mortgages could not exceed 80 percent of the appraised value of the property covered by the mortgage as of the date of purchase. An association could borrow money through the issuance of notes, bonds, debentures or other obligations. (Pursuant to this authority, the Federal National Mortgage Association was chartered by the FHA on February 10, 1938, as a subsidiary of the RFC.)

Federal Savings and Loan Insurance Corporation

• Created the Federal Savings and Loan Insurance Corporation to insure the accounts of building and loan, savings and loan, and homestead associations and cooperative banks, and the accounts of all Federal savings and loan associations. No member or investor of any such institution could be insured for an aggregate amount in excess of $5,000. (The capital stock ($100 million) of the FSLIC was subscribed for by the Home Owners' Loan Corporation. Payments for the stock were made in bonds of HOLC. HOLC was to receive dividends on the stock out of net earnings at a rate equal to the interest rate on the bonds, and the dividends were to be cumulative.)

• Authorized FSLIC to issue notes, bonds, debentures or other obligations and the obligations were exempt, both as to principal and

interest, from all taxation—Federal, State, or local. Exempted the Corporation from all taxation, except that any real property of the Corporation was subject to State or local taxation to the same extent as other real property.

• Required insured savings institutions to pay premiums for the insurance equal to one-fourth of 1 percent of the total amount of all accounts plus any creditor obligations of the institution. Authorized FSLIC to assess insured institutions additional premiums for insurance until the amount of the premiums equaled the amount of all losses and expenses of FSLIC, but the total amount so assessed in any one year could not exceed one-fourth of 1 percent of the total amount of an institution's accounts and creditor obligations.

• Required institutions applying for insurance to pay admission fees based upon the reserve fund of the application, which in the judgment of FSLIC, were equitable contributions.

Federal Home Loan Bank Act Amendments

• Authorized advances by Federal Home Loan Banks secured by mortgages insured by FHA under Title II of the National Housing Act.

• Authorized Federal Home Loan Banks to make advances to finance home repairs, improvements, and alterations secured by loans insured by FHA under Title I of the National Housing Act.

• Authorized the Federal Home Loan Bank Board to issue consolidated Federal Home Loan Bank debentures which were the joint and several obligations of all Federal Home Loan Banks.

• Authorized the Board, when no debentures were outstanding, or in order to refund all outstanding consolidated debentures, to issue consolidated Federal Home Loan Bank bonds which were the joint and several obligations of all the Federal Home Loan Banks.

Amendment of Farm Credit Act of 1933. Home Repair Loans

• Authorized production credit associations, without regard to stock ownership requirements, to make and sell home alterations, repair and improvement loans and to avail themselves of FHA insurance of such loans.

National Banks. FHA-Insured Loans

• Amended the Federal Reserve Act to exempt FHA-insured loans insured under Title II of the National Housing Act from restrictions as to the amounts of the loans prescribed in the Federal Reserve Act.

• Classed loans made by national banks having maturities of not more than six months made to finance residential or farm building construction as ordinary commercial loans and made them eligible for discount as commercial paper within the terms of the Federal Reserve Act.

Home Owners' Loan Corporation

• Increased the limit on HOLC's authority to issue bonds by $1 billion and by the amount of any of its bonds called in and retired.

• Increased the limit on the amount of capital stock of HOLC from $200 million to $300 million.

Reduced Transportation Rates. Improvement of Housing Standards

• Amended the Interstate Commerce Commission Act to provide that carriers could give reduced rates for the transportation of commodities to be specified by the Commission with the object of improving nationwide housing standards and providing employment and stimulating industry.

AMENDMENTS TO RECONSTRUCTION FINANCE CORPORATION ACT

(Public Law 74-1, January 31, 1935)

• Authorized RFC to subscribe for or make loans upon the nonaccessable stock of any national mortgage association organized under Title III of the National Housing Act (supra), and of any mortgage loan company or other similar financial institution whose principal business is that of making loans upon real-estate mortgages. (Pursuant to this authority, RFC organized the RFC Mortgage Company to make mortgage loans on urban income-producing properties when credit was not otherwise available at reasonable rates.)

EMERGENCY RELIEF APPROPRIATION ACT OF 1935—HOUSING SURVEY AND INVENTORY

(Public Law 74-11, April 8, 1935)

• Included $450 million for housing in appropriation for public works. (The Works Progress Administration and the Bureau of Labor Statistics did a cooperative construction pattern survey to aid public works planning, including housing. The first extensive real property inventory of urban housing was conducted in 203 urban areas by the WPA and the Department of Commerce.)

AMENDMENTS TO THE NATIONAL HOUSING ACT

(Public Law 74-76, May 28, 1935)

FSLIC Premium Charge Reduced

• Reduced the insurance premium charge paid by lending institutions to the Federal Savings and Loan Insurance Corporation from one-fourth to one-eighth of 1 percent of the total amount of all accounts of the insured members of the lending institution plus any creditor obligations of the institution.

FSLIC Prevention of Defaults in Insured Institutions

• In order to prevent a default in an insured lending institution or to restore an insured institution in default to normal operation, authorized the FSLIC to make loans to, purchase the assets of, or make a contribution to, an insured institution or an insured institution in default.

FHA-Insured Property Improvement Loans

• Made property improvement loans made prior to April 1, 1936 (previously January 1, 1936) eligible for FHA insurance. Loans for property improvement, including the installation of equipment and machinery, were made eligible for FHA insurance under the Title I program.

• Made Title I FHA insurance available for loans up to $50,000 with respect to real property improved by or to be converted into multiple family houses, hotels, office, business or other commercial buildings, hospitals, orphanages, colleges, schools, or manufacturing or industrial plants.

Capital Stock of National Mortgage Associations

• Reduced the minimum amount of capital stock required for a national mortgage association from $5,000,000 to $2,000,000.

AMENDMENTS TO THE NATIONAL HOUSING ACT

(Public Law 74-486, April 3, 1936)

• Repealed Section 3 of the National Housing Act (Section 3 authorized the FHA to make loans to institutions it insured under Title I upon the security of obligations which met the requirements prescribed under Title I for property improvement loan insurance.) (See P.L. 73-479, June 27, 1934.)

FHA INSURED DISASTER LOANS

(Public Law 74-525, April 17, 1936)

• Added Section 6 to the National Housing Act to authorize FHA to insure loans for the restoration, rehabilitation, rebuilding and replacement of improvements on real property and equipment and machinery on the property which were damaged or destroyed by earthquake, conflagration, tornado, cyclone, hurricane, flood, or other catastrophe. (Repealed by P.L. 76-111, June 3, 1939)

PAYMENTS IN LIEU OF TAXES

((a) Public Law 74-837, June 29, 1936; (b) Public Law 74-845, June 29, 1936)

• Authorized payments in lieu of taxes to States and political subdivisions with respect to projects later transferred to PHA: (a) Public Works Administration low-cost housing projects and (b) resettlement or rural rehabilitation projects of the Resettlement Administration.

U.S. GUARANTEE OF FHA DEBENTURES

(Public Res. 6, 75th Congress, February 19, 1937)

• Debentures issued by FHA in exchange for mortgages insured prior to July, 1939 (previously July 1, 1937) were fully guaranteed by the United States as to principal and interest.

BANKHEAD-JONES FARM TENANT ACT

(Public Law 75-210, July 22, 1937)

• Authorized the Secretary of Agriculture to make 40-year, 3 percent loans to farm tenants, laborers, and sharecroppers, to finance the purchase of farms and repairs and improvements (including housing), and five-year, 3 percent loans for minor improvements and repairs and for the refinancing of existing indebtedness.

UNITED STATES HOUSING ACT OF 1937

(Public Law 75-412, September 1, 1937)

Public Housing Program

• Authorized public housing program and created the United States Housing Authority in the Department of Interior to carry it out.

• Authorized the Authority to make loans to local public housing agencies to assist the development, acquisition, or administration of low-rent housing or slum clearance projects by those agencies. Also to make annual contributions to the agencies to assist in achieving and maintaining the low-rent character of the housing projects.

• As an alternative method of assistance, authorized the Authority to make capital grants to the local public housing agencies, limited to the amounts necessary to assure the low-rent character of the housing. A capital grant could not exceed 25 percent of development or acquisition cost and there were dollar limits on the aggregate amounts of capital grants that could be made.

• A loan could not exceed 90 percent of the development or acquisition cost of a project. Where capital grants were to be made, the total amount of loans on a project was reduced by the amount of such grants. The loans were to bear interest at a rate not less than the applicable going Federal rate plus ½ of 1 percent, and the terms of the loans were limited to 60 years.

• The annual contributions could be for periods up to 60 years and for any project were required to be fixed in uniform amounts and to be paid in such amounts over a fixed period of years. The provisions for annual contributions were to be embodied in a contract guaranteeing the payment over the fixed periods. The fixed contribution could, in no case, exceed a sum equal to the annual yield at the applicable going Federal rate plus 1 percent upon the development or acquisition cost of the housing. Required the annual contribution contract to provide that whenever in any year the receipts of the public housing agency exceeded its expenditures an amount equal to the excess was to be applied to a reduction in subsequent annual contributions.

• Authorized contracts for annual contributions aggregating not more than $5 million per annum on and after September 1, 1937, an additional $7.5 million on or after July 1, 1938, and an additional $7.5 million on or after July 1, 1939.

• Pledged the faith of the United States to the payment of all annual contributions contracted for and authorized to be appropriated in each fiscal year the amounts necessary to provide for the payments. Payments under annual contributions contracts were to be pledged, if the Authority so required, as security for any loans obtained by a public housing agency for a project.

• Required the annual contributions contracts to make provisions with respect to maximum income limits of the tenants of the housing and tenant admission policies.

NATIONAL HOUSING ACT AMENDMENTS OF 1938

(Public Law 75-424, February 3, 1938)

• Made numerous changes in the FHA housing insurance programs. Major provisions were:

Title I Property Improvement Loan Insurance

• Changed the loans eligible for insurance to those made for alteration, repairs and improvements upon urban, suburban, or rural real property. Amended the limit on the amount of a loan to $10,000 for financing of repairs, alterations or improvements of existing structures and $2,500 for building new structures. (Prior to these amendments, loans for certain purposes could be up to $50,000 and could finance conversions to multifamily structures, manufacturing plants, schools, hospitals, and other nonhousing purposes.)

Title II Mortgage Insurance

Section 203 Home Mortgage Insurance Program

• Limited the use of the Mutual Mortgage Insurance Fund to Section 203 one- to four-family housing mortgages.

• Increased the aggregate amount of mortgages that could be insured under the Section 203 program from $1 billion to $2 billion and gave the President authority to increase the limit up to not more than $3 billion.

• Set new limits on the amounts of individual mortgages that could be insured under the Section 203 program. They were based on dollar amounts and 80 or 90 percent of appraised value, varying in accordance with whether the mortgage covered a one-to four-family structure, was an owner-occupied family home, and new or existing structure.

• The term of a mortgage could not exceed 20 years except it could be up to 25 years if on a new owner-occupied home.

• The interest rate could be up to 5 percent, or not to exceed 6 percent in certain areas or where the mortgage market demanded it.

• The insurance premium for a mortgage on an owner-occupied new home was ¼ of 1 percent rather than ½ of 1 percent as required for other Section 203 mortgages.

New Program for Farm Houses or Buildings

• Authorized FHA to insure under the Section 203 program mortgages covering a farm upon which a farm house or other farm buildings were to be constructed or repaired. The construction and repair were required to involve expenditures not less than 15 percent of the total principal obligation of the mortgage. (Repealed by Housing Act of 1957, P.L. 55-104, July 12, 1957)

Payment of Insurance

• Changes were made in the provisions of Section 203 program governing payment of insurance.

New Section 207 Rental Housing Program

• Changed the original Section 207 mortgage insurance program for low-cost housing to a new rental housing mortgage insurance program.

• Under the new program, mortgagors could be Federal, State or local instrumentalities, limited dividend corporations, private corporations, associations, cooperative societies, or trusts formed or created for the purpose of rehabilitating slum or blighted areas, or providing housing for rent or sale. The private mortgagors were regulated by FHA as to rents or sales, charges, capital structure, rate of return, and methods of operation in such manner as to provide reasonable rentals and a reasonable return on the investment. FHA could acquire up to $100 worth of stock or interest in a private mortgagor.

• Limited the amount of mortgage to $5 million and not to exceed 80 percent of the value of the property when completed. The part of a mortgage attributable to dwelling use could not exceed $1,350 per room. The interest rate could not exceed 5 percent and the mortgage was required to provide for amortization by periodic payments within terms prescribed by FHA. The project covered by the mortgage had to be found economically sound.

• Created the Housing Insurance Fund for the new Section 207 program and made provisions for payment of insurance in cases of default.

Section 210 Mortgage Insurance Program

• Under a new Section 210 program, authorized FHA to insure mortgages and advances on mortgages covering property upon which there was located or to be constructed one or more multifamily dwellings or a group of not less than 10 single-family dwellings. (Repealed by P.L. 76-111, June 3, 1939)

• Limited the amount of an insured mortgage to $16,000 per unit, but not more than $200,000 and 80 percent of the value of the property when improvements were completed. The part attributable to dwelling use could not exceed $1,150 per room.

• The mortgage could have a term of not more than 21 years and could bear interest at not higher than 5 percent.

National Mortgage Associations

• Title III of the National Housing Act was amended to:

(i) Authorize national mortgage associations to:

1. make FHA Sections 207 and 210 insured mortgage loans;

2. purchase, service or sell any mortgages, or partial interests in mortgages insured by FHA under its title II programs;

3. purchase, service, or sell uninsured mortgages the amounts of which did not exceed 60 percent of the appraised value of the property at the time of purchase; and

4. issue obligations in an aggregate amount not to exceed 20 times the amount of its paid-up capital and surplus (previously the limit was 10 times).

5. increased the minimum amount of capital stock from $2 million (required by the 1935 amendments) to $5 million.

(ii) Exempt obligations of national mortgage associations, both as to principal and interest, and the associations, including their loans and stock, from all taxation. Real property of the associations continued to be taxable by State and local governments.

Tax Exemption of FHA Debentures

Exempted all FHA debentures issued after February 3, 1938, from Federal, State, and local taxation, both as to principal and interest.

AMENDMENTS TO FHA PROGRAMS

(Public Law 76-111, June 3, 1939)

Title I Program

• Made the property improvement loan insurance program available for the building of new structures and the rehabilitation of improvements damaged by disasters, such as earthquakes and floods. Repealed the Section 6 program for disaster loans adopted in P.L. 74-525.

• Limited the amount of an FHA-insured Title I loan to $2,500. (Previously, a loan could be up to $10,000, except the limit was $2,500 if the loan was for new construction.)

• Limited the term of the Title I loan to three years, except where the loans financed the construction of structures for residential or agricultural purposes. (Previously, FHA set the maturity.)

• Added provisions to Title I authorizing FHA to fix a premium charge for insurance of the Title I loans. The charge could not exceed 3/4 of 1 percent of the net proceeds of the loans of the insured institution.

FHA Title II Mortgage Insurance Authority

• Extended the FHA home mortgage insurance and rental housing programs by increasing the limit on the aggregate amount of mortgages which could be insured from $2 billion to $3 billion, with authority in the President to raise the limit up to $4 billion.

• Limited insurance of mortgages on existing housing under FHA's Title II program to 25 percent of the total amount of mortgages insured after the effective date of the amendment (June 3, 1939).

• Limited insurance under Title II, to mortgages covering new construction, or property which had been previously covered by an FHA-insured mortgage.

• Reduced the maximum interest on an FHA-insured Section 207 rental housing mortgage from 5 percent to 4 ½ percent.

• Imposed a further limit on the amount of a mortgage to not to exceed the FHA estimate of the cost of completed improvements on the property exclusive of utilities and streets; taxes, interest, and insurance during construction; organization and legal expenses; and miscellaneous charges during or incidental to construction.

Section 210

• Repealed this section, except for applications already filed.

Labor Standards

• Prohibited insurance of mortgages on multifamily housing insured under Sections 207 or 210 unless certification was provided by the construction contractor that not less than prevailing wages in the locality had been paid to the laborers and mechanics working on the project.

REORGANIZATION OF HOUSING AGENCIES

(President's Reorganization Plan No. 1, and Pub. Res. 76-20, June 7, 1939)

• Effective July 1, 1939, established the Federal Loan Agency and Federal Works Agency to coordinate and supervise various agencies, including those with housing functions. Placed the RFC Mortgage Company, the Federal National Mortgage Association, the Federal Home Loan Bank Board, the Home Owners' Loan Corporation, and the Federal Housing Administration in the Federal Loan Agency. Transferred the U.S. Housing Authority to the Federal Works Agency.

HOLC TERMS AMENDED

(Public Law 76-381, August 11, 1939)

• Permitted HOLC loans made to refinance home mortgages to be amortized over a period of 25 years rather than the previous limit of 15 years.

FIRST CENSUS ON HOUSING

(Public Law 70-385, August 11, 1939)

• Authorized the Bureau of the Census, in connection with the 1940 Census, to obtain data on the characteristics of the Nation's housing supply and occupancy. (This became the first census on housing.)

III. THE 1940s—WAR, EMERGENCY AND POSTWAR HOUSING

DEFENSE HOMES CORPORATION

(Public Laws 76-588 and 76-611, June 11, and June 13, 1940)

• Established the Defense Homes Corporation by the purchase of capital stock with funds appropriated by the Navy Department and Military Appropriations Acts for 1941. DHC was incorporated pursuant to a letter from the President to the Secretary of the Treasury on October 18, 1940. DHC was to provide defense housing in the Washington area and other areas of extensive defense activities.

AMENDMENTS TO UNITED STATES HOUSING ACT OF 1937

(Public Law 76-671, June 28, 1940)

• Authorized the use of its loan and subsidy provisions and the projects provided under the Act for defense and war workers.
• Authorized the establishment of priorities in deliveries of materials for national defense.

DEFENSE HOUSING COORDINATOR

• The Office of Defense Housing Coordinator was established July 21, 1940, by the Advisory Commission to the Council of National Defense. The Office had responsibility for planning the defense housing program and its administration through private industry and appropriate Federal agencies.

LANHAM ACT

(Public Law 76-849, October 14, 1940)

• Authorized provision by the Federal Government of public war housing accommodations.

SOLIDERS & SAILORS RELIEF ACT OF 1940

(Public Law 76-861, October 17, 1940)

• Provided relief to servicemen with respect to mortgage and other obligations.

EXECUTIVE ORDER 8632, JANUARY 11, 1941

• Created the Division of Defense Housing Coordination within the Office for Emergency Management to take over activities and personnel of the Defense Housing Coordinator.

AMENDMENTS TO NATIONAL HOUSING ACT

(Public Law 77-24, March 28, 1941)

• Added Title VI, which authorized FHA to insure mortgages (up to $100 million, aggregate) under more liberal terms in order to provide one- to four-family homes in critical defense areas. (Authority to insure mortgages on one- to four-family homes under Title VI was terminated by the Housing Act of 1948, P.L. 80-901, August 10, 1948.)

• Authorized FNMA to purchase and sell Title VI mortgages, and national banks and Federal Home Loan Banks to include them in their operations.

REPORT OF THE TEMPORARY NATIONAL ECONOMIC COMMITTEE

(S. Doc. 77-35, March 31, 1941)

• The final report and recommendations of the Temporary National Economic Committee unanimously commended efforts such as slum clearance and low-cost housing, among other things, on behalf of the less privileged people "to the end that they may become as speedily as possible fully participating, responsible members of the community."

AMENDMENTS TO NATIONAL HOUSING ACT

(Public Law 77-138, June 28, 1941)

• Raised the limit on the aggregate amount of loans that could be insured under Title I from $100 to $165 million.

• Permitted insurance of loans up to $5,000 for the alteration, repair or improvement of a dwelling designed for more than one family, and up to $3,000 (previously $2,500) for financing the construction of new structures.

• Continued the FHA Title II home mortgage and rental housing programs by increasing the limit on the aggregate amount of the mortgages that could be insured from $3 billion to $4 billion, with authority in the President to raise the limit to $5 billion. Increased the limit on the amount of the Title II mortgages that could be insured for existing housing from 25 percent to 35 percent of the mortgages insured after June 3, 1939.

AMENDMENT OF FHA TITLE VI PROGRAM

(Public Law 77-248, September 2, 1941)

• Raised the aggregate amount of FHA Title VI mortgages on defense housing that could be insured from $100 million to $300 million.

EMERGENCY PRICE CONTROL ACT OF 1942

(Public Law 77-421, January 30, 1942)

• Among other things, authorized Federal rent control.

ESTABLISHMENT OF THE NATIONAL HOUSING AGENCY

(Executive Order 9070, February 24, 1942)

• Established the National Housing Agency and transferred to that Agency responsibility for substantially all the nonfarm housing programs of the Federal Government (except housing located on military or naval reservations or bases). The Federal Home Loan Bank Administration, the Federal Housing Administration, and the Federal Public Housing Authority were created as constituent agencies of the National Housing Agency, which was to be headed by an Administrator.

FEDERAL TAX EXEMPTION OF INCOME FROM FHA DEBENTURES AND FEDERAL SAVINGS AND LOAN ASSOCIATIONS

(Public Law 77-510, March 28, 1942)

• Terminated Federal tax exemption of income from FHA debentures (except those issued under insurance contracts entered into prior to March 1, 1941), and income from Federal savings and loan associations.

AMENDMENTS TO NATIONAL HOUSING ACT

(Public Law 77-559, May 26, 1942)

• Added Section 608 to provide FHA mortgage insurance for rental housing for war workers. Limits on the amounts of the mortgages were based on replacement cost. Increased the limit on aggregate amount of mortgages that could be insured under the Title VI program from $300 million to $800 million. (Authority to insure mortgages under Title VI was terminated by the Housing Act of 1954, P.L. 83-560, August 2, 1954)

• Increased limits on the amounts and term of mortgages financing one-to four-family homes.

• Permitted mortgages to be insured under Title VI if FHA found the property to be an "acceptable risk," rather than economically sound, as generally required under other programs and previously required for the Section 603 one- to four-family home mortgages.

• Named the Title VI programs War Housing Insurance.

AMENDMENTS TO NATIONAL HOUSING ACT

(Public Law 78-15, March 23, 1943)

• Increased the limit on the aggregate amount of mortgages that could be insured under Title VI to $1.2 billion.

AMENDMENTS TO NATIONAL HOUSING ACT

(Public Law 78-159, October 15, 1943)

• Increased the aggregate amount of mortgages that could be insured under Title VI to $1.6 billion.

• The prohibition against insurance of mortgages covering existing housing under the Title II program was made applicable to mortgages insured after July 1, 1946, rather than July 1, 1944, as previously provided.

SERVICEMEN'S READJUSTMENT ACT

(Public Law 78-346, June 22, 1944)

• Authorized the guaranty by the Veterans' Administration of loans with liberal terms made to veterans to purchase, build, or improve homes.

AMENDMENT TO TITLE VI WAR HOUSING PROGRAM

(Public Law 78-392, June 30, 1944)

• Increased the aggregate amount of mortgages that could be insured under Title VI to $1.7 billion from $300 million.

WAR MOBILIZATION AND RECONVERSION ACT OF 1944, SECTION 501

(Public Law 78-458, October 3, 1944)

• Authorized the Federal Works Administration to make loans or advances (from funds authorized to be appropriated and until June 30, 1947) to States and their agencies and subdivisions (Public Agencies) for advance planning of public works which would be in conformance with overall plans approved by competent State, local or regional authority. Advances needed to be repaid only when and if construction was undertaken, but the making of advances did not commit Congress to appropriate funds for construction of projects as planned. (Program transferred to HHFA under Reorganization Plan 17 of 1950.)

AMENDMENTS TO FHA TITLE VI WAR HOUSING PROGRAM

(Public Law 79-27, March 31, 1945)

• Increased the aggregate amount of mortgages that could be insured under Title VI from $1.7 billion to $1.8 billion.
• Authorized insurance under Title VI of mortgages covering the purchase of housing from FHA that it had acquired as a result of foreclosure or otherwise.

AMENDMENTS TO LANHAM ACT

(Public Law 97-87, June 24, 1945)

• Added Title V to authorize the use of public war housing (provided under the Act for defense and war workers) for distressed families of servicemen and veterans and their families.
• Made funds available for Lanham Act housing available for the construction of temporary housing for families of servicemen and veterans.

HOUSE SPECIAL COMMITTEE ON POSTWAR ECONOMIC POLICY AND PLANNING

(House Report 852, 79th Congress, July 3, 1945)

• Recommended as part of a long-range program of public works and construction:

a. FHA insurance programs for housing mortgages should be further liberalized to include additional housing

provision incentives, such as yield insurance for rental housing.

b. Further Federal assistance to local communities to assist in the provision of low-rent public housing.

c. Federal assistance in the technical development and financing of housing, utilizing improvements in materials and construction methods.

RECOMMENDATIONS OF SUBCOMMITTEE ON HOUSING AND URBAN REDEVELOPMENT OF THE SENATE COMMITTEE ON POSTWAR ECONOMIC POLICY AND PLANNING

(Committee Print, August 1, 1945)

• Recommended:

a. Legislation designed to achieve an adequate supply of housing. (Needs were estimated at 1,200,000 new dwellings per year for the next 10 years.)

b. A statement of national policy should be made that the predominance of private enterprise should be maintained, and Government participation should be limited to supplementing private enterprise.

c. A permanent National Housing Agency should be established operating through three constituent agencies.

d. A comprehensive attack on the farm housing problem should be developed.

e. Aids to private enterprise through the Federal Home Loan Bank Administration and the Federal Housing Administration should be continued with revisions and additions to encourage lower-priced housing and investment in rental housing.

f. There should be amplification of Government research into construction methods and techniques, markets, and needs.

g. The program of urban low-rent public housing should be extended.

h. Federal assistance should be provided to local communities for slum clearance and urban redevelopment.

AMENDMENTS TO TITLE V OF THE LANHAM ACT

(Public law 79-292, December 31, 1945)

• Authorized funds for disassembling, transporting, re-erecting, and converting surplus war structures on land supplied by educational institutions, State and local bodies, and nonprofit organizations, to provide housing for veterans and their families, and distressed families of servicemen.

• Authorized Federal agencies to transfer to the National Housing Administrator surplus structures, equipment, and materials for conveyance to educational institutions and local bodies for housing for veterans and distressed families of veterans.

ORGANIZATION FOR VETERANS' HOUSING

(Executive Order 9686, January 26, 1946)

• Established the Housing Expediter to formulate plans and programs and to recommend legislation for the provision of housing, particularly at moderate prices and rentals, for veterans, and directed executive agencies to exercise emergency and other powers to this end.

VETERAN'S EMERGENCY HOUSING ACT OF 1946

(Public Law 79-388, May 22, 1946)

• Designed to speed the availability of housing for veterans by expediting the production and allocation of materials, by curbing excessive prices of new housing, and utilizing FHA Title VI war housing program for veteran's housing. The authorities expired December 31, 1947.

• Confirmed the Office of the Housing Expediter and the powers granted to the Expediter by Executive Order 9686, supra. (The office was terminated by the Housing and Rent Act of 1947 (P.L. 82-96, July 31, 1951))

• Strengthened the powers of the Expediter to establish ceiling prices and rents for new housing, and to allocate or establish priorities for the delivery of materials or facilities for housing.

• Authorized RFC to make premium payments to producers of building materials under prescribed conditions.

• Authorized RFC to guarantee markets for new type building materials and prefabricated houses.

• Raised the limit on the aggregate amount of mortgages that could be insured under Title VI of the National Housing Act to $2.8 billion with authority in the President to increase the limit to $3.8 billion.

• Required the FHA to prescribe procedures for giving World War II veterans and hardship cases priorities in the purchase or rental of Title VI housing, thus changing the program from a war housing to a veterans' housing program.

• Made "necessary current cost" the basis for determining the maximum amount of a mortgage that could be insured under Title VI, and provided higher dollar mortgage limits for one- to four-family home mortgages in high-cost areas.

• Lowered the maximum interest rate on Title VI mortgages to 4 percent (from 5 percent, or 6 percent where the mortgage market demanded a higher rate).

AMENDMENTS TO NATIONAL HOUSING ACT

(Public Law 79-480, July 1, 1946)

• Repealed provisions in Title II which prohibited insurance of mortgages on existing housing after July 1, 1946, and limited the aggregate amount of such mortgages insured after June 3, 1939 to 35 percent of the mortgages insured under Title II.

SECONDARY MARKET FOR SERVICEMEN'S AND VETERAN'S HOUSING LOANS

(Public Law 79-656, August 7, 1946)

• Authorized RFC to provide a secondary market for loans guaranteed or insured under the Servicemen's Readjustment Act of 1944. (This authority was terminated by the Reconstruction Finance Corporation Extension Act, P.L. 80-132, June 30, 1947)

FARMERS HOME ADMINISTRATION ACT OF 1946

(Public Law 79-731, August 14, 1946)

• Created the Farmers Home Administration in the Department of Agriculture.
• Amended the Bankhead Jones Farm Tenant Act to include veterans' preference in direct loans to finance the purchase, enlargement or improvement of farms, and the insurance of loans made by private lending institutions for the same purposes.
• Separation of Housing Expediter and National Housing Administrator Offices (Executive Order 9820, January 1,, 1947)
• Segregated the functions and offices of the Housing Expediter and National Housing Administrator in line with the contemplated phasing out of most features of the veterans' emergency housing program and powers.

HOUSING AND RENT ACT OF 1947

(Public Law 80-129, June 30, 1947)

• Repealed the Veterans Emergency Housing Act except for certain provisions.
• Authorized FHA Section 609 insurance of loans to finance the manufacture of prefabricated houses.
• Required veterans' preference in the sale and rental of new housing.
• Authorized the Housing Expediter to require permits for the construction of amusement and recreation facilities.
• Continued rent control and placed its administration in the Office of Housing Expediter.

RECONSTRUCTION FINANCE CORPORATION EXTENSION ACT

(Public Law 80-132, June 30, 1947)

• Eliminated authority of the RFC to provide a secondary market for mortgages guaranteed or insured under the Servicemen's Readjustment Act of 1944 and provided for the transfer of all assets and liabilities of the RFC Mortgage Company to RFC. (The RFC Mortgage Company was dissolved on April 8, 1948.)

TERMINATION OF CERTAIN WAR POWERS

(Public Law 80-239, July 25, 1947)

• Started the two-year period provided under the Lanham Act for removal of temporary war and veterans' housing, and also the 10-year period during which applications for guarantees and insurance

of home loans under the Servicemens' Readjustment Act of 1944 could be made.

JOINT COMMITTEE ON HOUSING

(H. Con. Resolution 104, 80th Congress, July 26, 1947)

• Established and authorized to study all phases of housing. (The Committee conducted hearings in Washington and 32 other cities.)

THE PRESIDENT'S REORGANIZATION PLAN NO. 3

(Effective July 27, 1947)

• Established a permanent Housing and Home Finance Agency to succeed the National Housing Agency.

• Directed the Housing and Home Finance Administrator to coordinate the supervisory functions of three constituent agencies—the Home Loan Bank Board, the Federal Housing Administration, and the Public Housing Administration.

• Established the National Housing Council with representation from several other agencies concerned with housing to promote the most effective use of Federal housing functions and activities.

AMENDMENTS TO U.S. HOUSING ACT OF 1937

(Public Law 80-301, July 31, 1947)

• Permitted local housing agencies to exceed statutory cost limits if they provided the difference between the limits and actual construction costs.

• Prohibited eviction of over-income tenants from low-rent public housing if the eviction would result in undue hardship.

AMENDMENTS TO NATIONAL HOUSING ACT

(Public Law 80-366, August 5, 1947)

• Authorized FHA to insure under Title VI mortgages financing the purchase of Federally-owned permanent war housing.

• Increased the amount of mortgages that could be insured under the Title VI veterans' housing program.

JOINT COMMITTEE ON HOUSING

(House Report 1564, 80th Congress, March 15, 1948)

• The final majority report of the Joint Committee on Housing recommended comprehensive housing legislation designed to achieve production of 1,250,000 to 1,500,000 dwellings per year. Specific recommendations included:

a. A statement of firm national housing policy;

b. Authorization of a research program aimed at reduction of housing costs;

c. Placing FHA mortgage insurance on a permanent basis;

d. Authorization of Federal insurance of yield on equity investment to encourage lower-cost homes and moderate rental housing;

e. Broadening of secondary market in Government for both FHA-insured and VA-guaranteed and insured housing loans;

f. Insurance of credit and direct RFC loans to prefabricators and other mass producers of housing;

g. Federal aid for slum clearance;

h. Provision of additional low-rent public housing;

i. Improvement of farm housing.

THE HOUSING AND RENT ACT OF 1948

(Public Law 80-464, March 30, 1948)

• Extended rent control and veterans' preference in new housing to April 1, 1949.

• Extended the prohibition against eviction of over-income tenants from low-rent public housing.

PURCHASE PRICE OF PERMANENT WAR HOUSING SOLD TO VETERANS

(Public Law 80-689, June 19, 1948)

• Directed that the purchase price of permanent war housing sold to veterans be at apportioned cost or appraised value, whichever is less.

AMENDMENTS TO LANHAM ACT

(Public Law 80-796, June 28, 1948)

• Authorized the Federal interest in veterans' temporary reuse housing located at education institutions to be transferred to the educational institutions. Housing so transferred, when approved by local governing body, was exempted from Lanham Act removal requirements applicable to temporary housing.

• Extended the date by which other temporary war and veterans' reuse Lanham Act housing was to be removed to January 1, 1950.

• Made war housing constructed under Public Law 76-781 and the Temporary Shelter Act subject to the disposition provisions of the Lanham Act.

GOVERNMENT CORPORATIONS APPROPRIATION ACT, FY 1949

(Public Law 80-860, June 30, 1948)

• Transferred the capital stock and all assets and liabilities of the Defense Homes Corporation to the RFC for liquidation.

AMENDMENTS TO NATIONAL HOUSING ACT AND SERVICEMENS' READJUSTMENT ACT

(Public Law 80-864, July 1, 1948)

• Established the Federal National Mortgage Association (FNMA) by statute, using the name of the organization previously chartered by FHA.

• Extended FNMA secondary market authorization to include GI-guaranteed or insured home and farm loans, but limited all purchases to certain GI and FHA loans executed after April 30, 1948 (restricted to sales housing).

• Authorized FHA insurance of 95 percent mortgages on veterans' cooperative housing under Title II of the National Housing Act.

AMENDMENT TO HOMEOWNERS' LOAN ACT

(Public Law 80-895, July 3, 1948)

• Authorized conversion of Federal savings and loan associations to State-chartered associations.

SPECIAL SUBCOMMITTEE OF THE SENATE BANKING AND CURRENCY COMMITTEE

(Senate Document 80-202, August 7, 1948)

• Appointed to develop acceptable housing legislation for the Special Session of the 80th Congress, recommended that, in view of the controversial nature of the proposals for additional public housing, the subject-matter be dropped from the current bill and submitted for consideration on its merits in the subsequent Congress.

HOUSING ACT OF 1948

(Public Law 80-901, August 10, 1948)

• Passed by the Special Session of the 80th Congress called by the President for the enactment of housing legislation. Said to have three principal objectives:

(i) to make credit more easily available to veterans and others for lower-cost homes, and to tighten up to some extent credit on more expensive homes, thus channeling scarce materials into lower-cost homes;

(ii) to liberalize loans on the lower-cost rural and semirural homes which did not qualify for FHA loans;

(iii) to accomplish the standardization of building codes and measurements in the building industry.

Major Provisions

• Terminated FHA's authority to insure mortgages on one- to four-family homes under Title VI.

• Extended FHA's authority under Title VI to insure mortgages financing rental housing and raised amount of mortgages that could be insured to $6,150 million, including $400 million available only after release by the President.

• Continued the "necessary current cost" basis for the amount of an FHA-insured mortgage under Section 608 rental housing, but with the additional limitation that the amount of the mortgage could not exceed 90 percent of the estimated replacement cost of the project on the basis of December, 1947, prevailing costs.

• Substituted a per-family unit cost limit for the per-room limit applicable to Section 608 rental housing.

• "Perfected" the FHA Section 609 mortgage insurance program for assistance to manufacturers of prefabricated housing, and made available insurance of short-term credit to dealers.

• Made available FHA Section 610 mortgage insurance for the purchase of the so-called Greenbelt towns sold by the government.

• Authorized FHA to insure construction advances under insured mortgages which covered property on which there was to be con-

structed 25 or more family units consisting of a group of one-family dwellings. Provisions were applicable to cases where the builder had located on the property a plant for the fabrication of the dwellings or parts of the dwellings, and the advances could cover the cost of materials delivered to the property and labor performed in construction, fabrication, or erection.

• Liberalized the Section 203 home mortgage insurance program to encourage the production of houses in the lower-priced range and to facilitate the transition from the emergency Title VI program. Among other things, made mortgages on new single-family dwellings up to $6,000 covering up to 95 percent of value eligible for insurance, and increased the maximum amortization period of all mortgages financing new homes to 25 years, and in the case of the 95 percent mortgage up to $6,000, to 30 years.

• To stimulate building activity in the low-cost field, authorized FHA to make firm mortgage insurance commitments to builders of such housing in amounts up to 85 percent of appraised value.

• Made State-regulated redevelopment and other housing corporations eligible for FHA rental housing mortgage insurance.

• Amended the FHA Section 207 rental housing mortgage insurance program by:

(i) including in the statutory definition of project "value" and "costs" certain previously excluded costs, such as taxes, utilities, financing charges, and other expenses;

(ii) authorizing insurance of mortgages up to $50 million in amount (general limitation $5 million) where the housing project was undertaken by a Federal, State or municipal instrumentality, or a limited-dividend, redevelopment, or housing corporation restricted by Federal or State laws or regulations of State banking or insurance departments;

(iii) substituting per-family unit limits for per-room limits on the amount of the mortgage;

(iv) authorizing a special supplemental program of mortgage financing of rental projects for families of lower income involving a combination of a 90 percent loan, 40-year maturity, and a maximum interest rate of 4 percent;

(v) making this liberalized program (iv above), available for cooperative-ownership housing undertaken by nonprofit cooperative housing corporations;

(vi) providing increased insurance benefits to mortgage lending institutions; and

(vii) permitting mortgage limits to be based on replacement costs and per-room limits where the needs of veterans' housing cooperatives could be more adequately met by such limits.

• Increased the FHA Title I authorization for home improvement and modernization (and to a limited extent, construction) loan insurance by $35 million, and authorized insurance of multifamily house loans of up to (i) $10,000 in amount (general limit was $2,500) and (ii) seven years maturity.

• Authorized RFC to make loans for the production of prefabricated houses or prefabricated housing components, or for large-scale modernized site construction.

• Made new rental housing loans insured by the FHA eligible for purchase by FNMA, and raised the limit on the amount of FHA and VA mortgages in the portfolio of a single mortgagee which could be purchased by FNMA from 25 percent to 50 percent.

• Directed the Housing and Home Finance Administrator to undertake technical research and studies for the development and promotion of standardized building codes and regulations, and standardized dimensions and methods for the assembly of home-building materials and equipment.

• Authorized a special FHA yield insurance program designed to encourage equity investment in rental housing at rents within the capacity of families of moderate incomes by guaranteeing, to those making such an investment to the extent of 100 percent of project cost, a minimum return (exclusive of amortization) of not exceeding 2 ¾ percent per annum on outstanding investment until such time as only 10 percent of the original capital investment remained unamortized. Authorized an appropriation of $10 million to be made to the Secretary of the Treasury for use in this program by the FHA Commissioner.

• Title V of the Act contained basic administrative provisions including the power of the Administrator and heads of constituent agencies to delegate and authorize successive redelegations of powers and functions; general authority for appropriations to carry out functions, powers and duties for administrative expenses; and other significant provisions relating to contracts, expenditures, and the handling of and accounting for funds.

• Eliminated the restriction on removal of over-income tenants from low-rent public housing projects. Housing and Rent Act of 1949 (Public Law 81-31, March 30, 1949)

• Extended: a. Rent control through June 30, 1950; and b. Veterans' preference in new housing through June 30, 1950. Alaska Housing Act (Public Law 81-52, April 23, 1949)

• Provided special Federal assistance to housing in Alaska, including: a. More liberal FHA mortgage insurance; b. Federal loans: c. FNMA to provide a more liberal secondary mortgage market; d. Construction of sale or rental housing by the Alaska Housing Authority; e. Housing construction and repair loans to be made by the Alaska Authority; f. $15 million in Federal loans to the Alaska Housing Authority (through the purchase of the Authority obligations) by theHousing and Home Finance Administrator. Sale of Suburban Resettlement Projects (Public Law 81-65, May 19, 1949)

• Authorized sale of the suburban resettlement projects known as Greenbelt, Md., Greendale, Wisconsin, and Greenhills, Ohio, by means of negotiated sale and without competitive bidding or public advertising. A sales preference was to be given to nonprofit organizations of veterans and tenants.

HOUSING ACT OF 1949

(Public Law 81-171, July 15, 1949)

National Housing Policy and Goal

• Declared the national housing policy to be that the general welfare and security of the Nation required the realization as soon as

feasible of the goal of a decent home and suitable living environment for every American family.

• Provided that private enterprise should be encouraged to serve as large a part of the total need as it could and that governmental assistance should be given to the elimination of standard and inadequate housing through clearance of slums and blight and to the provision of adequate housing for families of low incomes where the need was not being met by private enterprise.

Title I—Slum Clearance and Urban Redevelopment

• Authorized $1 billion in loans and $500 million in capital grants over a five-year period to localities to assist slum clearance and community development and redevelopment programs. To be eligible for grants, project areas were to be predominantly residential in character either before of after redevelopment, or both.

• Authorized advances to finance planning of projects, and loans for the acquisition and clearance of land and its preparation for reuse.

• Authorized capital grants to help meet the loss involved in slum clearance. The loss was to be shared on a two to one basis the Federal Government making up two- thirds of the loss and the local government one-third. The local share could be provided in cash or through the provision of parks, schools, or other public facilities necessary to serve the new uses of the land in the project areas, or the use of municipal labor and equipment to clear a project area.

• Federal advances were made payable from the first proceeds of temporary loans made to finance the projects. Temporary loans were repayable from the proceeds of the sale of the land, Federal grants, local cash grant-in-aid and definitive loans. The interest rate on all loans could not be less than the going Federal rate, as determined by most recently issued Federal bonds of 10 years or more maturity. Local government agencies could pledge their contracts for Federal loans as security for funds obtained from other sources at lower rates of interest. To obtain funds for loans, the Housing Administrator could issue notes and other obligations for purchase by the Secretary of the Treasury.

• Authorized the Administrator to contract to make capital grants, and to make advance or progress payments on a grant contract. The faith of the United States was pledged to the payment of the grants and appropriations were authorized to the extent necessary to provide for payments of the grants.

• Required as a condition to Federal aid that there be a feasible method for the temporary relocation of families displaced from the project area and the permanent provision of decent dwellings at prices and rents within the financial means of such families.

• Not more than 10 percent of the funds provided for loans or grants could be expended in any one State.

(New contracts under Title I were prohibited after January 1, 1975, by the Housing and Community Development Act of 1974, P.L. 93-383, August 22, 1974.)

Title II—Amendments to National Housing Act

• Authorized a $500 million increase in FHA Title II mortgage insurance, covering homes, rental housing, and cooperative housing.

Title III—Amendments to United States Housing Act of 1937

• Authorized Federal contributions and loans for not to exceed 810,000 additional units of low-rent public housing.

• Amended the program to facilitate 100 percent private-capital financing by the local housing authorities, reduce the maximum period of annual contributions from 60 to 40 years, increase statutory construction cost limits to reflect postwar price levels, and provide additional assurance that public housing would not compete with decent private housing.

Title IV—Housing Research

• Authorized the Housing and Home Finance Administrator to conduct technical research and studies which would promote reduction in housing construction and maintenance costs and stimulate the increased production in housing.

Title V—Farm Housing

• Authorized the Secretary of Agriculture to provide a new program of technical services, loans and grants, and an expanded farm housing research program for the improvement of farm housing and other farm buildings.

Title VI—Miscellaneous

• Directed the Director of the Census to take a census of housing in 1950 and decennially thereafter.

• Amended the National Bank Act to authorize national banks and State member banks of the Federal Reserve System to purchase or underwrite certain obligations of local public housing and slum-clearance agencies.

• Authorized the District of Columbia to participate in the slum clearance and urban redevelopment benefits authorized under Title I of the Act.

INCREASE IN FNMA AUTHORIZATION

(Public Law 81-176, July 19, 1949)

• Increased FNMA authorization to purchase FHA Title II and Title VI insured mortgages and VA guaranteed mortgages (veterans' loans) to $1.5 billion.

• Added a new Title VIII (Wherry Act Housing) to the National Housing Act to provide special FHA mortgage insurance for rental housing for military and civilian personnel in areas adjacent to military installations, and made these mortgages eligible for purchase by FNMA.

SUBSTANTIVE LEGISLATION IN INDEPENDENT OFFICES APPROPRIATIONS ACT OF 1950

(Public Law 81-266, August 24, 1949)

• Authorized the HHFA Administrator to transfer temporary Veterans' Reuse Housing to a State, county, city, or other public body in accordance with the terms of Public Law 80-796 upon application filed within 120 days after August 24, 1949.

• Limited occupancy in public housing, for contracts after April 17, 1940, to U.S. citizens except for families of servicemen or veterans. (This provision was continued in each annual appropriation act through FY 1954.)

• Annual contributions not to be available for payments in lieu of taxes above amounts in original contracts. (Found unworkable, this provision was repealed retroactively to August 24, 1949, by P.L. 81-358, October 14, 1949.)

AMENDMENTS TO NATIONAL HOUSING ACT

(Public Law 81-278, August 30, 1949)

• Increased the Title II mortgage insurance authority (homes and rental housing) to $6 billion.

• Advances for Reserve of Planned Public Works (Public Law 81-352, October 13, 1949)

• Authorized the General Services Administration (to whom the Federal Works Agency's Advance Planning Program had been transferred on July 1, 1949 by P.L. 81-152, June 30, 1949) to make loans and advances (for studies, designs, plans, working drawings, specifications and other actions preliminary to construction of needed public works) to States, subdivisions and public agencies. Loans and advances were contingent upon conformance of the proposed project to an overall State, local or regional plan approved by competent authority therein, and were repayable without interest when and if construction began.

• Authorized $100 million to be appropriated and to remain available until expended. (Program transferred to HHFA under Reorganization Plan No. 17 of 1950, May 24, 1950).

AMENDMENTS TO THE NATIONAL HOUSING ACT

(Public Law 81-387, October 25, 1949)

• Increased FNMA's authorization for the purchase of mortgages, loans and investments from $1.5 billion to $2.5 billion.

• Liberalized FNMA's authority to purchase VA housing loans.

• Extended the time limit by which temporary war and veterans' housing provided under the Lanham Act should be removed from January 1, 1950 to January 1, 1951.

• Amended the Federal Reserve Act to permit national banks to make FHA Title VIII military housing loans.

IV. THE 1950s—EVOLUTION OF A COMMUNITY DEVELOPMENT APPROACH

REPORT, SUBCOMMITTEE NO. 2 OF HOUSE COMMITTEE ON BANKING AND CURRENCY

(Committee Print, 81st Congress, January 31, 1950)

• Recommended that the Congress should enact legislation as soon as possible to provide for the orderly and expeditious disposition of Government-owned and controlled war veterans' housing.

HOUSING ACT OF 1950 (PUBLIC LAW 81-475, APRIL 20, 1950)

Amendments to FHA Insurance Programs

• Increased the limit on the amount of loans that could be insured under the FHA Title I programs by $5 million.

• Increased the authorization for the Title II mortgage insurance programs by $2.25 billion.

• Increased the authorization for the Section 608 rental housing program by $500 million.

• Authorized a new Section 8 FHA mortgage insurance program for very low-cost homes in suburban and outlying areas where it was not practical to obtain conformity with FHA property location and other requirements essential for housing in built-up urban areas. (This program was terminated by the Housing Act of 1954, P.L. 83-560, August 2, 1954.)

• Provided that the loan under Section 8 could be insured if found to be an "acceptable risk" giving consideration to the need of families of low or moderate incomes in outlying areas. (Under other programs the loans were required to be "economically sound.")

• Amended the Title II programs to provide incentives for the production of lower-cost homes, especially those with three and four bedrooms. FHA could under certain circumstances increase the dollar limits on mortgages insured. (It was stated in a committee report that the "several escalator clauses are intended to help meet the higher construction costs which generally prevail within the larger metropolitan areas and under no circumstances shall be administered in such a manner as will tend to permit the allowable higher mortgage ceilings to become general.")

• Amended FHA Section 207 rental housing mortgage limits to stimulate rental housing construction formerly provided by the temporary Section 608 war and veterans' rental housing program.

• Added a provision to Section 207 requiring certification by the mortgagor that there would be no discrimination in the selection of tenants by reason of the fact that there were children in the families.

• Authorized a new Section 213 cooperative housing mortgage insurance program which liberalized the previous FHA cooperative housing mortgage insurance requirements. Mortgage limits were made more liberal for veterans' cooperatives.

• Authorized a new Assistant Commissioner of FHA to administer cooperative housing programs and furnish technical advice and assistance in the organization of cooperatives and in the planning, development, construction, and operation of their housing projects.

• Increased mortgage insurance authority under the Section 608 war and veterans' rental housing program in order that applications received prior to March 1, 1950 could be processed.

• Made the FHA Section 610 mortgage insurance program available for the sale of Government-owned war housing in connection with the sale by the Government or any public housing agency of war housing constructed under Public Law 76-671.

• Liberalized FHA requirements for insurance of loans for manufactured houses and large-scale site construction of housing.

Secondary Market

• Made the new Section 8 FHA insured mortgages on low-cost homes eligible for purchase by FNMA.

• Made the 50 percent limitation on the amount of certain mortgages which could be sold to FNMA inapplicable to VA-guaranteed farm home mortgages (previously done for VA nonfarm home mortgages).

• Authorized RFC to provide an additional $250 million to FNMA for its secondary market operations and directed FNMA to exert every effort to sell its present and future mortgage holdings in an orderly manner.

• Permitted FNMA to purchase mortgages only if guaranteed or insured at time of contract.

Disposition of War and Veterans' Housing

• Added provisions to the Lanham Act for the disposition of all war and veterans' housing under the jurisdiction of the Housing and Home Finance Administrator.

• Required farm labor camps under the jurisdiction of the Secretary of Agriculture to be transferred to the Public Housing Administration for management and disposal.

College Housing Loans

• Authorized the Housing and Home Finance Administrator to make loans to public or private nonprofit institutions of higher learning for housing for their students and faculties, where the institution showed that it was unable to secure the necessary funds from other sources upon terms and conditions generally comparable to the terms provided in the Act for loans (40 years and going Federal rate of interest plus ¼ of 1 percent per annum).

• Authorized the Housing Administrator to issue obligations in an amount up to $300 million outstanding at any one time to obtain funds for the loans.

Loan Charges and Fees

• Directed FHA to issue regulations limiting the charges and fees imposed upon builders, veterans, or purchasers in connection with the financing of the construction or sale of housing built or sold with the assistance of an FHA-insured or loan. Required the mortgagees to certify compliance with the regulations. (Repealed in the Housing Act of 1954, P.L. 83-560, August 2, 1954.)

AMENDMENTS TO NATIONAL HOUSING ACT

(Public Law 81-498, May 2, 1950)

• Amended Title VIII (FHA mortgage insurance for military housing) to permit the military services to employ architects to draft plans for housing projects, thus obviating the necessity of each prospective sponsor preparing separate plans and specifications.

AGENCIES TRANSFERRED TO HHFA

(Reorganization Plan No. 17, May 24, 1950)

• The President transferred from the General Services Administration to the Housing and Home Finance Agency the administration of:

a. the program of advances to State and local governments for planning public works, and

b. the management and disposal of sewers, schools, hospitals, and other community facilities constructed under the Lanham Act (war housing law).

HOUSING AND RENT ACT OF 1950

(Public Law 81-574, June 24, 1950)

• Extended rent control until December 31, 1950, except in localities which declared the continuation was required and in such cases to June 30, 1951.

• Continued until June 30, 1951, veterans' preference in new housing completed after June 30, 1947.

AMENDMENTS TO FEDERAL HOME LOAN BANK ACT AND NATIONAL HOUSING ACT, TITLE IV

(Public Law 81-576, June 27, 1950)

In order to strengthen the savings and loan industry and the provision of housing credit:

• Increased the insurance by FSLIC of savings accounts from $5,000 to $10,000 for each account.

• Required members of Federal Home Loan Banks to maintain a minimum liquidity as a condition of membership. Effective six months after enactment, no member could make any loan at any time when it did not hold cash and obligations of the U.S. in such minimum amount as prescribed in regulations to be promulgated by the Home Loan Bank Board.

• Required the amount of stockholdings by members of Federal Home Loan Banks in their respective Banks to equal at least 2 percent of the unpaid principal of the members' home mortgage loans

within one year. Each Federal Home Loan Bank was required to retire an amount of its Government-owned stock equal to the amount by which the stock held by members exceeded the amount required under the existing law. Annually thereafter each Federal Home Loan Bank was required to retire Government stock equal to 50 percent of the net increase in members' stock since the last previous retirement.

• To assure Government support of the Federal Home Loan Banks in supplying the credit needs of their members in any possible future emergency in which the Banks could not obtain sufficient funds in the private money market, authorized the Secretary of the Treasury to purchase Federal Home Loan Bank obligations up to a total of $1 billion.

• Directed the Federal Savings and Loan Insurance Corporation to retire annually at par an amount of its capital stock equal to 50 percent of its net income for each fiscal year. (The Corporation's capital stock of $100 million was then held by the Secretary of the Treasury.)

• Required FSLIC to pay the Secretary of the Treasury a return on the average amount of its capital stock outstanding during each fiscal year. This return would be in lieu of any and all unpaid dividends whether for any past, present, or future period. In addition, required FSLIC to pay to the Secretary of the Treasury an amount equal to 2 percent simple interest per annum on its capital stock from the time of organization of FSLIC to June 30, 1950, less any amount previously paid by FSLIC as dividends on the capital stock.

• Authorized FSLIC to borrow from the U.S. Treasury such funds as in the judgment of the Home Loan Bank Board were required for insurance purposes, not exceeding in the aggregate $750 million outstanding at any one time. Repealed other borrowing authority of FSLIC.

• Reduced the premium rate paid by insured savings and loan associations to the FSLIC from 1/8 of 1 percent of the insured accounts and creditor obligations of each insured institution of 1/12 of 1 percent.

TERRITORIAL ENABLING ACT OF 1950

(Public Law 81-615, July 18, 1950)

• Permitted the governments of Puerto Rico, Alaska, Hawaii, and the Virgin Islands to authorize public bodies or agencies to undertake slum clearance and urban redevelopment activities, and revised the low-rent public housing enabling statutes of Puerto Rico, Alaska and Hawaii to assist the program.

INDEPENDENT OFFICES APPROPRIATION ACT, 1951

(Public Law 81-759, September 6, 1950)

• Extended the deadline established in the 1950 Appropriation Act (P.L. 81-266, August 24, 1949) to December 31, 1950, for transferring reuse housing to States and local public bodies. Provided that educational institutions and nonprofit organizations were eligible to accept transfer of such housing.

REORGANIZATION PLAN NO. 22 OF 1950, SEPTEMBER 7, 1950

• Transferred the Federal National Mortgage Association from the Reconstruction Finance Corporation to the Housing and Home Finance Agency.

REORGANIZATION PLAN NO. 23 OF 1950, SEPTEMBER 7, 1950

• Transferred the lending functions of the Reconstruction Finance Corporation with respect to the production and distribution of prefabricated houses and components to the Housing and Home Finance Agency.

DEFENSE PRODUCTION ACT OF 1950

(Pubic Law 81-744, September 8, 1950)

• Authorized the President to:

a. control real estate credit;

b. use priority and allocation powers;

c. requisition defense departments to guarantee loans made by financial institutions for production and delivery of defense materials.

Authorized price and wage stabilization and prohibited the hoarding of scarce materials.

EXECUTIVE ORDER 10161, SEPTEMBER 9, 1950

• Delegated the function of imposing credit controls on Government-aided housing to the Housing and Home Finance Administrator.

• Delegated to the Federal Reserve Board the function of imposing credit controls on new construction the financing of which was not aided by Government agencies. (Superseded by Executive Order 10480, August 14, 1953)

AMENDMENTS TO HOUSING AND RENT ACT OF 1947

(Public Laws 82-8 and 82-69, March 23, and June 30, 1951)

• Extended the provisions of the Act for rent control and veterans' preference in housing to June 30, 1951, and then for an additional month from June 30.

TERMINATION OF HOLC (MAY 29, 1951)

• Announcement was made by the Home Loan Bank Board that the Home Owners Loan Corporation had closed its doors following delivery of a check for nearly $14 million of surplus to the U.S. Treasury.

AMENDMENTS TO HOUSING AND RENT ACT OF 1947

(Public Law 82-96, July 31, 1951)

• Provided that the President should administer rent control through the Economic Stabilization Agency.

• Terminated the Office of the Housing Expediter.

INDEPENDENT OFFICES APPROPRIATION ACT, 1952

(Public Law 82-137, August 31, 1951)

• With respect to public housing projects initiated after March 1, 1949, prohibited construction starts during fiscal 1952 of more than 50,000 units, or construction authorization where projects have been rejected by the governing body of the locality or by public vote. (The provision prohibiting construction in localities rejecting public housing was repeated in each fiscal year through 1954.)

• Prohibited additional prefabricated housing loans by the Housing Administrator unless for the furtherance or refinancing of an existing loan determined to be in the best interest of the Government.

• Rescinded contract authority for Public Works Planning Advances. (This program, initiated under P.L. 81-352, was terminated October 13, 1951.)

DEFENSE HOUSING AND COMMUNITY FACILITIES AND SERVICES ACT OF 1951

(Public Law 82-139, September 1, 1951)

• Authorized $50 million for the provision of public defense housing in critical defense areas where housing could not be provided in any other manner.

• Authorized $60 million for loans and grants for assistance to or the provision of community facilities and services in critical defense areas.

• Added Title IX to the National Housing Act to provide a new liberal FHA mortgage insurance program for certain defense housing.

• Increased the total FHA insurance authorization by $1.5 billion.

• Permitted FHA limits on the maximum amounts of mortgages on housing in Alaska to be increased up to one-half instead of one-third.

• Authorized the Housing Administrator to provide sites for necessary development in connection with isolated defense installations.

• Authorized loans to assure the maintenance of industrial capacity for the production of prefabricated houses and housing components for defense purposes. (Authority was terminated by Housing Amendments of 1953, P.L. 83-94, as of June 30, 1954.)

• Authorized FNMA until December 31, 1951 to make commitments to purchase mortgages on defense housing or housing for families who were victims of disaster.

• Authorized the President to extend time limits beyond which vacancies in Lanham Act war housing were not to be filled.

AMENDMENTS TO HOUSING ACTS

(Public Law 82-214, October 26, 1951)

• Amended the low-rent public housing law, the Lanham Act war housing law, and the FHA cooperative mortgage insurance law to grant veterans' preferences to veterans of the Korean conflict.

FNMA Advance Commitments

(Public Law 82-243, October 30, 1951)

• Authorized FNMA to make advance commitments aggregating up to $30 million at any one time to purchase FHA cooperative housing mortgages.

Investigation of VA and FHA

(H. Res. 82-436, February 1952)

• Authorized a special Subcommittee on House Banking and Currency Committee to be established to investigate the guaranteeing and insuring of housing loans by VA and FHA.

Additional Advance Commitments by FNMA

(Public Law 82-309, April 9, 1952)

• Authorized FNMA to make additional advance commitments up to $252 million to purchase defense or disaster housing mortgages.

Defense Production Act Amendments of 1952

(Public Law 82-429, June 30, 1952)

• Extended the authority to control real estate credit to June 30, 1953.
• Required relaxation of real estate credit control whenever for any consecutive three months the annual rate of starts of houses fell below 1,200,000 units.
• Continued priorities and allocation powers to June 30, 1953.
• Continued rent control until September 30, 1952, except that under certain conditions in certain localities rent control might be continued to April 30, 1953.

Substantive Provisions in Appropriation Act

(Public Law 82-455, July 5, 1952)

• Limited new units which could be authorized for construction during FY 1953 to 35,000 and during subsequent years to 35,000 unless more were authorized in appropriation acts.
• Prohibited occupancy by subversives, as designated by the Attorney General. (This prohibition was repeated in the 1954 Appropriation Act, P.L. 83-176, July 31, 1953.)

Housing Act of 1952

(Public Law 82-531, July 14, 1952)

• Authorized an additional $400 million of FHA mortgage insurance for defense, military and disaster housing.
• Increased the limit on the amount of commitments by FNMA which could be outstanding for the purchase of defense and disaster housing mortgages by $900 million.
• Changed the law governing the purchase of mortgages by FNMA to assure adequate purchase authority for defense and disaster housing.

• Increased the authorization for appropriations for defense housing from $50 million to $100 million and for defense community facilities and services from $60 million to $100 million.

• Increased the authorization for appropriations for the purchase by the Housing and Home Finance Administrator of bonds of the Alaska Housing Authority from $15 million to $20 million. (The proceeds of the bonds were used for housing loans to public agencies or private nonprofit or limited dividend housing in Alaska or for housing provided by direct construction by the Authority.)

• Amended the laws governing the FHA mortgage insurance program, the Federal Savings and Loan Insurance Corporation, the Federal Home Loan Bank System, the prefabricated housing loan program and Federal assistance in the provision of sites for isolated defense installations to permit these programs to operate in Guam.

• Authorized Federal savings and loan associations to purchase loans secured by first liens on improved real estate which were insured by the FHA without regard to the 50 mile area restriction previously applicable.

• Authorized FHA to insure mortgages made to finance the sale of multi-unit housing projects by States or municipalities or their public agencies where the housing is permanent and was constructed by the State or other public body primarily for veterans of World War II.

• Amended the Lanham Act to permit the President to extend the December 31, 1952, date prescribed for the removal of temporary war and veterans housing.

• Directed the Secretary of the Treasury to cancel notes of the HHFA Administrator to the extent of net losses sustained by the HHFA in the liquidation of defaulted loans on prefabricated housing.

Relaxation of Residential Credit Controls

(Executive Order 10373, July 14, 1952)

• Delegated to the Federal Reserve Board the authority to announce (subject to HHFA concurrence) the beginning or termination of a period of relaxed residential credit controls.

Disaster Relief

(Executive Order 10427, January 16, 1953)

• Transferred the directing and coordinating functions delegated to the HHFA Administrator under Executive Order 10221 (supra) to the Office of Emergency Planning.

Amendments to National Housing Act

(Public Law 83-5, March 10, 1953)

• Increased the FHA Title I home moderation and repair loan insurance authorization by $500 million.

• Made provision for repayment to the Treasury before June 30, 1954, of the $8.3 million Government investment in the FHA Title I insurance fund.

HOUSING CREDIT CONTROLS REMOVED

(Federal Register, April 18, 1953)

• Remaining controls on housing were removed by the Housing Administrator.

HOUSING AND RENT ACT OF 1953

(Public Law 83-23, April 30, 1953)

• Allowed Federal rent controls to expire July 31, 1953, except that the expiration date was extended to April 30, 1954, in critical defense housing areas.

DISPOSITION FUNCTIONS

(Executive Order 10462, June 19, 1953)

• Delegated functions of the President relating to the timing of the disposition of Lanham Act Housing (World War II and Veterans' Emergency Housing, Section 611) to the HHFA Administrator.

HOUSING AMENDMENTS OF 1953

(Public Law 83-94, June 30, 1953)

FHA Mortgage Insurance Authorization

• Increased the FHA mortgage insurance authorization by $1.5 billion.

• Allowed the President to make allocations from that amount to the various FHA mortgage insurance programs as needed.

FHA Low-Cost Homes

• Authorized the President to allow more liberal loan-to-value ratios and longer maturities for FHA-insured mortgages under the Section 203 program on new owner-occupant homes.

• Permitted increases in mortgage amounts of FHA Section 8 low-cost homes in outlying and suburban areas.

Section 207 Rental Housing

• Increased the maximum mortgage amounts of mortgages insured by FHA under its Section 207 rental housing program.

Higher FHA Mortgage Maximums in Hawaii

• Authorized the Federal Housing Commissioner to permit the maximum amounts of mortgages financing homes in Hawaii to be increased up to, but not exceeding 50 percent, if he finds that, by reason of higher costs prevailing in the Territory, it is not feasible to construct sound and livable dwellings.

Increases in FHA Statutory Maximums on Interest Rates

• Increased the statutory maximums on FHA interest rates on cooperative housing mortgages from 4 percent to 4 ½ percent (5 percent when covering individual housing in a cooperative project), and on Sections 803 and 908 military and defense housing mort-

gages from 4 percent to 4 ½ percent, consistent with other FHA programs.

FHA Military and Defense Housing Authorization

• Added provisions to the Title VIII military housing mortgage insurance law designed to assure that the mortgagor-sponsors or builders of military rental housing have an actual investment in the housing over and above funds borrowed on the mortgage security, to prevent "mortgaging out."

• Continued this program and Title IX (for defense housing programmed as needed for military or defense workers in critical defense housing) until June 30, 1954.

FHA Insurance Funds

• Directed the FHA to repay the Treasury about $57 million (exclusive of interest) which had been furnished by the Treasury for the establishment of some of the FHA insurance funds. The repayments were to be made as rapidly as possible without impairing the solvency of the insurance funds involved.

• Authorized the Federal Housing Commissioner to transfer moneys among the various insurance funds (except the Title I repair and improvement loan insurance program). (This was to expedite repayment to the Treasury and to assure available funds for payments of debentures.)

• Made other changes in the management of the Title II mortgage insurance funds.

Regulation of Fees and Charges Relating to VA and FHA Mortgages

• Added a provision to Section 504 of the Housing Act of 1950 (P.L. 81-475), which required FHA and VA to limit charges and fees imposed upon the mortgagors. The new provision was to the effect that the regulations limiting charges and fees should not be construed to include any loss suffered by an originating lender in the bona fida sale or pledge of or an agreement to sell the mortgage. (All of Section 504 was repealed by Section 813 of the Housing Act of 1954, P.L. 83-560, August 2, 1954.)

FNMA

• Extended FNMA's authority to make advance commitments to purchase military, defense and disaster housing mortgages to July 1, 1954.

• Made additional FHA Section 213 cooperative housing mortgages eligible for advance commitments to purchase by FNMA.

• Exempted them from the $10,000 per family dwelling unit limit which applied to other mortgages purchased by FNMA.

• Authorized FNMA to enter into contracts, in connection with the sale of its mortgages, to purchase mortgages in amounts not exceeding the amounts being sold. (This was designed to encourage the purchase of mortgages from FNMA by lenders.) Authority was to expire July 1, 1954, and the amount of the contracts was limited to a total of $500 million.

Extension of Defense Housing

• Extended for one year the authority in the Defense Housing and Community Facilities and Services Act of 1951 to provide Government-constructed temporary defense housing in critical defense areas to June 30, 1954.

• The authority for permanent housing was not extended.

Termination of Prefabricated Housing Loans

• After June 30, 1954, no prefabricated housing loan could be made by the Housing and Home Finance Administrator except pursuant to commitments to make loans issued on or before June 30, 1953, or where an existing loan held by the Administrator on June 30, 1953 was being refinanced.

Extension of Aid to Defense Community Facilities and Services

• Continued the Federal aid for community services and facilities in critical defense housing areas to June 30, 1954.

Capital Grants for Slum Clearance and Urban Redevelopment

• Authorized $35 million in contracts for capital grants for slum clearance and urban redevelopment without regard to the statutory provision that not more than 10 percent of the Federal grants for this purpose could be expended in any one State.

Interest Rate on Federal Loans

• Provided a new formula for determining the interest rates on Federal loans for slum clearance and urban redevelopment, college housing and low-rent public housing.

DEFENSE PRODUCTION ACT AMENDMENTS OF 1953

(Public Law 83-95, June 30, 1953)

• Extended for two years (until June 30, 1955) the priorities and allocations powers.

• Allowed authority for real estate credit controls to expire as of June 30, 1953.

RFC LIQUIDATION ACT

(Public Law 83-163, July 30, 1953)

• Provided for liquidation of the RFC.

• Authorized the President up until June 30, 1955, through such agency as he might designate, to make loans to State and local agencies, and public corporations, boards and commissions to aid in financing public projects.

INDEPENDENT OFFICES APPROPRIATION ACT OF FY 1954

(Public Law 83-176, July 31, 1953)

Public Housing

• Prohibited authorization of the commencement of construction during FY 1954 of more than 20,000 low-rent public housing units, or entering into any new agreements with respect to loans or an-

nual contributions for any additional dwelling units unless thereafter authorized by Congress.

• Provided, in addition to other prohibitions and limitations (not affecting the number of new units) contained in the 1950, 1952 and 1953 appropriation acts and continued through 1954, that locally unwanted public housing under construction could be stopped by the locality, if expenses already incurred were repaid to the Government. (None of these provisions were continued after FY 1954.)

• Directed the Commissioner of Public Housing to make every effort to refund all local bonds on low-rent housing converted to war housing, held by PHA under the U.S. Housing Act of 1937, as amended. (This proviso was applicable to FY 1954, and was repeated in the FY 1955 appropriation act, but dropped thereafter.)

Urban Renewal

• Directed the Administrator, before approving any local program, to give consideration to the efforts of the locality to enforce local codes and regulations relating to adequate standards of health, sanitation and safety, and to the feasibility of achieving slum clearance objectives through rehabilitation of existing dwelling units and areas.

• Directed that authority under Title I of the National Housing Act (home improvement loans) be used to the utmost in connection with slum rehabilitation needs. (This proviso was continued in the FY 1955 appropriation act (P.L. 83-428, June 24, 1954), but dropped thereafter.)

Research

• Closed out the Housing Research Program authorized by the Housing Act of 1948 (P.L. 80-901, August 10, 1948) by the following proviso: "* * * that not to exceed $125,000 shall be available for liquidation of the Housing Research Program not later than April 30, 1954."

EXECUTIVE ORDER 10486, SEPTEMBER 12, 1953

• Established the Advisory Committee on Government Housing Policies and Programs.

REPORT OF THE PRESIDENT'S ADVISORY COMMITTEE ON GOVERNMENT HOUSING POLICIES AND PROGRAMS

(December 14, 1953)

Recommended Actions

• Federal assistance to communities to help them attack the problem of the spread of slums.

• Long-term FHA mortgage insurance for designated older areas to assist building and rehabilitating housing for sale or rent.

• Establishment of an advisory service in HHFA to help cities keep posted on new techniques for urban renewal.

• Formation outside of Government of a representative national organization to help promote renewal of towns and cities.

• Making one-third of Federal grants available to communities with outstanding performance records in attacking urban decay.

• Adapting FHA-insured mortgage lending on new and existing homes to the special housing needs of low-income families.

• Continuation of low-rent public housing program.

• Preference in admission to low-rent public housing be given to low-income families displaced by slum clearance, rehabilitation, or other public works, and mortgage insurance for displaced families.

• Vigorous activities by public and private officials to provide housing for minority families.

• Establishment of privately financed secondary market facility to level out peaks and valleys in flow of mortgage funds, particularly in the smaller communities and areas of chronically short investment capital.

• Grouping of housing activities within a single agency, headed by an administrator with supervisory authority.

PRESIDENT'S SPECIAL MESSAGE TO CONGRESS ON HOUSING

(House Document 83-306, January 25, 1954)

Recommendations

• Broadening existing programs to assist prevention of blight and rehabilitation of salvable areas.

• A new program of FHA mortgage insurance for housing for low-income families displaced by slum clearance and similar activities.

• Additional FHA loan insurance assistance for existing housing and rehabilitation of housing.

• Broader authority to the President to adjust from time to time, in the light of economic conditions, permissible terms on Government guaranteed and insured mortgages.

• Reorganization of FNMA with purchase of initial stock by the Federal Government, but with private capital funds to be supplied by the users of FNMA.

INDEPENDENT OFFICE APPROPRIATION ACT, 1955

(Public Law 83-428, June 24, 1954)

Included Substantive Legislation

• Ended authority to purchase additional notes or obligations after June 24, 1954, from funds appropriated pursuant to the Alaska Housing Act (P.L. 81-52, April 23, 1949) as amended, except for the furtherance or refinancing of an existing loan.

• Established the Revolving Fund, Liquidating Programs, to include and account for all assets and liabilities of:

(1) Defense Community Facilities, Title II of Lanham Act (P.L. 76-849, October 10, 1940) or Title III of Defense Housing and Community Facilities and Services Act of 1951 (P.L. 82-139, September 1, 1951);

(2) Loans and advances pursuant to Title V (First Advance Planning Program) of the War Mobilization and Reconversion Act of 1944 (P.L. 78-458, October 13, 1944) or the Act of October 13, 1949 (Second Advance Planning Program, P.L. 81-352);

(3) Functions transferred under Reorganization Plan 23 of 1950 or authorized under Sections 102, 102a, b, and c

of the Housing Act of 1948 (P.L. 80-901, August 10, 1948) as amended (Prefabricated Housing Loans);

(4) Notes or other obligations pursuant to the Alaska Housing Act (P.L. 81-52, April 23, 1949);

(5) Subsistence Homesteads and Greentowns (June 29, 1936 and May 19, 1949);

(6) Public War Housing under Title I of Lanham Act and Defense Housing under Title III of Defense Housing and Community Facilities and Services Act of 1951 (Public Law references in (1) above);

(7) Veterans' Reuse Housing under Title V of the Lanham Act (Public Law reference in (1) above). Amounts determined to be in excess of requirements were to be returned to the Treasury at least annually.

• Provided funds for an agency-wide Compliance staff in the Office of the Administrator; and also provided, "* * * and the Administrator's general supervision and coordination responsibilities under Reorganization Plan 3 of 1947 shall hereafter carry full authority to assign and reassign functions, to reorganize and to make whatever changes, including the reallocation and transfer of administrative expense funds and authority where applicable, necessary to promote economy, efficiency and fidelity in the operations of HHFA."

AMENDMENTS TO FARMERS HOME ADMINISTRATION

(Public Law 83-438, June 29, 1954)

• Increased the loan authority for farm housing and buildings by $8.5 million on and after July 1, 1954.

REORGANIZATION PLAN NO. 2 OF 1954, JULY 1, 1954

• Assigned to different agencies the liquidation of certain affairs of the Reconstruction Finance Corporation, including assignments to the Federal National Mortgage Association of the functions relating to mortgages made or acquired under the authority of the RFC Mortgage Company or the Defense Homes Corporation.

HOUSING ACT OF 1954

(Public Law 83-560, August 2, 1954)

Liberalization of FHA Regular Sales Housing Program

• Amended the FHA Section 203 regular sales housing mortgage insurance program to simplify the statutory limits on the amounts of mortgages which could be insured and to increase the limits on the amounts and terms of the mortgages. Statutory distinctions relating to existing housing were simplified and liberalized.

New Program for Low-Cost Homes in Disaster Areas (Section 203h)

• Discontinued the Section 8 insurance program for low-cost homes and disaster housing.

• Authorized a new program of FHA mortgage insurance to take the place of the previous Section 8 program, for single-family dwellings in suburban and outlying areas where it was found the project is an acceptable risk giving consideration to the need for low- and

moderate- income housing. Mortgages covering construction of farm homes could also be insured under the new program where the farm home was on a plot of land five or more acres in size adjacent to a public highway. The total outstanding insurance on farm mortgages could not exceed $100 million. The amount of a mortgage was limited to $6,650 and 95 percent of value if the mortgagor was the owner-occupant of the property, or $5,950 and 85 percent of value if the mortgagor was the builder.

Regular FHA Rental Housing Program

• Amended Section 207 of the National Housing Act, which authorized the regular FHA mortgage insurance program for rental housing, to make it clear it applied to existing multifamily structures located in slum or blighted areas.

• Permitted the mortgage limits on elevator type structures to be raised by the Federal Housing Commissioner to compensate for the higher costs incident to this type construction.

• Made special liberal provisions in the Section 207 rental housing program that were applicable to rental housing in Alaska applicable to Guam.

Cooperative Housing—FHA

• Raised FHA mortgage insurance limitations on cooperative housing mortgages and the cost basis was changed to a valuation basis.

• Struck the statutory provision for an Assistant Commissioner for Cooperative Housing.

New FHA Assistance for the Prevention and Rehabilitation of Slums

• Added a new Section 220 mortgage insurance program to assist rehabilitation of existing dwellings and the construction of new dwellings in slum clearance or urban renewal areas. The program covered one- to four-family dwellings and multifamily housing. A redevelopment plan or urban renewal plan must have been approved for the area and, in addition, in the case of an urban renewal area, the locality was required to have a "workable program" for the elimination and prevention of the spread of slums and urban blight which had been approved by the Housing Administrator.

• Added a new Section 221 program to provide FHA mortgage insurance for low-cost housing for families displaced as the result of governmental action in a community which had a workable program approved by the Housing Administrator for the elimination and prevention of the spread of slums and urban blight, or in a community where there was being carried out a slum clearance and urban redevelopment project covered by a Federal aid contract approved prior to the effective date of the Housing Act of 1954. The program was available only in communities which had requested it. Displaced families were given preferences and priorities of opportunity to purchase or rent Section 221 housing. The total number of Section 221 housing units could not exceed the aggregate number certified by the Housing Administrator to be needed for the relocation of displaced families.

• Made Section 221 financing available for new housing and for mortgages not exceeding 85 percent of value covering single-family homes, built, or acquired and repaired or rehabilitated for sale, if the financing was required pending subsequent sale to a qualified owner-occupant.

• Also made Section 221 mortgage insurance available for the repair or rehabilitation and construction of dwellings for use by 10 or more families as rental accommodations for displaced families where the mortgagor was a private nonprofit corporation, association, or organization regulated under Federal or State laws.

• Gave mortgagee lenders under the Section 221 program the option after 20 years if the loan was not in default of assigning the mortgage to FHA and receiving in exchange 10-year debentures equal to the original principal unpaid at assignment plus accrued interest.

FHA Interest Rate

• Made the maximum interest rate on FHA-insured mortgages 5 percent per annum or 6 percent if the Commissioner found it necessary to meet the mortgage market.

FHA Mortgage Insurance for Servicemen

• Added Section 222 to the National Housing Act to authorize FHA mortgage insurance for housing for servicemen in the Armed Forces and their families. Premiums on the insurance were to be paid by Secretary of Defense so long as the home was occupied by a serviceman. The program was also available to members of the U.S. Coast Guard, with premiums paid by the Secretary of the Treasury.

Insurance of Open-End Mortgages

• Added Section 225 to the National Housing Act to authorize FHA to insure advances for basic improvements or repairs of a home by a mortgagor where the advances were made pursuant to provisions in an open-end mortgage.

FHA Appraisals

• Added Section 226 to the National Housing Act to require that the amount of the FHA appraised value of a property should be made known to the purchaser of a home for his own occupancy prior to the sale. The requirement applied to single- and two-family residences and sellers or builders were required by FHA to give the purchaser this information.

FHA Military and Defense Housing Program

• Extended the Title VIII FHA military housing program for one year, to June 30, 1955.

• Gave the President stand-by authority up until July 1, 1955, to authorize the use of the FHA Title XI defense housing program during certain periods for specific projects.

• Required dwellings financed by Section 903 mortgages to be held for rental for at least three years.

• Terminated the Title VI program of insurance for rental housing for war workers.

FHA Authorizations

• Merged all FHA authorizations (except Section 2) into one general insurance authorization. The total authorization equalled the estimated amount of insurance in force and commitments outstanding, plus $1 ½ billion. With the approval of the President, the total authorization could be increased by amounts up to but not to exceed $500 million.

Prevention of Abuses of FHA Programs

• Provisions were contained in the Act to:

(i) prevent abuse of the home improvement and repair loan insurance program;

(ii) prevent "mortgaging out" by mortgagors where the mortgages financed new or rehabilitated multifamily housing, by requiring cost certification;

(iii) deny FHA insurance assistance in cases of abuses;

(iv) prohibit multifamily housing financed with FHA mortgage insurance from being used for hotel purposes; and

(v) prevent the private or unauthorized use of the initials "FHA" or the words "Housing and Home Finance Agency" and "Federal National Mortgage Association."

Federal National Mortgage Association Charter Act

• Rechartered the Federal National Mortgage Association and made provision for the gradual substitution of private investment for Federal investment in the capitalization of the Association and provision of funds for the purchase of mortgages.

• Authorized FNMA, under its new charter to:

(i) provide a secondary market for FHA and VA home loans, except those insured or guaranteed prior to the effective date of the Housing Act of 1954;

(ii) provide special assistance with respect to special housing programs, or to retard or stop a decline in mortgage lending and home building when authorized by the President; and

(iii) manage and liquidate the mortgage portfolio of the former FNMA.

(Special assistance function was terminated by the Housing and Urban-Rural Recovery Act of 1983, P.L. 98-181, November 30, 1983.)

• Included in the special assistance program authority to make commitments to purchase and to purchase home mortgages, including the new Section 221 mortgages for homes for displaced families where necessary.

• Required lenders selling mortgages to FNMA in its secondary market functions to make capital contributions to FNMA equal to not less than 3 percent of the unpaid principal amount of the mortgages involved, or such greater percentage as might be determined by FNMA. Common stock was to be issued to the mortgage sellers as evidence of their capital contributions. Initial capital was subscribed for by the Secretary of the Treasury (approximately $10 million) and preferred stock was issued to the Treasury.

• Required that, after all of the preferred stock of FNMA held by the Treasury had been retired, the Housing Administrator transmit recommendations to the President and the Congress for legislation placing the secondary market operations of FNMA on a privately-owned basis.

• Authorized FNMA to issue obligations for sale to the investing public in order to carry out its secondary market operations. The aggregate amount outstanding at any time could not exceed 10 times the sum of its capital, capital surplus, general surplus, reserves, and undistributed earnings. The Secretary of the Treasury was authorized to purchase the secondary market obligations of FNMA, but not more than $1 billion. This authority terminated when all of the capital stock held by the Treasury had been retired.

• Limited the total amount of purchases and commitments to purchase mortgages under FNMA's special assistance functions to $200 million outstanding at any one time. Also, under these operations, the President could authorize FNMA to enter into commitments to purchase immediate participations and to make related deferred participation agreements up to $100 million outstanding at any one time.

Voluntary Home Mortgage Credit Program (Title VI)

• Established a voluntary home mortgage credit program under which private financing institutions undertook to make mortgage credit available where needed, particularly in remote areas and small communities.

• Established a National Voluntary Credit Extension Committee, consisting of the Housing Administrator as Chairman, and 14 persons representing lending institutions, home builders, and real estate boards. (Regional subcommittees were appointed.)

Slum Clearance and Urban Renewal

• Broadened the slum clearance and urban redevelopment program of Title I of the Housing Act of 1949 to authorize Federal assistance to local communities not only in the clearance and redevelopment of slum areas but to help in preventing the spread of slums and urban blight through the rehabilitation and conservation of blighted and deteriorating areas.

• Changed the name of the program to "Slum Clearance and Urban Renewal."

• Provided that new contracts for Federal assistance to slum clearance and urban renewal could not be entered into unless the applicant community had presented and had approved a workable program for eliminating and preventing slums and urban blight.

• Continued the requirement that project areas be predominantly residential either before or after redevelopment, except that 10 percent of the grant authorization could be used for projects not meeting this requirement.

• Made Federal grants available for assistance of rehabilitation and conservation projects in accordance with the same two-thirds, one-third formula as for slum clearance and urban redevelopment projects.

• Provided FHA mortgage insurance assistance (Sections 220 and 221, supra) to assist in rehabilitation and in rehousing of families displaced by public action.

Low-Rent Public Housing

• Authorized new contracts for low-rent public housing to be entered into during FY 1955 for up to 35,000 additional units.

• Made new contracts available only for communities where a slum clearance and urban redevelopment or urban renewal project was being carried out with Federal assistance, and only if the local governing body of the community certified that the housing project was needed to assist in meeting the relocation requirements of the urban renewal law by providing housing for persons displaced by slum clearance operations.

• Required the community to have a workable program for eliminating and preventing slums and blight which had been approved by the Housing Administrator before the new contracts for public housing could be entered into.

• Provided that the total number of dwelling units provided for under the new contracts could not exceed the number of such units needed for the relocation of families displaced as a result of Federal, State, or local governmental action in the community.

• Broadened provisions in the public housing law requiring first preference in admission to public housing be given to families displaced by public housing or by a slum clearance or redevelopment project, to make them applicable to families displaced by other activities, such as the closing of substandard dwellings or demolition of dwellings by highway widening or bridge construction.

• Amended the payments in lieu of taxes provisions to assure that the tax payments would not reduce the local contributions to public housing below 20 percent of the Federal contributions. (Deleted by Section 404, Housing Act of 1964, P.L. 88-560.)

• Enacted provisions designed to make the public housing program self-liquidating so far as possible.

Urban Planning Grants

• Authorized the Housing Administrator to make grants to official State, metropolitan, or regional planning agencies empowered under State or local laws to perform planning work in metropolitan and regional areas, and to State planning agencies for the provision of planning assistance to cities and other municipalities with populations of less than 25,000. Planning to be assisted included surveys, land-use studies, urban renewal plans, and technical services. Grants could not exceed 50 percent of the estimated cost of the planning work.

• Authorized appropriations up to $5 million for the grants.

Planned Public Works

• Authorized the Housing Administrator, until July 1, 1957, to make advances to States, their agencies and political subdivisions for the planning of public works (other than housing) which conform to an overall State, local or regional plan approved by a competent State, local, or regional authority.

• Provided that the advances were repayable, without interest, if and when the construction of the public works contemplated by the advance was undertaken. If payment was not made promptly the unpaid amount of the advance would bear interest at the rate of 4 percent per annum from the date of Federal demand for repayment.

• Authorized up to $10 million to be appropriated for the program.

Public Facility Loans

• Amended the RFC Liquidation Act to authorize the Housing Administrator (formerly the President) to make the loans authorized by that Act to State and local public agencies for public facilities.

• Authorized appropriations up to $50 million to establish a revolving fund in the Treasury for the loans.

• Extended the termination of the program from June 30, 1955 to June 30, 1956.

Home Loan Bank Board

• Amended the Federal Home Loan Bank Act to increase from $20,000 to $35,000 the maximum home mortgage acceptable as collateral security for an advance by a Federal Home Loan Bank.

• Increased the maximum amount of a home loan made by a Federal savings and loan association from $20,000 to $35,000. Also, the maximum amount of an unsecured home repair and improvement loan in which a Federal savings and loan association could invest was raised from $1,500 to $2,500.

Builders' Warranty

• Directed the Federal Housing Commissioner to require that the builder or seller of a new home built with an FHA loan deliver to the purchaser or owner a warranty that the dwelling was constructed in substantial conformity with the plans and specifications (including approved amendments) on which the FHA valuation of the dwelling was based. The requirement applied to dwellings designed for not more than four families.

College Housing Loans

• Provided that the interest rate on college housing loans made by the Housing Administrator be determined on the basis of the going Federal rate in effect at the time the loan was approved, instead of the time the loan was executed, as previously required.

Defense Housing and Community Facilities

• Gave the President standby authority up until July 1, 1955, to designate periods when aid in the provision of defense housing and community facilities and services in critical defense areas under the Defense Housing and Community Facilities and Services Act of 1951 could be used.

Control of Lenders' Charges and Fees

• Repealed Section 504 of the Housing Act of 1950 (P.L. 81-475), which directed the Federal Housing Commissioner to limit and con-

trol the fees and charges imposed by lenders upon builders and purchasers. (It was stated that authority for the control of fees and charges was otherwise available.)

Farm Housing

• Made additional authorizations of (1) $100 million in loan funds for farm housing, (2) $2 million per annum in the amount of annual contribution commitments for housing on potentially adequate farms, and (3) $10 million for loans and grants for improvements and repairs on farm housing.

Advisory Committee

• Authorized heads of HHFA constituent agencies to establish advisory committees. (Formerly, under the Housing Act of 1949, this authority extended only to the Administrator.)

ADMINISTRATOR'S REORGANIZATION ORDER NO. 1, DECEMBER 23, 1954

• Established the Community Facilities Administration and the Urban Renewal Administration as constituents of the Housing and Home Finance Agency.

FHA INCREASE IN AUTHORIZATION

(Public Law 84-10, March 11, 1955)

• Provided an interim increase in authorization for all FHA loan insurance programs with the exception of the Title I home repair and improvement program, to continue the programs through June 30, 1955.

AE COMMUNITY ACT OF 1955

(Public Law 84-221, August 4, 1955)

• Authorized FHA to insure mortgages for the purchase of housing owned by the Atomic Energy Commission at Oak Ridge, Tennessee and Richland, Washington.

AMENDMENT TO DEFENSE PRODUCTION ACT

(Public Law 84-295, August 9, 1955)

• Continued the powers in the Defense Production Act for two years.

AMENDMENT TO TERMS FOR NATIONAL BANK REAL ESTATE LOANS

(Public Law 84-343, August 11, 1955)

• Lengthened the maximum term of residential real estate loans made by national banks from 10 to 20 years, and for their construction loans (residential or farm buildings) from six to nine months.

HOUSING AMENDMENTS OF 1955

(Public Law 84-345, August 11, 1955)

FHA Loan Insurance

• Increased the FHA loan insurance authorization by an amount estimated to be sufficient during FY 1956.

Rental Housing

• Increased the limit on the amount of a multifamily housing project mortgage insured by FHA from $5 million to $12.5 million in the case of private mortgagors in all multifamily FHA programs.

• Made rental housing projects with eight or more family units (rather than the previous requirement of 12 or more units) eligible for FHA- insured mortgages.

Cooperative Housing

• Directed the Federal Housing Commissioner to appoint a Special Assistant for Cooperative Housing.

• Authorized FNMA to enter into advance commitments to purchase FHA cooperative housing mortgages, limited to $50 million outstanding at any one time and $5 million per State.

• Permitted the maximum amount of an FHA-insured mortgage financing cooperative housing to be determined on the basis of "replacement cost" of the project rather than "estimated value."

• Made FHA mortgage insurance available to assist cooperatives in the purchase of housing being disposed of by the Government.

FHA Section 220 Housing in Slum Clearance or Urban Renewal Areas

• Permitted the maximum amount of an FHA-insured Section 220 mortgage financing the construction of housing in slum clearance or urban renewal areas to be determined on the basis of "replacement cost" of the housing rather than "estimated value" where the housing was new construction. In the case of rehabilitated housing the maximum amount of the mortgage continued to be based on "value."

FHA Section 221 Housing for Displaced Families

• Removed the requirement that builders of single-family homes financed with Section 221 mortgages must provide cost certifications.

FHA Mortgage Insurance for Trailer Courts

• Authorized FHA to insure mortgages on trailer courts (but not the trailers). Required the projects to be economically sound.

Defense Housing Mortgage Insurance

• Continued the availability of FHA Title IX defense housing mortgage insurance for any commitments by FHA outstanding on August 1, 1955 to insure such mortgages.

FHA Military Housing (Capehart Housing)

• Authorized a new FHA mortgage insurance program for housing for military personnel, including the Coast Guard, and contin-

ued the previous program for certain mortgages. The new program was made available until September 30, 1956, with a separate insurance authorization.

• Authorized FNMA to make advance commitments to purchase the new Title VIII military housing mortgages up to a total amount outstanding at any one time of $200 million.

Slum Clearance and Urban Renewal

• Increased the capital grant authorization for Federal assistance to slum clearance and urban renewal by $200 million as of July 1, 1955, and an additional $200 million after June 30, 1956. The President was also authorized to provide an additional $100 million of authorization.

• Increased the limit on State allocations of grants.

• Authorized Federal loans and advances (but not grants) to assist the redevelopment of either predominantly open land or open land for industrial or other nonresidential uses.

Public Housing

• Authorized the Public Housing Administration to enter into new contracts for the assistance of up to 45,000 additional low-rent public housing units prior to July 31, 1956.

• Removed certain requirements of the Housing Act of 1954 (P.L. 83-560) which had to be met by local communities before a contract for Federal aid to low-rent public housing could be entered into. (See 1954 Act, supra for these requirements.)

Home Loan Bank Board

• Separated, effective August 11, 1955, the Home Loan Bank Board (including the Federal Savings and Loan Insurance Corporation) from the Housing and Home Finance Agency and established it as an independent agency.

• Changed the name to the Federal Home Loan Bank Board.

Planning Advances

• Eliminated the July 1, 1957 expiration date for the Section 702 (Housing Act of 1954, P.L. 83-560) advance planning program.

• Authorized the Housing Administrator to establish a revolving fund for the making of planning advances to local agencies for the preparation of a "reservoir" rather than a "shelf" of planned public works.

• Authorized additional amounts to be appropriated to the revolving fund for three fiscal years. In addition, there was authorized to be appropriated such amounts from year to year after July 1, 1958, as might be necessary to maintain not to exceed a total of $48 million in outstanding advances. Public agencies would be required to repay only proportionate amounts of advances when only a portion of a planned project was undertaken.

New Public Facility Loan Programs

• Authorized the Housing Administrator to purchase obligations of, and make loans to, States, municipalities and other political subdivisions of States, public agencies and instrumentalities of one or more States, municipalities and political subdivisions of States,

and public corporations, boards and commissions established under State laws, to finance specific public projects under State or municipal law. No loan could be made unless the assistance applied for was not otherwise available on reasonable terms, and the securities and obligations purchased were required to be of such sound value or secured as to assure retirement or repayment. Loans could be made either directly or in cooperation with banks or other lending institutions. Maturities of the loans were limited to 40 years.

• Required priority in processing applications for loans to be given to municipalities with a population of less than 10,000, for assistance in the construction of "basic public works" urgently and vitally needed.

• Authorized funds for the loans to be obtained through Treasury borrowings. Treasury borrowings outstanding at any one time could not exceed $100 million.

• Terminated the public facility loan program under the Reconstruction Finance Corporation Liquidation Act.

(New contracts under these programs were prohibited after January 1, 1975, by the Housing and Community Development Act of 1974, P.L. 93-383, August 23, 1975.)

College Housing Loans

• Authorized college housing loans to be made not only for housing, but also for "other educational facilities," such as cafeterias, student centers or student unions, infirmaries or other health facilities, and other essential service facilities.

• Permitted loans to be made to junior colleges and nonprofit corporations established by colleges for the sole purpose of providing housing or educational facilities for the students or faculty.

• Prohibited loans if the educational institution could obtain funds from private lending sources upon terms "equally as favorable" as the terms of the Government loan. (Prior to this change the educational institutions were required to show that they could not secure the funds from private sources upon terms and conditions "generally comparable" to the terms and conditions applied to Government loans.)

• Increased maximum term of a loan from 40 years to 50, with interest rates lower than under previous provisions of the program. The new interest rates established by the Administrator could not exceed the higher of 2.75 percent or 0.25 percent more than the Treasury interest rate to him.

• Increased the limit on the Treasury borrowing authorization to provide funds for loans from $300 million to $500 million, of which no more than $100 million could be used for "other educational facilities."

Farm Housing

• Provided additional authorization for loans and subsidies to farm housing.

LANHAM ACT PERSONAL PROPERTY

(Public Law 84-349, August 11, 1955)

• Authorized the HHFA Administrator to sell any personal property held under the Lanham Act (not sold with a project or building) at fair value to any agency organized for slum clearance or to provide subsidized housing for low-income persons.

AMENDMENTS TO NATIONAL HOUSING ACT

(Public Law 84-405, February 10, 1956)

• Authorized FHA Title I loan insurance for loans to repair new homes damaged by major disaster.

DISPOSAL OF AEC HOUSING

(Executive Order 10657, February 14, 1956)

• Transferred to the Housing and Home Finance Administrator the functions of disposal of Government-owned housing at Oak Ridge, Tennessee, and Richland, Washington.

RELOCATION PAYMENTS

(H. Report 84-2303, June 11, 1956)

• Subcommittee of House Select Committee on Small Business recommended that the Housing and Home Finance Administrator be authorized to make payments up to $50,000 to small business concerns to compensate them for business losses occasioned by their displacement in an urban renewal area.

AMENDMENT TO NATIONAL HOUSING ACT

(Public Law 84-574, June 13, 1956)

• Made FHA Title VIII mortgage insurance available for homes for essential civilian employees of the armed services at research and development installations.

AMENDMENTS TO THE ATOMIC ENERGY COMMUNITY ACT OF 1955

(Public Law 84-802, July 25, 1956)

• Permitted the Housing and Home Finance Administrator to make advances for necessary repairs, rehabilitation or enlargement of single and duplex residential properties at Oak Ridge and Richland bought by priority purchasers.

• Authorized the Administrator to finance the purchase of commercial property by lessees if private financing were not available on reasonable terms.

FEDERAL FLOOD INSURANCE ACT OF 1956

(Public Law 84-1016, August 7, 1956)

• Directed the Housing and Home Finance Administrator to establish a system of indemnification for losses sustained in flood and tidal disaster; to reinsure private insurance coverage of such losses; and to assure a line of credit, where necessary, for the restoration

and reconstruction of properties damaged or lost as a result of flood.

• Provided for establishment of a Federal flood insurance plan, a Federal flood reinsurance program, and a Federal loan contract program covering flood losses.

HOUSING ACT OF 1956

(Public Law 84-1020, August 7, 1956)

FHA Title I Home Repair and Improvement Program

• Raised the maximum amount of a loan for improvement of existing single-family and nonresidential structures from $2,500 to $3,500.

• Authorized FHA to increase the maximum maturity of such loans from three years to five years if it was determined to be in the public interest.

• Raised the limits on a loan for the improvement of multifamily structures from $10,000 to $15,000 with an average limit of $2,500 per family unit.

• Established a maximum rate for Title I loans of 5 percent a year, discounted, on the amount of the loan up to $2,500, and 4 percent on that portion in excess of $2,500.

FHA Mortgage Insurance

• Permitted the FHA Section 203 maximum ratio of loan to value for a mortgage on a dwelling more than a year old to be the same as for a new home.

• Increased the maximum amount of a mortgage financing disaster housing from $7,000 to $12,000.

• Increased the dollar and per-room limits on FHA Section 207 rental housing mortgages, and the maximum ratio of loan to value from 80 percent to 90 percent of the estimated value of the project.

FHA Housing for the Elderly

• Permitted the downpayment on the purchase of a home by a person 60 years of age or over to be made by a corporation or person other than the mortgagor where the mortgage was insured by FHA under its Section 203 program.

• Added a provision to the Section 207 FHA rental housing program which permitted the maximum amount of a mortgage to be 90 percent of replacement cost instead of 90 percent of value where the mortgage financed a project for the elderly and the mortgagor was a nonprofit organization. The mortgage could finance new construction or rehabilitation.

• Directed the Housing and Home Finance Administrator to establish an advisory committee on housing for the elderly.

Cooperative Housing

• Reduced the percentage of veteran membership required to qualify a cooperative for the most liberal limits on an FHA-insured cooperative housing mortgage from 65 percent to 50 percent.

• Permitted World War I veterans to be counted in determining the percentage.

• Increased the dollar limits per room on cooperative housing mortgages insured under the Section 213 program by not to exceed $1,000 per room in high cost areas.

• Authorized FHA to insure mortgages under the Section 213 cooperative housing program where the mortgagor-builder certified that upon completion of the project it intended to sell the project to a nonprofit cooperative. Builder's profit could be included.

Mortgage Insurance Authorization

• Fixed the general mortgage insurance authorization of FHA at $3 billion outstanding at any one time plus the amount of principal balances of insured mortgages and commitments as of July 1, 1956.

• Made clear that the Title VIII military housing authorization was separate from the general mortgage insurance authorization.

Section 220 Housing in Urban Renewal Areas

• Provided that replacement cost could include an allowance for builder's and sponsor's profit and risk of 10 percent of all of the allowable cost items except the land, in estimating replacement cost to determine the maximum amount of a mortgage which could be insured by FHA on Section 220 urban renewal housing.

• Made clear that increases in mortgage amounts permitted for high cost areas under Section 220 could apply to garden type apartments as well as elevator type projects.

Section 221 Housing for Displaced Persons

• Liberalized the Section 221 program for low-cost housing for families displaced by urban renewal or other governmental action, by increasing the dollar limits on the mortgages, increasing the loan-to- value limit from 95 percent of appraised value to 100 percent and changing the maximum maturity from 30 to 40 years.

Cost Certifications

• Clarified and expanded the requirements for cost certification to FHA with respect to multifamily housing.

FNMA

• Removed the $15,000 per dwelling unit limit on the amount of an FHA mortgage which could be purchased by FNMA with respect to FHA Title VIII military housing mortgages, and mortgages covering houses in Alaska, Guam, or Hawaii.

• Reduced the amount of FNMA common stock which sellers of mortgages to FNMA under its secondary market operations were required to buy from 3 percent of the unpaid principal of the mortgages sold to FNMA to 2 percent. FNMA was given authority to raise or lower the percentage except that it could not be less than 1 percent.

• Required FNMA purchase prices in its secondary market operations to be "within the range of market prices" rather than "at the market price" as previously provided.

• Required the price paid by FNMA for mortgages purchased under its special assistance operations to be not less than 99 (with adjustments for interest and comparable items) for a period of one year after the date of enactment of this Act.

• Gave FNMA new authority to make advance commitments to purchase mortgages under its secondary market operations. The commitments could be issued only at prices which were sufficient to facilitate advance planning of home construction, but which were sufficiently below the price then offered by FNMA for immediate purchase to prevent excessive sales to FNMA pursuant to the commitments.

• Made clear that the FNMA $5 million advance commitment limit per State for FHA Section 213 cooperative housing mortgages should operate as a revolving fund.

Urban Renewal

• Added provisions to Title I of the Housing Act of 1949 (P.L. 81-171) to authorize the making of relocation payments to individuals, families, and business concerns displaced by an urban renewal project respecting which a contract for a Federal capital grant had been executed. They were to cover the reasonable and necessary moving expenses and any actual direct losses of property, except good will or profit, which were incurred on and after the enactment of this Act resulting from displacement by an urban renewal project. They could not exceed $100 in the case of an individual or family, or $2,000 in the case of a business concern. The capital grant for the urban renewal project was to be increased by the amount of the relocation payments so that no part of the relocation payments would be required to be contributed as part of the local grants-in-aid. Contracts for Federal capital grants which had been executed prior to enactment of the 1956 Act could be amended to provide relocation payments incurred on or after that date.

• Authorized the Housing and Home Finance Administrator to make urban renewal planning advances to a single local public body acting on behalf of all the local public bodies having authority for surveys and plans for an urban renewal project.

• Authorized the Housing and Home Finance Administrator to make advances to local public agencies for the preparation of "General Neighborhood Renewal Plans" for urban renewal areas of such scope that urban renewal activities might have to be carried out in stages, over a period of not more than 10 years, rather than as a single project.

• Authorized the Housing Administrator to make advances to local public agencies for surveys of urban areas to determine whether the undertaking of urban renewal projects in the areas might be feasible.

• Simplified the definition of "urban renewal project" by consolidating the provisions relating to slum clearance and redevelopment with those relating to rehabilitation and conservation. The requirement that an urban redevelopment area (with certain exceptions) had to be either predominantly residential to begin with or else be redeveloped for predominantly residential uses was made applicable to the urban renewal area as a whole rather than only to those parts which were to be cleared and redeveloped, as was previously the case.

• Increased the limit on the aggregate amount of capital grant contracts which could be entered into without regard to the 10 percent limitation on the expenditure of funds in any one State from

$70 million to $100 million in States where more than two- thirds of the maximum capital grants permitted had been obligated.

• Added provisions to the urban renewal law to make urban renewal assistance more quickly available in disaster areas.

• Provided that local grants-in-aid, together with the local grants-in-aid to be provided in connection with all other projects, should not be required in excess of one-third of the aggregate net project costs of all projects of the local public agency on which contracts for capital grants had been made.

Urban Planning

• Amended the urban planning law to permit Federal urban planning grants for a community affected by a major disaster without regard to the fact that the community's population was 25,000 or more.

Low-Rent Public Housing

• Authorized new contracts for loans and annual contributions for not more than 35,000 additional low-rent public housing units each year for two years. Any balance of the existing authorization which was not utilized by July 31, 1956, was also made available.

• Provided that no new contract for public housing assistance could be entered into unless the locality had a workable program for the prevention and elimination of slums which had been approved by the Housing Administrator.

• Increased the limit on annual contributions and grant funds for public housing which could be made to any one State from 10 percent to 15 percent of the total amount of such contributions and grant funds.

• Made low-income elderly single persons (65 years of age or over) eligible for admission to low-rent public housing.

• Authorized assistance to the construction of new housing or the remodeling of existing low-rent public housing in order to provide accommodations designed specifically for the elderly.

• Allowed the elderly to be given first preference in admission to public housing suitable to their needs, and they were not required to come from substandard dwellings as in the case of other tenants admitted to public housing.

• Permitted the maximum cost per room for dwellings designed specifically for the elderly to be $500 more than the maximum permissible for other public housing.

• Directed the Public Housing Administration to transfer farm labor camps without monetary consideration to any local public housing agency whose area of operation included a farm labor camp, for use first by low-income agricultural workers and their families and, second, by other low-income persons and their families.

Disposition of Defense Housing

• Transferred certain defense housing projects from the Housing Agency to the Department of Defense. Housing constructed under the Defense Housing Act of 1951 (P.L. 82-139) which was not transferred was required to be disposed of not later than June 30, 1957.

Disposition of Permanent War Housing

• Added provisions to the Lanham Act designed to accelerate the disposition of permanent war housing.

FHA Title VIII Military Housing

• Continued this mortgage insurance program to June 30, 1958, and increased the mortgage insurance authorization to $2,300,000,000.

• Increased the limit on monthly payments which the Secretary of Defense could make for the payment of principal, interest, and other obligations on Title VIII housing mortgages from $9 million to $21 million.

College Housing Loan Fund

• Increased the revolving loan fund for college housing and other educational facilities from $500 million to $750 million.

Research Program

• Directed the Housing Administrator to conduct a research program designed to develop and supply data and information on the housing inventory, mortgage market problems, the availability of low-income and middle-income housing, housing for elderly persons, residential design, assembly methods, and materials use, and characteristics of current and prospective housing market demand.

Loans by Federal Savings and Loan Associations

• Raised the limit on property alteration, repair or improvement loans made by Federal savings and loan associations from $2,500 to $3,500.

• Permitted the associations to increase from 15 to 20 percent the proportion of their assets that could be loaned without regard to the $35,000 loan amount limit for any one property and without regard to the 50 mile area limit.

Hospital Construction

• Temporarily revised and extended to June 30, 1958 the authority to make hospital construction loans or grants or other payments under the Defense Housing and Community Facilities Act of 1951 (P.L. 82-139), in cases where the loans, grants or payments were denied because of the unavailability of funds.

ADMINISTRATOR'S ORGANIZATION ORDER NO. 1, SEPTEMBER 28, 1956

(Redesignated No. 2 on December 7, 1956)

• Established the Federal Flood Indemnity Administration.

• (The Federal Flood Indemnity Administration suspended operations because Congress refused funds for starting its operations, June 30, 1957.)

FNMA OPERATIONS

(Public Law 85-10, March 10, 1957)

• Increased FNMA's authority to borrow for its secondary market operations.

• Increased its revolving fund for special assistance to FHA-insured cooperative housing mortgages.

PROPOSED "INSURED DEBENTURE FINANCING ACT"

(Committee Print, 85th Cong., March 29, 1957)

• The Subcommittee on Housing, House Committee on Banking and Currency, proposed the "Insured Debenture Financing Act," to permit the development of a form of investment security "better suited than a real estate mortgage to the needs of substantial sources of investment capital (such as pension trusts, college endowments, and similar funds) which in the past, have not placed any substantial portion of their assets in housing investments."

VOLUNTARY HOME MORTGAGE CREDIT PROGRAM

(Public Law 85-66, June 29, 1957)

• Extended the Voluntary Home Mortgage Credit Program until August 15, 1957.

RFC PUBLIC AGENCY LOANS TRANSFERRED TO HHFA

(Reorganization Plan No. 1, July 1, 1957)

• Transferred to the Housing and Home Finance Agency the remaining functions of the RFC in connection with its portfolio of public agency loans.

HOUSING ACT OF 1957

(Public Law 85-104, July 12, 1957)

Amendments to FHA Insurance Programs

• Reduced downpayments required for purchase of FHA housing under its Section 203 mortgage insurance program to permit insurance of loans which did not exceed 97 percent of the first $10,000 of the appraised value of the property, plus 85 percent of the value in excess of $10,000, but 70 percent of value in excess of $16,000.

• Provided that loans insured under Section 203 (i) covering housing in suburban and outlying areas could not exceed $8,000 and the downpayment could be 3 percent of the value of the property where the mortgagor was the owner-occupant of the property.

• Amended the Section 220 urban renewal housing program to permit downpayments to be 3 percent of the first $10,000 of replacement costs of the property, plus 15 percent of the next $6,000, and 30 percent in excess of $16,000 (the same as Section 203(b) except the ratio was based on replacement cost rather than value).

• Amended the Section 222 mortgage insurance program for housing for servicemen in the same way as the Section 203(b) program.

FHA Farm Housing Program

• Repealed the FHA Section 203(d) special farm housing mortgage insurance provision.

FHA Housing for the Elderly

• Raised the maximum amount of a mortgage financing elevator-type rental housing for the elderly to $8,400 per family unit where the mortgagor was a nonprofit organization.

• Amended Section 207 to make it clear that units could be designed for and occupied by single elderly persons.

Amendments to Federal National Mortgage Association

• Limited the amount of FNMA stock a mortgage seller had to purchase under FNMA's regular secondary market operations to 2 percent. (Previously there was no limit except that the stock purchase could not be less than 1 percent of the mortgage amount.)

• Increased the amount of FNMA preferred stock which could be held by the United States Treasury by $65 million, thereby increasing mortgage purchase authority.

• Increased the amount of FNMA obligations which could be purchased by the United States Treasury from $1.35 billion to $2.25 billion.

• Required FNMA purchases of mortgages under its special assistance program to be at par, until August 8, 1958. (Previously FNMA was required to purchase at 99 or more.)

• Limited FNMA's fees and charges for special assistance purchases to 1 ½ percent of the unpaid principal amount of a mortgage, not more than half to be collected at the time of the commitment to purchase.

• Increased authority available to FNMA under its special assistance functions to $450 million, at the discretion of the President.

• Increased the special assistance authority for FHA Section 213 cooperative housing from $100 million to $200 million. $50 million of the total authorization was reserved for consumer cooperatives.

• Increased the special assistance authority for FHA Title VIII military housing from $200 million to $450 million and part of the authorization was made available for housing for essential civilians at military research and development centers.

Urban Renewal

• Increased the capital grant authorization for slum clearance and urban renewal by $530 million.

• Provided an alternative basis for calculating the Federal capital grants that could be paid to urban renewal projects. In place of the 2/3 Federal to 1/3 local grant formula for a project, the local public agency could choose a 3/4 Federal to ¼ local grant formula, if the community bears all expenses of planning, surveys, legal services, and administrative costs.

• Increased the proportion of the urban renewal capital grant authorization that could be allocated within any one State from 10 to 12 ½ percent.

• Authorized the Housing Administrator to permit local public agencies to make relocation payments in fixed amounts (up to $100) to individuals and families without the necessity of investigating the actual costs incurred in each case.

• Raised the limit on relocation payments to individual business concerns from $2,000 to $2,500.

Public Housing

• Changed the income limits for continued occupancy of public housing by permitting an exemption from the net income of the family to be allowed for minors (other than the head of the family and his spouse) of either $100, or all or part of the minor's annual income.

• Increased the cost limits per room of public housing from $1,750 to $2,000 for regular units, and from $2,250 to $2,500 per room for units for elderly persons.

• Enabled public housing to be built by either conventional or any of various prefabrication techniques.

• Required specifications for public housing to follow the principle of modular measure in every case deemed feasible by the local public housing agency.

College Housing

• Increased the college housing loan authorization by $175 million. Limited the specified amount for hospitals training nurses and interns to $25 million.

Farm Housing Research

• Directed the Housing Administrator to carry out a program for the study of farm housing in the United States. The study was to be conducted by land-grant colleges financed with grants made to them by the Administrator.

• Authorized grant authority of $300 million in each of FYs 1958 and 1959. (Authority expired June 30, 1959. $75,000 was appropriated for FY 1958 (P.L. 85-170, August 28, 1957), without providing administrative expense authorization and program was not implemented by HHFA.)

FHA Mortgages

• Directed the Federal Housing Commissioner and the Veterans' Administrator to fix reasonable limits on the charges, fees, and discounts imposed upon the builder, seller, or purchaser, in connection with the financing of the construction or sale of housing covered by an FHA mortgage.

Urban Planning Grants

• Authorized the Housing Administrator to make matching urban planning grants to (1) official governmental planning agencies for areas threatened with rapid urbanization as a result of the establishment or rapid and substantial expansion of a Federal installation, and (2) State planning to be used for the provision of planning assistance to such areas.

Exchange of Data with Foreign Countries

• Directed the Housing Administrator to exchange data relating to housing and urban planning and development with other nations where the exchange is deemed by him to be beneficial to the programs of the Housing Agency.

EXECUTIVE ORDER 10734

(October 17, 1957)

• Amended and clarified certain provisions of EO 10657 (February 14, 1956) in which the functions of disposing of AEC communities were transferred to HHFA.

EXPEDITION OF PUBLIC WORKS

(Presidential Letter to the Housing Administrator and the Secretary of Agriculture, March 19, 1958)

By letter, the President:

• Released $100 million of reserved balance for the public facility loan program and instructed that preference by given to loans for projects ready for immediate construction.

• Liberalized the public facility loan program by extending eligibility for loans to larger communities and by broadening the categories of public works eligible for loans.

• Instructed the Housing Administrator to expedite construction of college housing, structures on urban renewal sites, and low-rent public housing.

1958 EMERGENCY HOUSING ACT

(Public Law 85-364, April 1, 1958)

Stimulative Measures

• Reduced downpayments on FHA Sections 203 and 220 sales housing.

• Increased by $500 million the FNMA special assistance fund for purchase of home mortgage which were not otherwise marketable, and for the purchase of mortgages generally as a means of aiding and maintaining the stability of a high-level national economy, and created a new FNMA special assistance revolving fund of $1 billion for the purchase of FHA and VA mortgages not exceeding $13,500 on new homes.

• Provided an additional $50 million for FNMA special assistance to FHA military housing and housing at research and development centers.

• Increased from 4 to 4 ½ percent the interest rate ceiling on FHA Section 803 military housing mortgages.

• Repealed the requirement that FHA control discounts on FHA home loan mortgages.

• Strengthened the Voluntary Home Mortgage Credit Program to provide housing credit for veterans living in rural areas and small cities and towns. Authorized special commitments to builders or sponsors who would construct dwellings in areas determined by the Administrator to be "housing credit shortage areas," and to veterans purchasing homes in such areas.

FHA MORTGAGE INSURANCE AUTHORIZATION

(Public Law 85-442, June 4, 1958)

• Increased FHA mortgage insurance authorization by $4 billion.

HOUSING STIMULATION PRESIDENTIAL ANNOUNCEMENT, AUGUST 27, 1958

• Announced that in the absence of legislation authorizing further Federal assistance for urban renewal, college housing and other recommendations to stimulate housing construction with private capital, he was:

a. Releasing $100 million for urban renewal.

b. Directing that available public facility loan funds be channeled to smaller applicants without established credit in private markets.

HOUSING ACT OF 1959—VETOED

(S. 86-57; S. Doc. 86-34, July 7, 1959)

• Congress passed S. 57, the Housing Act of 1959 an omnibus bill which, among other things, would have extended and increased authorizations for FHA insurance, urban renewal, FNMA special assistance, public housing and college housing. The bill would also have authorized new programs of direct loan assistance for housing for the elderly, and for the construction of college classrooms, laboratories and similar facilities.

• The President returned the bill to the Senate without his approval, on five grounds, namely that the bill:

1. Was extravagant, citing especially the amounts proposed for urban renewal, public housing and college classroom loans.

2. Was inflationary.

3. Would tend to substitute Federal spending for private credit, citing especially the requirement that FNMA purchase mortgages at par under its special assistance program.

4. Would needlessly limit FHA, and might impair the soundness of its insurance programs.

5. Was discriminatory and unfair, especially in connection with certain non-cash grant-in-aid credits proposed to be allowed in the urban renewal program.

HOUSING ACT OF 1959—VETOED

(S. 86-2539, H. Doc. 86-52, September 4, 1959)

• Congress passed S. 2539, the Housing Act of 1959. The bill was substantially similar to S. 57 (see above), but contained numerous deletions and modifications, said to be responsive to the objections of the President in his veto message on the previous bill, as well as certain additions.

• The President returned the bill to the Senate without approval. His message again stressed his view that the bill contemplated excessive expenditures, and renewed his objections to the provisions relating to public housing and to loans for housing for the elderly and for college classrooms and related facilities.

HOUSING ACT OF 1959

(Public Law 86-372, September 23, 1959)

Amendments to FHA

• Increased the general mortgage insurance authorization of FHA by $8 billion.

• Increased the statutory limits on interest rates on FHA insured mortgage:

(i) from 4 ½ percent to 5 ¼ percent on Section 207 rental housing mortgages and management-type cooperative housing mortgages, and

(ii) from 5 percent to 5 3/4 percent for sales-type cooperative housing mortgages.

• Raised the dollar limits and loan to value (replacement cost under Section 220) limits on FHA Section 203 and 220 sales housing mortgages, resulting in a decrease in downpayments for houses valued over $13,500.

• To facilitate trade-in financing by avoiding duplicate closing costs, permitted the maximum insured mortgage loan for a non occupant owner to be as high as that for an occupant owner, but the non occupant owner was required to place 15 percent of the mortgage proceeds in escrow pending the sale of the property to an occupant owner within 18 months.

• Changed the FHA Section 203(i) mortgage insurance program for low-cost housing in outlying areas by increasing the dollar limit on the amount of a mortgage from $8,000 to $9,000, by making existing housing eligible for insurance under the program, by permitting FHA to accept VA construction inspections, and by removing a separate insurance ceiling on certain farm housing.

• Raised the dollar limit on a Section 207 rental housing mortgage from $12,500,000 to $20 million and also increased the per-room and per-unit limits.

• Increased the $1,000 per space, $300,000 mortgage limits for trailer courts to $1,500 and $500,000, respectively.

• Increased the limits on the amounts of FHA management-type cooperative housing mortgages and made existing housing purchased by a management-type cooperative eligible for FHA cooperative housing mortgage insurance.

• Permitted the mortgage of an investor building for sale to a management type cooperative to include commercial and community facilities adequate to serve the project. (Previously this was permitted for management-type cooperatives only.)

• Permitted FHA-insured mortgages for sales-type cooperatives to include community facilities adequate to serve the housing.

• Authorized FHA to extend the time for curing a mortgage default covering a one- to four-family residence and to protect the lender against any interest losses resulting from the extension. In order to avoid foreclosure, authorized FHA to acquire a defaulted mortgage on a one- to four-family residence and to issue to the mortgagee debentures in an amount necessary to protect the mortgagee against loss.

• Raised the FHA Section 222 mortgage limits on housing for servicemen from $17,100 to $20,000, except, where a home met the

standards of the Section 203(i) program for homes in outlying areas, the Section 203(i) $9,000 limit applied.

• Made the increases in FHA mortgage limits available for housing in Alaska, Guam, and Hawaii.

• Authorized the termination of home mortgage insurance where there was mutual agreement between the mortgagee and mortgagor without the necessity, as previously required, of paying off the mortgage, thus avoiding refinancing expenses.

• Repealed a separate insurance authorization ceiling for FHA's yield insurance program.

FHA Armed Services Housing

• Continued the FHA Title VIII military housing program until October 1, 1961, and raised the maximum term of a mortgage from 25 to 30 years. Permitted the mortgage to cover the cost of non dwelling facilities.

• Authorized a new Section 810 program to provide up to 5,000 units of housing for military and essential civilian personnel, including those at AEC and NASA installations. If FHA determined the housing was not an acceptable risk it could require the Secretary of Defense to guarantee the FHA insurance fund against loss.

• Authorized the Secretary of Defense to acquire FHA Section 207 rental housing completed before July 1, 1952, which was situated adjacent to a military installation and which was certified as necessary military housing prior to construction.

FHA Section 220 and Section 221 Mortgage Insurance

• Raised limits on FHA Section 220 urban renewal housing mortgages consistent with the changes in the Section 203 and 207 regular mortgage insurance programs made by the law. The trade-in provision was also made applicable to the Section 220 housing.

• Encouraged exterior land improvements for rental housing projects in urban renewal areas by permitting them to be included in the Section 220 mortgage without being computed as part of the per-room or per- unit cost limits.

• Permitted to be included in a Section 220 mortgage were such non dwelling facilities as the FHA deemed adequate to serve the project occupants and other housing in the neighborhood.

• Made the Section 221 mortgage insurance program available to families displaced from within the environs of a community that has "a workable program" for the prevention and elimination of slums.

• Increased the limit on the amount of a Section 221 mortgage covering a single-family home in a high-cost area from $10,000 to $12,000.

• Made two-, three-, and four-family structures eligible for Section 221 sales housing mortgage insurance where the owner agreed to rent the additional units to families displaced by urban renewal or other governmental activities. The minimum downpayment for owner-occupants was $200 per family dwelling. For non occupant owners, the amount of the mortgage was limited to 85 percent of value.

• Made profit-motivated corporations eligible for FHA Section 221 rental housing mortgages. The mortgage could not exceed $12,500,000 nor 90 percent of replacement cost in the case of new construction and 90 percent of value after repair and rehabilitation were completed in the case of rehabilitated housing.

Housing for the Elderly

Insurance

• Enacted a new Section 231 FHA mortgage insurance program for both nonprofit and profit-making rental housing for the elderly. The property could include such commercial and special facilities as FHA deemed adequate.

• Limited the amount of a mortgage to $12,500,000, except that it could be up to $50 million where the mortgagor was a public instrumentality or nonprofit organization subject to certain governmental controls. In the case of a public or nonprofit mortgagor the mortgage was limited also to 100 percent of the estimated replacement cost if the construction was new and 100 percent of estimated value if the structures were being rehabilitated. In the case of the a profit-motivated mortgagor it was 90 percent.

Section 202 Direct Loans

• Authorized the Housing Administrator to make direct Federal loans for rental housing for the elderly to private nonprofit corporations. The property could be new or rehabilitated rental housing structures and could include dining halls, community rooms, infirmaries, and other essential service facilities.

• Limited a loan to not more than 98 percent of the total development cost and limited the interest rate to the higher of (i) 2 3/4 percent or (ii) a rate derived by adding ¼ of one percent to the average annual interest rate on all interest bearing obligations forming a part of the Federal debt.

• Limited the term of a loan to not more than 50 years.

• Authorized up to $50 million to be appropriated to a revolving fund for the program. Not more than $5 million of the fund could be outstanding at any one time for "related facilities."

FHA Nursing Homes

• Authorized a new program of FHA mortgage insurance for privately-owned nursing homes. The property could be new or rehabilitated.

• Limited the amount of a mortgage to $12,500,000 and 75 percent of estimated value.

• Limited the maximum interest rate to 5 percent, or 6 percent if found necessary to meet the mortgage market.

Low-Rent Public Housing

• Authorized contracts for an additional 37,000 units of low-rent public housing.

• Eliminated the statutory ceilings on family income for both admission and continued occupancy of low-rent public housing.

• Authorized the local housing agency, with Public Housing Administration approval, to establish income limits and rent limits.

Federal National Mortgage Association

• Authorized an additional $25 million for special assistance by FNMA for FHA cooperative housing mortgages. Half of the increase was for consumer cooperative mortgages, and half for builder-sponsor cooperatives.

• Removed previous limits on the amounts of fees and charges FNMA could impose under its special assistance program.

• Raised the limit on the amount of a mortgage which could be purchased by FNMA from $15,000 (for each dwelling unit covered by the mortgage) to $20,000 if purchased in its secondary market operations, and from $15,000 to $17,500 if purchased in its special assistance program; FHA Section 220 urban renewal housing was excepted from the dollar limits.

• Permitted advance commitments by FNMA to purchase mortgages in its secondary market operations with respect to mortgages covering existing housing in addition to new housing.

• Authorized FNMA to invest in obligations which were lawful investments for fiduciary, trust, or public funds. (Previously it was restricted to government obligations and government-guaranteed obligations.)

• Directed FNMA to renew any special assistance commitment issued prior to August 27, 1958, if it was established that hardship would otherwise occur and that failure to deliver the mortgage on time was beyond control of the mortgage seller.

Urban Renewal

• Increased the urban renewal capital grant authorization by $350 million, and by an additional $300 million to be available on July 1, 1960.

• Increased the amount of the urban renewal grant authorization available for nonresidential redevelopment projects from 10 percent to 20 percent effective the date of approval of the law.

• Removed the 12 ½ percent ceiling on the proportion of loan funds for urban renewal which could be expended in any one State.

• Authorized the President to permit Treasury borrowing in excess of $1 billion, as a back-up for private financing where the loan contract was pledged as a security. (This reflected the fact that most of the amounts contracted to be loaned was not disbursed. Instead, the contract was used by the local public agency as "back-up" to borrow private funds. Accordingly, the $1 billion on borrowings from the Treasury was removed, as such, and made applicable only to loans actually disbursed, or committed and estimated to be disbursed.)

• Authorized eligible local public improvements started by the locality within three years prior to the signing of a loan and grant contract for urban renewal to be credited as noncash grants-in-aid to the urban renewal project.

• Authorized temporary Federal loans for land acquisition and slum clearance in an urban renewal area prior to or after the approval of the urban renewal plan by the local governing body, if that body approved the acquisition and clearance.

• Directed the Housing Administrator to encourage the utilization of local public agencies established to operate on a Statewide basis

in behalf of smaller communities within the State which were undertaking urban renewal programs.

• Authorized Federal assistance to an urban renewal project without regard to the predominantly residential requirement where an institution of higher learning was located in or near a project and the local governing body determined that the project would assist the institution and further promote the public welfare and proper development of the community. Expenditures made by the institution in purchasing and clearing property within, adjacent to, or in the immediate vicinity of the project could be counted as a local grant-in-aid.

• Permitted land in an urban renewal project to be made available for public housing (whether Federally or State or locally assisted) at a price equal to the fair value of land to a private redeveloper who wanted to buy a site in the community for private rental housing similar in physical characteristics to the proposed low-rent housing project.

• Authorized national and State member banks of the Federal Reserve System to underwrite long-term urban renewal obligations of local public agencies if such obligations were secured by a prescribed agreement with the Housing Administrator. (Previously, the banks could underwrite only urban renewal obligations having a short term.)

Community Renewal Programs

• Authorized the Housing Administrator to contract to make grants up to 2/3 of cost for the preparation or completion of community renewal programs which would include identification of slum or blighted areas in the community, measurement of blight, determination of resources needed and available to renew such areas, identification of potential project areas and types of action contemplated, and scheduling of urban renewal activities.

• Relocation Payments

• Authorized urban renewal relocation payments when the displacement from the urban renewal area was a result of any governmental activity in the area, code enforcement, or programs of voluntary repair and rehabilitation. (Previously relocation payments were available only where displacement resulted from an urban renewal project.)

• Increased the maximum relocation payments from $100 to $200 when made to individuals and families, and from $2,500 to $3,000 when made to business concerns.

Urban Planning

• Authorized an additional $10 million for Federal matching grants to assist State and urban planning.

• Broadened the scope of the urban planning grant program by authorizing Federal matching grants to agencies and communities not previously eligible and by authorizing grants directly to any city and county which had suffered a major disaster. Under new provisions the grants could be used for metropolitan or regional planning under interstate compacts.

• Authorized the Housing Administrator to encourage planning on a unified metropolitan basis and to provide technical assistance

for such planning and the solution of problems relating to such planning.

College Housing

• Increased the college housing loan revolving fund by $250 million; $25 million was made available for "other educational facilities" such as dining halls and student centers; and $25 million was available for student-nurse and intern housing facilities.

• Made nonprofit student housing cooperatives eligible for college housing loans. The note securing the loan was required to be cosigned by the educational institution at which the cooperative was located.

Public Works Planning

• Authorized the Housing Administrator to use during any fiscal year up to $50,000 of the revolving fund from which advances were made to localities for advance planning of public works, to conduct surveys of the status and current volume of State and local public works planning and surveys of estimated requirements for State and local public works.

Real Estate Loans by National Banks

• Excepted FHA Section 203 sales housing loans from calculating the amount of real estate loans which a national bank may make in relation to its capital and surplus or its time and savings deposits.

Farm Housing Research

• Continued the authority of the Housing Administrator (in the Housing Act of 1957, P.L. 85-104) to make grants to land grant colleges for farm housing research, until June 30, 1961.

• Limited grants to $100,000 during the two-year period beginning July 1, 1959.

Savings and Loan Associations

• Authorized a Federal savings and loan association to use up to 20 percent of its assets to make or purchase participating interests in first mortgages on one- to four-family homes without regard to the area restriction.

• Limited the aggregate sums invested in the participations plus all outstanding loans and participations which the association had made under the previous exception from the area restrictions to not more than 30 percent of its assets.

• Excluded the amount of participations in FHA or VA loans in determining the amount of loans which a Federal savings and loan association might make within any of the percentage limits in the Home Owners' Loan Act.

• Authorized a Federal savings and loan association to invest up to 5 percent of its withdrawable accounts in loans to finance the acquisition and development of land for primarily residential use if its general reserves, surplus, and undivided profits aggregated a sum in excess of 5 percent of its withdrawable accounts.

V. THE 1960s—ECONOMIC AND POPULATION GROWTH

AMENDMENTS TO FHA

(Public Law 86-788, September 14, 1960)

• Removed the dollar limitation on the amount of loans insured in the FHA Title I home repair and improvement loan insurance program.

• Increased the college housing and public facility loan authorizations.

REPORT OF THE PRESIDENT'S COMMISSION ON NATIONAL GOALS, NOVEMBER 16, 1960

Recommendations:

• A full range of housing opportunities outside the central cities for minority families and for other low-income families.

• An adequate supply of suitable housing for low- and middle-income families who need or want to live in central areas.

• A greater volume of investment, private and public, in renewal and redevelopment.

• Effective regional planning and stronger land use controls.

• Incentives for effective planning, land-use control, and strong local government, in all Federal and State programs of financial assistance.

• Responsible programming of local housing requirements.

• Expansion of the market for new and improved housing and of the range of consumer housing choices.

PRESIDENTIAL STATE OF UNION MESSAGE

(H. Doc. 87-73, January 30, 1961)

• Stated a new housing program under a new Department of Housing and Urban Affairs was needed.

STIMULATION OF THE PROVISION OF HOUSING.

(Presidential Message to Congress. H. Doc. 87-81, February 2, 1961)

• Reported Presidential actions designed to expand long-term credit to stimulate residential construction and public works program by:

• Ordering a reduction in interest rates on FHA-insured loans and on new loans under the public facility loan program.

• A temporary reduction of 50 percent in the FNMA stock subscription requirement applicable to mortgage sales in the secondary market.

• Expansion of the public facility loan program.
• Acceleration of the programs of low-rent public housing, urban renewal, and college housing.

PRESIDENTIAL ACTIONS

(H. Doc. 87-94, February 23, 1961)

• Requested all Federal agencies concerned to provide data on flood hazards in specified areas, and to assist States in their efforts for effective regulation and zoning of the flood plains.
• Directed the Housing Agency and other Federal agencies concerned with urban development to coordinate their activities with flood control agencies in order to utilize flood information to advantage.

URBAN RENEWAL AND HIGHWAY PLANNING

(Presidential Message to Congress. H. Doc. 87-96, February 28, 1961)

• Reported directing the Housing and Home Finance Administrator and the Secretary of Commerce to increase their joint planning activities to improve coordination of urban renewal and freeway construction plans in the same area, and to invite the cooperative efforts of State and local highway and housing officials and private experts.
• Recommended amendments to the Federal Aid Highway Act to assist families displaced by future highway projects to relocate in suitable housing at reasonable costs.

PRESIDENTIAL HOUSING MESSAGE

(H. Doc. 87-102, March 9, 1961)

• Listed three basic national objectives:

a. to renew cities and assure sound growth of rapidly expanding metropolitan areas;

b. to provide decent housing for all Americans; and

c. to encourage a prosperous and efficient construction industry as an essential component of general economic prosperity and growth.

• Recommended establishment of a new Department of Housing and Urban Affairs.
• Recommended broadening and extending existing housing, community development, and urban renewal programs; and new programs:

a. to enable private enterprise to provide housing for moderate income families;

b. to enable the owners of deteriorated homes to repair and improve them with FHA insurance loans; and

c. to acquire open land to be used for park and recreational purposes and for future public or private development.

• Directed an extensive study of urban transportation problems by the Housing Administrator and the Secretary of Commerce.

DEPARTMENT OF URBAN AFFAIRS AND HOUSING, APRIL 18, 1961

• The President transmitted a draft bill to Congress which would establish a Department of Urban Affairs and Housing.

AREA REDEVELOPMENT ACT

(Public Law 87-27, May 1, 1961)

• Provided loans and grants for public facilities and for commercial and industrial facilities in "redevelopment areas" of substantial and persistent unemployment or underemployment.

• Authorized a $300 million revolving loan fund to be established through Treasury borrowings, with one-third to be made available for public facility loans, one-third for commercial and industrial loans in industrial redevelopment areas, and one-third for such loans in rural redevelopment areas. $75 million in grants for public facilities were also authorized.

• Waived the "predominantly residential" requirement of the urban renewal law in the case of projects in redevelopment areas.

• Permitted land in such projects to be sold to a public body or nonprofit corporation for subsequent disposition to a redeveloper rather than for direct redevelopment. Up to 10 percent of a all new urban renewal grant authorizations could be used in connection with these provisions.

• Made urban planning grants available in industrial redevelopment areas either directly or through State planning agencies, and for up to three-fourths (rather than two-thirds) of the cost of the planning.

AMENDMENTS TO FHA

(Public Law 87-38, May 25, 1961)

• Made an interim increase of $1 billion in FHA's mortgage insurance authorization.

HOUSING ACT OF 1961

(Public Law 87-70, June 30, 1961)

FHA Sec. 221 Mortgage Insurance

• Made the FHA Section 221 mortgage insurance program for displaced families available on more liberal terms and broadened it to apply to low- and moderate- income families generally.

• Repealed the requirement that a community must have a "workable program" for the prevention and elimination of slums as a prerequisite for Section 221 housing, except for limited or nonprofit or cooperative housing financed under the Section 221(d)(3) program. (The authority to insure mortgages for moderate-income families terminated July 1, 1963, but there was no termination date on the authority for displaced persons.)

• Amended the existing Section 221 rental housing program to liberalize its terms and make it available for low- and moderate-income families as well as displaced families. (The rental housing program for moderate-income families terminated July 1, 1965.)

• Amended Section 221(d)(3) to authorize insurance of rental housing mortgages bearing interest at a "below market rate" with

a partial or no insurance premium and liberalized provisions for payment of insurance claims. Mortgagors could be nonprofit organizations, limited dividend corporations, cooperatives, and public bodies or agencies which certified that they were not receiving financial assistance from the U.S. exclusively for public housing. The interest rate could be not less than the annual rate of interest based on the average market yield on all outstanding marketable obligations.

• Authorized FNMA to purchase Section 221(d)(3) mortgages under its special assistance program notwithstanding the fact the mortgagors were public bodies or agencies or any other requirements in their charter act that might prevent the purchases.

Other FHA Insurance Programs

• Authorized a new program of FHA insured home improvement loans for dwellings in urban renewal areas (220(h)) and for one- to four-family dwellings not restricted to urban renewal areas (203(k)). Loans could be up to $10,000 per dwelling unit, or the cost of repairs, whichever was lesser. The maturity could be up to 20 years, or three-quarters of the remaining economic life of the property, whichever was lesser.

• Authorized purchase of these insured loans (with or without mortgage security) by FNMA.

• Authorized FHA to insure mortgages on homes or rental housing incorporating new and untried materials, design, and construction methods and involving experimental property standards and neighborhood design. Mortgages and property were to be eligible for insurance where the project was an "acceptable risk" rather than being found economically sound.

• Authorized FHA in Section 234 to insure a mortgage to finance the purchase of a family unit in a multifamily structure and an undivided interest in the common areas and facilities which serve the structure (condominiums). The program was restricted to structures that were or had been covered by FHA-insured mortgages, other than cooperative housing mortgages. The structures could be new, existing or rehabilitated.

• Reduced downpayments under the Sections 203 and 220 sales housing programs and raised maximum terms from 30 to 35 years for new construction.

• Raised the limit on the amount of a nursing home mortgage from 75 percent of value to 90 percent.

• Increased the per-space limit on the amount of a mortgage covering a trailer park from $1,500 to $1,800.

• Authorized FHA to insure supplementary loans made with respect to a management- type cooperative for improvements or repairs, or necessary community facilities.

• Increased the limit on the amount of a mortgage covering elderly family housing (Section 231) where the number of rooms in the unit was four or more.

• Removed the requirement that the Secretary of Defense guarantee the FHA insurance fund against losses on Section 810 mortgages on housing in defense-impacted areas.

• Gave the FHA discretionary authority to provide for cash payment of insurance claims, rather than payment in debentures, in specified programs.

Housing for the Elderly

• Increased the loan authorization for housing for the elderly from $50 million to $125 million.

• Made consumer cooperatives and public bodies which certified they were not receiving Federal financial assistance exclusively for public housing eligible borrowers.

• Increased the maximum loan amount from 98 percent to 100 percent of the development cost.

• Repealed a $5 million limitation on "related facilities."

Public Housing

• Made available the remaining balance of the $336 million annual contributions authorization in the 1949 Act (covering approximately 100,000 units).

• Limited contracts for any one State, after enactment of the Act, to not more than 15 percent of the amount of authorized contributions not under contract on that date.

• Authorized, but did not guarantee, additional Federal payments of up to $120 a year per unit, if required to maintain the solvency of a low- rent project.

• Permitted an over-income family to continue occupancy during the period the local housing agency determined that the family was unable to find decent private housing within its financial reach, if the family paid a rental related to its income.

• Repealed the requirement of repayment of subsidies, when the bonds outstanding on a project were paid off.

• Increased the cost ceiling per unit by $500 for units used by the elderly and for units in Alaska.

• Authorized the Federal Government to give an incontestable obligation to the holder of local housing authority obligations when backed by a financial contract under the public housing law.

Demonstration Program for Low-Income Housing

• Authorized the Housing Administrator to enter into contracts to make grants, up to $5 million, to public or private bodies for developing and demonstrating new or improved means of providing housing for low-income persons and families.

Amendments to Federal National Mortgage Association

• Increased the FNMA special assistance authorization by $750 million.

• Authorized FNMA to make loans, with maturities up to one year, on the security of FHA or VA mortgages. The loans could not exceed 80 percent of the unpaid balance of the mortgages securing them.

• Required borrowers to make nonrefundable capital contributions up to ½ of 1 percent of the loan.

Urban Renewal

• Increased the urban renewal grant authorization by $2 billion, except that $25 million of this amount was to be used for contracts for mass transportation demonstration projects.

• Increased the amount of the authorization available for nonresidential projects from 20 percent to 30 percent of the amount of grants authorized to be contracted for after the Housing Act of 1959 (P.L. 86-372).

• Increased the Federal contribution from 2/3 to 3/4 for any municipality having a population of 50,000 or less, or 150,000 or less for a municipality in an economically distressed area.

• Gave credit to cities for expenditures for land acquisition and clearance by hospitals near urban renewal areas, in the same manner as such credit had been given for similar expenditures by colleges. Increased to seven years the period prior to the loan and grant contract during which these expenditures could be counted.

• Permitted real property in an urban renewal area to be made available to (1) a limited dividend corporation, nonprofit corporation, cooperative, public body, or (2) any purchaser who was eligible for a Section 221 FHA-insured mortgage for a profit- making rental housing project for moderate-income families.

• Authorized local public agencies to carry out rehabilitation demonstrations in certain urban renewal areas.

• Authorized Small Business Administration loans on special terms for displaced business firms. Made available a special fund of $25 million.

• Authorized the Federal Government to give an incontestable obligation to the holder of local public agency obligations backed by Federal contract.

• Authorized a local public agency to pool its surplus local grant-in-aid credit between projects on the 2/3 basis and projects on a 3/4 basis.

Urban Planning

• Increased the authorization for appropriation for urban planning grants from $20 million to $75 million.

• Increased the Federal share of the cost of urban planning from one-half to two-thirds.

• Authorized the Housing Administrator to provide technical assistance to State and local governments and their agencies undertaking planning, and to make studies on related problems.

Public Facility Loans

• Increased the aggregate revolving loan authorization by $500 million (to $650 million) of which not more than $50 million would be available only for loans for mass transportation facilities.

• Eliminated States as eligible borrowers for public facility loans (thus limiting eligibility to municipalities and other political subdivisions and instrumentalities of States).

• Also limited eligibility to communities having a population of less than 50,000, or, if located in an economically depressed areas, less than 150,000.

• Set the interest rate charged by the Housing Administrator to public facility loan borrowers at a rate based on the average annual

interest rate on all interest bearing obligations of the United States plus one-half percent. (Previously the rate had been set by the Administrator.)

• Gave the Housing Administrator discretionary authority to postpone the payment of interest on not more than 50 percent of any public facility loan for a period up to 10 years under specified conditions. The postponed payments were to be payable with interest during the remaining life of the loan.

• Authorized the Housing Administrator to provide technical services to communities in budgeting, financing, planning, and constructing community facilities.

Urban Mass Transportation

• Made comprehensive planning for mass transportation eligible for urban planning grants.

• Authorized $25 million in grants to come from urban renewal grant funds to local public agencies for demonstration projects designed to contribute to the improvement of mass transportation or the reduction of mass transportation needs. The grant could not exceed 2/3 of the project costs and could not be used for major capital improvements.

• Authorized loans aggregating $50 million from Public Facility Loan (PFL) funds to be made to public bodies to provide for financing the acquisition, construction, and improvement of transportation facilities and equipment, until December 31, 1962.

Title VII—Open-Space Land

• Authorized up to $50 million for a new program of Federal grants, to assist local public bodies in the acquisition of land to be used as permanent open space. The amount of a grant could not normally exceed 20 percent of the total cost of acquiring the title to, or other permanent interest in, the land. The grant could be as high as 30 percent if it was extended to a public body which exercised responsibilities relating to open land for an urban area as a whole or which participated in the exercise of such responsibilities for all or a substantial part of an urban area pursuant to an interstate or other inter-governmental compact or agreement.

• Provided that no grant could be made unless the open-space land was important to the execution of a comprehensive plan for the urban area and unless a program of comprehensive planning was being actively carried on for the area.

(Authority to enter into contracts under Title VII was repealed, effective January 1, 1975, by the Housing and Community Development Act of 1974, P.L. 93-383, August 22, 1974.)

College Housing Loans

• Increased the aggregate revolving authorization for college housing loans by $300 million on July 1 of each of the four years from 1961 through 1964.

• Increased the sublimitation for such other facilities as dining halls and student unions by $30 million for each of the years, and the sublimitation for student nurses and medical residents and interns housing by $30 million for each of the years.

Public Works Planning

• Increased the authorization for Federal advances for the planning of specific non-Federal public works by $10 million, bringing the total authorization for appropriations to $58 million.

Farm Housing

• Authorized housing loans to owners of nonfarm building sites in rural areas (defined by regulation as open country and rural towns of not more than 2,500 population).

• Authorized $250,000 each year for four years for the Secretary of Agriculture to conduct farm housing research.

National Banks

• Authorized national banks to make home improvement loans insured by FHA under its new home improvement loan program without regard to the loans not being secured by first liens.

DEPARTMENT OF URBAN AFFAIRS AND HOUSING

(January 24, 1962)

• The House Rules Committee denied a rule for consideration by the House of a bill which would have established a Department of Urban Affairs and Housing.

REORGANIZATION PLAN NO. 1

(H. Doc. 87-320, January 30, 1962)

• Proposed to create a Department of Urban Affairs and Housing. (The House of Representatives agreed to a resolution disapproving Reorganization Plan No. 1. H. Res. 87-530, February 21, 1962.)

CONSUMER PROTECTION

(Presidential Message (H. Doc. 87-364, March 15, 1962))

• Recommended among other things, legislation requiring lenders to disclose to borrowers in advance the actual amounts and rates they pay for credit.

PUBLIC WORKS ACCELERATION ACT

(Public Law 87-658, September 14, 1962)

• Authorized a $900 million program of Federal assistance by the President to public works for those areas which were designated as "redevelopment areas" under the Area Redevelopment Act.

• Provided that funds advanced to such areas under the Public Works Planning Advance Program need not be repaid, and that loans under the Public Facility Loan Program could be made without regard to size-of-locality restrictions otherwise applicable.

SENIOR CITIZENS HOUSING ACT OF 1962

(Public Law 87-723, September 28, 1962)

• Increased the authorization for direct loans by the Housing and Home Finance Administrator for rental housing and related facilities for the elderly by $100 million.

• Limited loans by the Administrator to new construction.
• Amended Title V of the Housing Act of 1949:

(i) to include loans to buy previously occupied dwellings and minimum adequate building sites;

(ii) to authorize direct and insured loans by the Secretary of Agriculture for housing for elderly in rural areas and related facilities, and

(iii) to increase the limit on grants for rural housing repair from $500 to $1,000.

AMENDMENT TO NATIONAL HOUSING ACT

(Public Law 87-756, October 2, 1962)

• Authorized FHA Commissioner to make payments in lieu of taxes with respect to properties acquired by him under Section 803.

FEDERAL SAVINGS AND LOAN ASSOCIATIONS

(Public Law 87-779, October 9, 1962)

• Permitted the Federal Home Loan Bank Board to authorize Federal savings and loan associations to invest up to an additional 15 percent of their assets in loans on multifamily housing. The loan limits could not exceed those permitted by FHA on multifamily housing.

EQUAL OPPORTUNITY IN HOUSING

(Executive Order 11063, November 20, 1962)

• Directed Federal departments and agencies to take action to prevent discrimination in the sale, lease, or occupancy of residential property owned or operated by the Federal Government, or the provision of which is assisted by the Federal Government through loans, grants, loans insured or guaranteed, or Federal assistance to slum clearance or urban renewal projects.
• Established the President's Committee on Equal Opportunity in Housing to promote the coordination of Federal activities under the Order.

REPORT OF COMMITTEE ON FEDERAL CREDIT PROGRAMS, FEBRUARY 11, 1963

• Sent by the President to agency heads administering Federal credit programs.
• Suggested that all departments and agencies administering loans, loan guarantee and insurance programs be guided by a set of principles detailed in the Report. These principles related mainly to various means of giving priority to the use of private rather than Federal credit.

PRESIDENTIAL MESSAGE

(H. Doc. 88-72, February 21, 1963)

Requested for Housing for the Elderly:

a. Additional appropriations for direct Federal loans for rental housing for the elderly;

b. That the Housing Agency give greater emphasis to the construction of group residences suitable for older families and individuals who need housekeeping assistance, central food service, and minor nursing care; and

c. Legislation that would make elderly individuals eligible for FHA Section 221 housing for low- and moderate-income families.

• Instructed the President's Council on Aging to study problems of modernization and rehabilitation of homes of the elderly.

PRESIDENTIAL MESSAGE

(H. Doc. 88-124, June 19, 1963)

• Transmitted draft legislation:

a. To enforce the constitutional right to vote;

b. To confer jurisdiction upon the District Courts of the U.S. to provide injunctive relief against discrimination in public accommodations;

c. To authorize the Attorney General to institute suits to protect constitutional rights in education;

d. To establish a community relations service;

e. To extend for four years the Commission on Civil Rights;

f. To prevent discrimination in Federally-assisted programs; and

g. To establish a Commission on Equal Employment Opportunity.

CIVIL RIGHTS

(Executive Order 11114, June 23, 1963)

• Extended the existing program for nondiscrimination in government contracts established by E.O. 10925 of March 6, 1961, to include certain contracts for construction financed with assistance from the Federal Government.

• Amended the Order to clarify the authority of the President's Committee on Equal Employment Opportunity.

• Designated the Housing and Home Finance Administrator a member of the Committee.

REPORT OF THE PRESIDENT'S COUNCIL ON AGING, DECEMBER 16, 1963

Recommendations:

• Repayment of home rehabilitation loans be deferred for low- and moderate-income elderly homeowners living in urban renewal areas.

• Mortgage insurance for nonprofit nursing homes.

• Further study of a program to assist elderly homeowners to supplement their incomes with benefits based on equities in their homes while continuing to live in their homes.

• Single elderly persons be made eligible for certain special programs for moderate- income housing and relocation.

• Increased effort in appraisal of total housing needs of the elderly.

FOREIGN ASSISTANCE ACT OF 1963

(Public Law 88-205, December 16, 1963)

• Raised the ceiling on the total face amount of the guarantees which could be outstanding at any one time for housing projects in Latin-American countries from $60 million to $150 million.

• Directed the utilization of the services of private enterprise and Federal agencies in the provision of assistance in such fields as housing, health, education or agriculture.

• Presidential Budget Message (H. Doc. 88-265, January 21, 1964)

Recommendations:

• Legislation to provide authority and funds for continuing urban renewal, urban planning and open space grants, housing loans for the elderly and low-rent public housing.

• Legislation to create a Department of Housing and Community Development.

• Action on Federal aid to urban communities in order to modernize and enlarge necessary mass transportation facilities.

• Legislation to facilitate the sale of Federally-owned mortgages to private investors.

PRESIDENTIAL HOUSING MESSAGE

(H. Doc. 88-306, January 27, 1964)

Recommendations:

Public Housing

• Authorization of 50,000 additional public housing units for each of the next four years; amendments to the public housing units, including rehabilitation where necessary, for use as public housing; authorization for local housing authorities to lease 40,000 housing units over the next four years; and an additional $5 million authorization to continue the demonstration program authorized by the 1961 Act.

Housing for the Elderly

• Recommended that the low interest direct Federal loan program for housing for the elderly be extended and additional funds appropriated, and that single elderly persons be made eligible for housing financed by Federally-insured below market interest loans.

Rural Housing

• Recommended that Congress enact an insured rural housing loan program and legislation to assist the housing problems of domestic farm labor.

Recommendations for Other Housing Programs

• Authorization to FHA and VA to correct substantial defects in new construction they have approved.

• Authority to FHA to encourage the temporary withholding of foreclosures against homeowners who default on their mortgages due to circumstances beyond their control.

• Authority for the pooling of mortgages held by FNMA and the VA and the sale of participations in such pools.

Recommendations for Urban Renewal

• An additional $1.4 billion of urban renewal funds for a two-year period.
• Additional relocation assistance for low- and moderate income families and small businessmen.
• A program of Federal insurance and purchase of low-interest loans with a deferral of amortization of principal for home rehabilitation by elderly homeowners in urban renewal areas.

Community Development

• Extension of the urban planning assistance program and the open space programs.
• A program of grants and loans to States and local governments for the planning and provision of necessary public facilities and of loan insurance for private developers constructing such facilities.
• A program of public facility loans with deferred amortization to enable communities to plan and build ahead of growth.
• Public facilities loans to be made available for advance acquisition of land for public improvements.
• Federal insurance of loans to private developers for acquisition and improvement of land for planned subdivisions.

Urban Mass Transportation

• Early enactment of a mass transit program along the lines proposed by the Administration and passed by the Senate in 1963.

Training

• A program of up to $25 million a year in matching grants to States for the establishment of urban public service training and research programs.

New Department

• Establishment by Congress of a Department of Housing and Community Development.

CIVIL RIGHTS ACT OF 1964

(Public Law 88-352, July 2, 1964)

• Provided assurances and protections for a wide range of civil rights, including voting.
• Prohibited discrimination in public accommodations and under any program or activity receiving Federal financial assistance.
• Extended the life of the Civil Rights Commission.
• Gave enforcement power to the Attorney General.

FEDERAL CREDIT UNION ACT

(Public Law 88-353, July 2, 1964)

• Authorized credit unions to treat insurance of FHA Title I home improvement loans as security for a loan.

URBAN MASS TRANSPORTATION ACT OF 1964

(Public Law 88-365, July 9, 1964)

• Authorized grants or loans by the Housing and Home Finance Administrator to assist States and local public agencies in financing the acquisition, construction and improvement of mass transportation facilities and equipment. Grants could be for up to 2/3 of that part of the cost of the facilities and equipment that could not reasonably be financed by revenues.

• Authorized appropriation of $375 million over three years for grants.

• Authorized loans where reasonable terms could not be obtained privately, if such loans would make effective mass transportation possible without grant assistance.

• Required the preparation of an areawide transportation plan as a part of comprehensive planning for the development of the urban area.

• Authorized for a three-year period, loans and grants on an emergency basis with less strict planning requirements but with reduced grants which could be raised if full planning requirements were met within three years.

• Authorized a $30 million research, demonstration and development program.

• Authorized assistance for acquisition of, or competition with, an existing private company only if just compensation was paid and it was found that such action was essential.

AMENDMENTS TO THE ALASKA OMNIBUS ACT

(Public Law 88-451, August 19, 1964)

• Authorized appropriations of $55,650,000 to provide assistance to the State of Alaska for reconstruction of areas damaged by the 1964 earthquake.

• Authorized the Housing Administrator to compromise or release notes or obligations held by him with respect to property in Alaska pursuant to public facility loans.

• Provided a special $25 million urban renewal grant authority for projects made necessary by the earthquake.

• Authorized the Housing Administrator to loan to the State, under the public facility loan program, up to $25 million to help the State finance reconstruction activities related to the earthquake or to complete capital improvements begun prior to the earthquake.

• Authorized Federal matching grants to be made to the State to retire or adjust outstanding mortgages on one- to four-family homes severely damaged or destroyed by the earthquake.

• Authorized the Secretary of Agriculture to compromise or release a portion of borrowers indebtedness under programs administered by the Farmers Home Administration in Alaska as he found necessary due to loss resulting from the earthquake.

• Authorized the Secretary of Agriculture to refinance outstanding indebtedness on loans under the Housing Act of 1949 (P.L. 81-171) for construction or improvements of farm housing and

buildings for the repair, reconstruction or replacement of earthquake-damaged or destroyed farm homes or buildings.

• Extended the terms of Small Business Administration disaster loans for dwellings in Alaska from 20 to 30 years.

ECONOMIC OPPORTUNITY ACT OF 1964

(Public Law 88-452, August 20, 1964)

• Authorized among other means of combating poverty, financial and technical assistance for urban and rural Community Action Programs in a number of enumerated fields, including housing.

• Authorized for grant assistance up to 90 percent of the cost of such programs for the first two years and 50 percent thereafter.

• Established an Economic Opportunity Council of which the HHFA Administrator was a member.

HOUSING ACT OF 1964

(Public Law 88-560, September 2, 1964)

Amendments to FHA Insurance Programs

• Increased the dollar limits on FHA-insured home mortgages ($25,000 to $30,000 for single-family homes) under the regular home mortgage insurance program and the urban renewal and condominium programs.

• Increased dollar per-unit limits on multifamily projects insured under Section 207.

• Increased the limit on a Section 220 (urban renewal) multifamily housing mortgage from $20 to $30 million in the case of a private mortgagor.

• Authorized FHA to insure supplemental loans made to consumer management-type cooperative mortgagors when made to provide funds to finance cooperative purchases and resales of memberships. Authorized FNMA to purchase the supplemental loans under its special assistance functions.

• Authorized FHA under certain circumstances to correct structural defects in homes purchased with FHA-insured mortgages, pay the homeowners' claims on account of the defects, or acquire the property, where the homeowners were unable to obtain relief from the builder or other sources.

• Permitted any mortgagor, including a trust, partnership, or individual, to be a mortgagor under the below-market rental housing program for low- and moderate- income families (sec. 221(d)(3)) if the mortgagor is regulated by the FHA as to rents, charges, and methods of operation. Also authorized FHA to approve as a mortgagor under the program a mortgagor which has entered into an agreement with a private nonprofit corporation eligible for an insured mortgage under the program provided that the mortgagor will sell the project when it is completed to the corporation at the actual cost of the project.

• Required the mortgagor to whom the property was sold to be regulated by the FHA as to occupancy restrictions, income limits on tenants, rentals, and other restrictions.

Housing for the Elderly and Handicapped

• Made individual elderly persons 62 years of age or over eligible the same as families to purchase or occupy sales or rental housing financed under the FHA Section 221 program for low- and moderate-income and displaced families. (This included the low-rent housing financed with FHA-insured mortgages bearing below-market- interest rates.)

• Amended other provisions of housing laws to provide the same special treatment for handicapped persons and families as for the elderly.

• Increased the authorization for the direct loan program for housing the elderly and handicapped (sec. 202) by $75 million.

Nonprofit Nursing Homes

• Made nonprofit nursing homes eligible for FHA-insured mortgages to finance their construction or rehabilitation on the same basis as proprietary nursing homes (to which the program was previously limited).

New Rehabilitation Housing Loan Program (Section 312)

• Authorized the Housing Administrator to make low-interest rate (3 percent) Federal loans to owners or tenants of homes or business property in urban renewal areas to finance the rehabilitation required to make the property conform to code requirements or to carry out the objectives of the urban renewal plan for the area in order to reduce the need for demolition and removal of structures which could be rehabilitated. (Repealed by the National Affordable Housing Act, P.L. 101-625.)

• Required the loan to be an acceptable risk and the borrower to be unable to secure the necessary funds from other sources on reasonable terms and conditions.

• Limited the maturity to 20 years or three-fourths of the remaining economic life of the structure after rehabilitation, whichever was less.

• Limited the amount of a loan to the cost of rehabilitation (except in the case of refinancing) or $10,000 in the case of a dwelling unit, or $50,000 in the case of business property.

• Authorized appropriations up to $50 million, to be made to a revolving fund for the loan program.

Relocation Payments

• Authorized relocation adjustment payments to be made for small businesses, and families and elderly individuals displaced from urban renewal areas. (These payments were in addition to the existing urban renewal relocation payments covering moving expenses and direct losses of property.)

• Made families, individuals, businesses, and nonprofit organizations displaced from low-rent public housing project sites eligible to receive the same relocation payments as those displaced by urban renewal.

• Required suitable relocation housing to be provided for those displaced in the acquisition of public housing sites, as in the case of urban renewal.

Public Housing

• Included single persons displaced by urban renewal or other governmental action among families eligible for admission to public housing.

• Authorized additional annual contributions payments, up to $120 per year, for units occupied by families displaced as a result of urban renewal or acquisition of public housing sites (in addition to those for elderly).

• Deleted the provision adopted in the Housing Act of 1954 (P.L. 83-530) which limited payments in lieu of taxes by public housing authorities to amounts which would not reduce the local contribution to less than 20 percent of the Federal contributions.

Urban Renewal

• Authorized a new type of urban renewal project consisting entirely or substantially of a program of intensive code enforcement in an urban renewal area. Authorized the cost of code enforcement activities carried out in clearance and redevelopment projects, and in rehabilitation or conservation projects to be included as part of eligible project cost.

• Required after September 2, 1967, that no workable program could be certified or recertified unless the locality involved had in effect for at least six months an adequate minimum standards housing code and was carrying out an effective program of enforcement compliance with the code.

• Authorized urban renewal projects which use air space rights and elevated platforms to provide sites for low- and moderate-income housing and related facilities and uses. Permitted an air rights project to be undertaken in an area which was not itself a slum, blighted or deteriorated area but which consisted principally of land in highways, railway or subway tracts, bridge or tunnel entrances, or other similar facilities which have a blighting influence on the surrounding area.

• Permitted the sale of rural property in an urban renewal area at a special reduced price to purchasers who will use the property to provide housing for low- or moderate-income individuals.

Training and Fellowship Programs

• Authorized the Housing Administrator to make grants to States to assist in carrying out a new system of Federal-State training programs designed to develop the skills needed for economic and efficient community development and to provide new and improved methods of dealing with community development problems.

• Authorized appropriations up to $10 million for the grants.

• Authorized up to $500,000 a year for a three-year period to be appropriated to provide fellowships in public and private nonprofit institutions of higher learning for the graduate training of professional city planning and urban and housing technicians and specialists.

Rural Housing

• Authorized an additional $150 million for housing loans by the Farmers Home Administration.

• Increased the amount of a loan which could be made for rental housing and related facilities for elderly persons and elderly families in rural areas from $100,000 to $300,000.

• Authorized grants to be made of up to two-thirds of the cost of providing low-rent housing for domestic farm labor, upon the application of a State or political subdivision of a State, or any public or private nonprofit organization.

• Changed the definition of "domestic farm labor" to include aliens who had been admitted to the United States with the expectation of becoming permanent residents.

• Authorized up to $10 million for the new program for the period ending September 30, 1965.

Federal National Mortgage Association

• Authorized FNMA to sell beneficial interests or participations in first mortgages (or interests in them) in which the U.S. had a financial interest.

• Enabled national banks and Federal Home Loan Banks to invest in instruments issued by FNMA in its fiduciary capacity.

• Enabled the Veterans Administration to join in the pooling and sale of mortgages by FNMA and participations in mortgages.

• Eliminated the statutory limit of $20,000 per family residence or dwelling unit on a mortgage purchased by FNMA in its secondary market operations.

• Increased the authority of FNMA (under its secondary market operations) to make short-term loans on the security of insured or guaranteed mortgages to not to exceed 90 percent (rather than 80 percent as previously provided) of the unpaid principal amounts of mortgages securing the loans.

Savings and Loans Associations

• Permitted savings and loan associations to make loans in a 100-mile area rather than the previous 50-mile area.

• Raised the limit on the amount of a home loan made by a Federal savings and loan association from $35,000 to $40,000.

• Authorized Federal savings and loan associations to invest up to 5 percent of assets in real property or interests in real property located in urban renewal areas and obligations secured by first liens on real property in such areas.

• Permitted a Federal Home Loan Bank to accept as collateral for advances to a member nonfederally insured or guaranteed home mortgages with maturities of up to 30 years and amounts up to $40,000 (previously 25 years and $35,000).

• Authorized Federal savings and loan associations to invest in general obligations of States and their political subdivisions and in participations or other instruments of, or fully guaranteed by, FNMA or any agency of the U.S.

• Permitted Federal savings and loan associations to invest up to 20 percent of assets (previously 15 percent) in FHA-insured property and home improvement loans, VA- insured and guaranteed loans, and other loans for property alteration repair, or improvement. Increased the maximum amount of any such loan which was not insured or guaranteed by FHA or VA from $3,500 to $5,000.

• Permitted Federally-controlled public funds and funds of Federal corporations to be invested in insured accounts held by savings and loan associations.

FEDERAL DEVELOPMENT PLANNING COMMITTEE FOR ALASKA

(Executive Order 11182, October 2, 1964)

• Established the Federal Field Committee for Development Planning in Alaska with the Housing and Home Finance Administrator a member of the Committee.
• Directed the Committee to develop coordinated plans for Federal programs which contribute to economic and resources development in Alaska.

THE FOREIGN ASSISTANCE ACT OF 1964

(Public Law 88-633, October 7, 1964)

• Increased the ceiling on Latin American housing guarantees from $150 million to $250 million.

PRESIDENTIAL STATE OF THE UNION MESSAGE

(H. Doc. 89-1, January 4, 1965)

• Recommended, among other things, establishment of a Department of Housing and Urban Development.

RELOCATION ASSISTANCE

(Report of the Advisory Commission on Intergovernmental Relations, January 1965)

• Entitled "Relocation: Unequal Treatment of People and Business."
• Recommended a uniform policy of relocation payments and advisory assistance for persons and businesses displaced by grant-in-aid or direct Federal programs.

DELEGATION OF FUNCTIONS TO THE HOUSING ADMINISTRATOR

(Executive Order 11196, February 2, 1965)

• Delegated to the Housing and Home Finance Administrator functions relating to public housing, and the Alaska Omnibus Act. (The provisions of this Order supersede the following: Part III of EO 10530, May 10, 1954; EO 10573, October 26, 1954; EO 10852, November 27, 1959; portions of EO 11184 (October 13, 1964) which amend EO 10530.)

PRESIDENTIAL MESSAGE ON THE CITIES

(H. Doc. 89-99, March 2, 1965)

Proposals:

• Establishment of a Department of Housing and Urban Development.
• A program of matching grants to local governments for building new basic community facilities, contingent upon comprehensive area-wide planning for future growth.

• A program for financial assistance to help in advance acquisition of land.

• A program of Federally-insured private loans backed by Federal mortgage purchases where necessary to finance the acquisition and development of land for entire new communities and planned subdivisions.

• Establishment of an Institute of Urban Development as part of the new Department, to help support training of local officials in a wide range of administrative and program skills; administer grants to States and cities for studies and the other basic research and support research aimed especially at reducing the costs of building and home construction through the development of new technology.

• Establishment of a Temporary National Commission on Codes, Zoning, Taxation and Development Standards.

• Emphasis on relocation and rehabilitation by:

(1) providing rent supplement assistance to those forced out of their homes by code enforcement and all forms of Federally-assisted government action from highways to urban renewal;

(2) using both urban renewal funds and public housing funds to rehabilitate existing housing and make it available to low and moderate income families;

(3) emphasizing residential construction and rehabilitation on a neighborhood-wide scale in the urban renewal program.

• Continuation of the public housing program with authorization enough to permit an increase in the number of new units as well as to conduct a program of rehabilitation.

• Continuation at the rate of 40,000 additional units for FY 1966 of the program of below-market interest rate mortgage benefits for housing for moderate-income families.

• Continued support for the college housing program.

• Increasing the urban renewal program to a level of $750 million a year by 1968, with the requirement that every city of 50,000 or more have a community renewal program as a condition of additional Federal help for urban renewal.

• A new program of matching grants to help local governments build multipurpose neighborhood centers for health and recreational and community activities.

• Changes in the open space program broadening its authority to help local governments acquire and clear areas to create small parks and squares, malls and playgrounds.

• Special grants to cities for landscaping, the planting of trees, the improvement of city parks, and other measures.

APPALACHIAN REGIONAL DEVELOPMENT ACT OF 1965

(Public Law 89-4, March 9, 1965)

• Established the Appalachian Regional Commission to develop and coordinate plans for the economic development of the Appalachian area and to establish a framework for joint Federal-State efforts toward meeting the area's special problems.

• Authorized the Secretaries of Commerce, HEW and Agriculture, respectively, to carry out grant programs in the region in support of such various public facilities and activities as highways and access roads, health facilities, and programs of land development, conservation and management.

• Made the Commission and participating States eligible for urban planning grants from the Housing and Home Finance Administrator.

• Authorized supplemental Federal grants for programs for construction or equipment of facilities and the acquisition of land under the Water Pollution Control Act, Higher Education Facilities Act of 1963, and the Land and Water Conservation Fund Act of 1965, among others.

• Authorized grants for administrative expenses of local development districts and for research and demonstration projects furthering purposes of the Act.

DISASTER RELIEF

(Public Law 89-41, June 17, 1965)

• Provided disaster assistance to the Northwest area for the reconstruction of areas damaged by floods late in 1964 and early in 1965.

• Extended the maximum maturity of a disaster loan by the Small Business Administration for the replacement, reconstruction, or repair of a dwelling from 20 years to 30 years, effective until June 30, 1966.

AMENDMENT TO SMALL BUSINESS ACT

(Public Law 89-59, June 30, 1965)

• Extended from 20 years to 30 years the maximum maturity of Small Business Administration 3 percent disaster loans to rebuild homes and business establishments.

NATIONAL HOUSING COUNCIL

(Reorganization Plan No. 4, July 27, 1965)

• Abolished the National Housing Council and transferred its functions to the President.

HOUSING AND URBAN DEVELOPMENT ACT OF 1965

(Public Law 89-117, August 10, 1965)

Rent Supplements

• Authorized a new program of rent supplement payments to help make certain privately-owned housing available to low-income individuals and families who were elderly, handicapped, displaced by governmental action, occupants of substandard housing, or occupants or former occupants of dwellings damaged or destroyed by a natural disaster subsequent to April 1, 1965.

• Limited assistance to tenants whose income did not exceed the maximum amount permitted in the area for occupancy of low-rent public housing.

• Limited rent supplement payments to the amount by which the fair market rental for the unit exceeded one-fourth of the tenant's income. (Payments were reduced as the income of the tenant increased. When the tenant could pay the full rent he could continue to occupy the unit.)

• Limited payments to the owner of the housing to an amount specified in the contract with the Housing Administrator for a period of not more than 40 years.

• Authorized, subject to appropriation, a total of $150 million by July 1, 1968; payments could not exceed $30 million before July 1, 1966, and this amount was increased by $35 million on July 1, 1966, $40 million on July 1, 1967, and $45 million on July 1, 1968.

• Made available on an experimental basis: (1) 5 percent of the funds approved for rent supplements, for housing financed with FHA-insured mortgages under the below- market interest rate program; and (2) 5 percent for housing for the elderly financed with a direct Federal loan or under the FHA mortgage insurance program for rental housing for the elderly.

Amendment of FHA Sec. 221 Program for Low- or Moderate-Income Housing

• Reduced the interest rate ceiling on the below-market interest rate mortgages to 3 percent (previously 4 percent).

Low-Rent Public Housing

• Authorized contracts for assistance to approximately 240,000 additional low-rent public housing units over the next four years.

• Permitted the public housing program to use existing housing through purchase, purchase and rehabilitation, or leasing (Section 23).

• Raised the ceiling on the construction and equipment cost per room from $2,000 to $2,400 with corresponding increases in the special cost limits for Alaska and dwelling units designed specifically for the elderly.

Direct Loans for Housing for the Elderly or Handicapped

• Increased the limit on appropriations for Federal loans for housing for the elderly or handicapped from $350 million to $500 million.

• Reduced the interest rate on the loans to a maximum of 3 percent (previously 4 percent).

Rehabilitation Grants

• Authorized rehabilitation grants to be made to owner-occupants of homes in urban renewal areas and Federally-assisted code enforcement areas for repairs required to make the homes conform to applicable codes or urban renewal plan requirements. Where the homeowner's income was not over $3,000 a year the grant could be up to the lesser of $1,500 or the cost of the repairs. If the income was over $3,000 a year, the grant could not exceed that portion of the cost of repairs which could not be paid for with a loan which could be amortized along with the borrower's other monthly housing expense, within 25 percent of his monthly income.

Title VII—Community and Neighborhood Facilities

• Authorized grants to local public bodies and agencies to finance up to 50 percent of the development cost of basic water and sewer facilities subject to certain planning requirements.

• Authorized grants to local bodies and agencies to finance neighborhood facilities, such as community centers, youth centers, health stations, and other public buildings to provide health or recreational or social services to a neighborhood. Limited a grant to two-thirds of the development cost (except that it could be three-fourths if the project were located in a redevelopment area designed under the Public Works and Economic Development Act). Gave priority to projects that benefited primarily low- income families or otherwise furthered the objectives of the antipoverty program.

• Authorized the Housing Administrator to make grants to local public bodies and agencies for the advance acquisition of land for community facilities. A grant could not exceed the aggregate amount of reasonable interest charges, on a loan incurred to finance the acquisition of the land, for a period not exceeding the lesser of (1) five years from the date the loan was made, or (2) the period between the date the loan was made and the date construction of the facility began.

• Authorized public facility loans to private nonprofit corporations for the construction of works for the storage, treatment, purification, or distribution of water or the construction of sewage treatment, and sewer facilities, if the works or facilities were needed to serve a smaller municipality or rural area, and there was no existing public body able to construct and operate the works or facilities.

Land Development

• Authorized a new FHA mortgage insurance program as Title X of the National Housing Act to finance the cost of land development for residential and related uses. The development financed could include the acquisition of land and the installation of water and sewer lines, streets, curbs, sidewalks, and storm facilities.

• Limited the amount of a mortgage to $10 million or 50 percent of the value of the land before development plus 90 percent of the cost of development or 75 percent of value upon completion of the land development.

• Limited the maturity of a mortgage to seven years, or such longer maturity as the FHA deemed reasonable in the case of a privately owned system for water or sewerage. FHA could prescribe maximum interest rates, the premium charges, and service charges and fees.

(Authority to make grants for water and sewer facilities and for neighborhood facilities was repealed, effective January 1, 1975, in the Housing and Community Development Act of 1974, P.L. 93-383, August 22, 1974. Title X was repealed in the Department of Housing and Urban Development Reform Act of 1989, P.L. 101-235, December 15, 1989.)

Relief for Homeowners Unemployed as a Result of the Closing of a Federal Installation

• Authorized FHA and VA to pay, for not more than 1 year, the principal and interest payments on FHA or VA mortgages where the mortgagors were unemployed as a result of the closing in whole or in part of a Federal installation and this action was the only means whereby mortgage foreclosure could be avoided. Required the homeowner to repay the payments made by either FHA or VA in accordance with the requirements of his agreement with the agency.

• Authorized the Secretary of Defense to acquire one- or two-family dwellings situated at or near a military installation which was closed or partially closed after November 1, 1964, if he determined that there was no present market for the sale of the property upon reasonable terms and conditions and that the owner's employment at the installation was terminated by its closing. The purchase price paid by the Secretary was equal to the average price at which similar properties in the locality were sold prior to announcement of the closing.

Open-Space Land and Urban Beautification and Improvement

• Authorized grants for the development of land for open-space uses in addition to the acquisition of land. Defined the term "open-space uses" to include development for park and recreational purposes, conservation of land and other natural resources, and historic or scenic purposes.

• Increased the limit on the amount of a grant from 20 percent (or 30 percent where the applicant exercised open-space responsibility for all or a substantial part of the urban area) to 50 percent of the total cost of land acquisition and its development for open-space uses.

• Authorized the Housing Administrator to make grants to State and local public bodies to assist in the acquisition of developed land in built-up portions of urban areas to be cleared and developed for open- space uses, where open-space land could not be provided through the use of undeveloped land. The grants could cover 50 percent of the cost of land acquisition, removal of improvements, and development.

• Authorized the Administrator to make grants to State and local public bodies to assist in carrying out local programs for the greater use and enjoyment of open-space and other public land in urban areas (urban beautification and improvement) that were important to the comprehensively planned development of the locality. Limited the grants to not more than 50 percent of the amount by which the cost of the urban beautification and improvement exceeded the locality's usual expenditures for comparable activities.

• Increased the authorization for grants under the open-space program by $235 million (from $75 million to $310 million). Not more than $64 million could be used for the new open-space program in built-up urban areas and not more than $36 million could be used for the new program of urban beautification and improvement.

Other FHA Mortgage Insurance Programs

• Increased the dollar limits on the amount of an insured mortgage (1) from $11,000 to $12,500 on a home in an outlying area; (2) from $20,000 to $30,000 on a home for a serviceman; and (3) from $2,250 to $3,000 per family unit in rental housing dwelling units with four or more bedrooms.

• Decreased downpayments from 25 percent to 20 percent on that part of the value of a home which exceeded $20,000 where it was financed under the regular home mortgage insurance program and the programs for the military, NASA and AEC.

• Authorized a new mortgage insurance program for veterans under which a veteran could purchase a home with an FHA-insured mortgage with no downpayment required on the first $15,000 of the value of the home, a 10 percent downpayment on the value of the home over $15,000 but not in excess of $20,000, and 15 percent downpayment on the value in excess of $20,000.

• Directed the FHA to adopt a uniform procedure for the acceptance of materials and products used in housing financed with FHA-insured loans. Required any material or product which was found technically suitable to be accepted. (Acceptance did not restrict the discretion of the FHA to determine that a structure, with respect to which a mortgage was executed, was economically sound or an acceptable risk.)

• Placed FHA's mortgage insurance program for management-type cooperatives on a mutual basis.

• Consolidated all of FHA's insurance funds, except the mutual mortgage insurance fund, into a single general insurance fund.

• Authorized the FHA in its discretion, to pay either in cash or in debentures any insurance claim filed by the mortgagee under any of its programs. (The FHA was authorized to obtain funds for the cash payments by borrowing from the U.S. Treasury. Previously, payments had to be in debentures, except in limited cases.)

• Prohibited FHA from insuring any mortgage which covered new construction if the housing was not served by a public or adequate community water and sewerage system where (1) the property was not served by a system approved by FHA under the new mortgage insurance program for land development, and (2) was situated in an area certified by appropriate local officials to be an area where the establishment of public or adequate community water and sewerage systems was economically feasible.

Section 220 Urban Renewal Mortgage Insurance

• Increased the maximum amount of an FHA Section 220 urban renewal housing mortgage where the mortgagor was not the occupant of the property but intended to hold it for rental purposes, from 85 percent of the amount an owner-occupant could receive to 93 percent of such amount (i.e., about 90 percent of value or cost).

• Expanded the class of nondwelling facilities which could be included in a project financed under FHA's Section 220 urban renewal housing program to include such nondwelling facilities as the FHA deemed desirable and consistent with the urban renewal plan, so long as the project was predominantly residential and the FHA found that any nondwelling facility included in the mortgage contributed to the economic feasibility of the project.

Federal National Mortgage Association

• Increased the amount of special assistance that the President could authorize FNMA to provide for residential mortgage by $1,625 million over four years, in specified yearly increments.

• Increased the President's special assistance authority by transferring to it special assistance authority provided for FHA Title III mortgages on housing for the military, NASA, and AEC.

• Enabled FNMA to purchase government underwritten mortgages from Federal instrumentalities having authority to effect sales of such mortgages to FNMA.

• Authorized FNMA to purchase any obligations offered by the Housing Agency, or any mortgages covering residential property offered by any Federal instrumentality.

• Authorized FNMA, under its special assistance authority, to purchase below-market interest rate mortgages on low- or moderate-income housing (insured under FHA's sec. 221(d)(3) program) having original principal amounts exceeding $17,500 per dwelling unit, where the mortgages covered properties having the benefit of local tax abatement. The tax abatement had to be in an amount sufficient to keep rentals at the level where they would be if the mortgage amount did not exceed $17,500 per dwelling unit.

• Increased the general limit per dwelling unit on the amount of a mortgage FNMA could purchase under its special assistance authority from $17,500 to $20,000 in the case of a mortgage financing a family residence having four or more bedrooms.

Urban Renewal

• Increased the urban renewal grant authorization by $2.9 billion over the next four years.

• Permitted 35 percent of the additional $2.9 billion grant authority to be used in nonresidential areas for projects contemplating nonresidential use.

• Required that (1) a relocation assistance program include information as to real estate agencies, brokers and boards which deal in residential or business property that might be appropriate for the relocating of displaced individuals, families, and business concerns; and (2) as a condition to further assistance to each urban renewal project involving the displacement of individuals or families, the local urban renewal agency present satisfactory assurance to the Housing Administrator (prior to displacement) that decent, safe, and sanitary dwellings were available for the relocation of the individuals or families.

• Made not less than 10 percent of (1) the additional capital grant authority provided by the Act and subsequent laws and (2) the rehabilitation loans authority available for projects involving primarily code enforcement and rehabilitation.

• Authorized grants to cities and counties to assist them in carrying out programs of concentrated code enforcement in deteriorating areas.

• Limited the grants to not more than two-thirds (or three-fourths in the case of a city or county with a population of 50,000 or less) of the cost of planning and carrying out the programs. The grants were contingent upon the locality (1) having an approved workable program for community improvement, (2) having a satis-

factory program for providing all necessary public improvements for the assisted areas, and (3) agreeing to maintain its prior level of expenditures for code enforcement in addition to its expenditures for planning and carrying out the code enforcement program to be assisted.

• Authorized grants to cities and counties to finance up to two-thirds of the cost of demolishing unsafe structures in urban renewal areas, or, in the case of structures outside urban renewal areas, grants could be made if (1) the locality had an approved workable program for community improvement; (2) the demolition would be on a planned neighborhood basis; (3) there was in the locality a program of enforcement of housing and related codes; (4) the structures to be demolished were a serious hazard to public health or welfare, and (5) the local governing body determined that other legal procedures for remedial action had been exhausted.

• Authorized appropriations of $100 million for each fiscal year for low-interest rate rehabilitation loans for homes and business concerns in both urban renewal and code enforcement areas.

• Permitted inclusion of the cost of relocating historic structures within an urban renewal project area as part of an eligible urban renewal project cost.

Condemnation and Relocation

• As a condition of eligibility for Federal assistance under the low-rent public housing program, the urban renewal program, the urban mass transportation program, the public facility loans program, the open space land program, the programs of grants for community and neighborhood facilities, and the advance acquisition of land for future public facilities, required each applicant for assistance to satisfy the Housing Administrator that the following policies would be followed in connection with the acquisition of real property by eminent domain under the programs to be assisted:

(i) The applicant will make every reasonable effort to acquire the property by negotiation.

(ii) No owner will be required to surrender possession of real property before receiving the agreed purchase price or, in any case where only the amount of payment to the owner is in dispute, not less than 75 percent of the appraised fair value of the property.

(iii) Construction of public improvements will be so scheduled that no person occupying the property will be required to surrender possession without at least 90 days written notice of the date the construction would begin.

• Made eligible for relocation payments like those provided under the urban renewal and public housing programs, families, individuals, business concerns, and nonprofit organizations displaced by activities assisted under the public facility loans program, the urban mass transportation program, the open space land program, and the programs of grants for community and neighborhood facilities and the advance acquisition of land for future public facilities.

• Increased the relocation adjustment payment for displaced small business concerns from $1,500 to $2,500.

College Housing

• Increased the authorization for college housing loans by increments of $300 million beginning July 1, in each of the years 1965 through 1968 a total of $1.2 million.

• Changed the interest rate on college housing loans by placing a ceiling of 3 percent (or the amount derived from the statutory formula, if lower) on the rate. (Previously the rate was 3 7/8 percent.)

• Made new colleges and certain public vocational and technical institutions eligible for loans.

Urban Planning Grants

• Increased the authorization of appropriations for urban planning grants by $125 million. Permitted up to 5 percent of the funds appropriated to be used for grants for studies, research and demonstration projects, improvement of techniques for planning and for advancement of urban planning assistance program.

• Made organizations composed of public officials in metropolitan or urban regions eligible for urban planning grants.

Savings and Loan Associations

• Liberalized the authority of Federal savings and loan associations to make loans on college, university, or hospital residential facilities.

• Permitted the associations to make loans secured by leaseholds where the terms of the leases were 10 years rather than the previous 15 years.

• Authorized the associations to invest up to 1 percent of the association's assets, as approved by the Federal Home Loan Bank Board, in certain loans for housing projects in Latin America which are guaranteed by the United States.

Rural Housing

• Defined term "rural area" to mean any open country, or any place, town, village, or city which is not part of or associated with an urban area and which (1) has a population not in excess of 2,500 inhabitants; or (2) has a population in excess of 2,500 but not in excess of 5,500 if it is rural in character.

• Increased the interest rate to 5 percent on direct loans for housing on farms and on nonfarm rural homesites, except for loans to elderly persons. (The maximum rate on loans to the elderly and on certain specialized loans remained at 4 percent.)

• Authorized the Secretary of Agriculture to charge fees on the loans.

• Authorized the Secretary of Agriculture to make loans to farmers and rural residents for the purchase of previously occupied dwellings and related facilities and farm service buildings, and for minimum adequate building sites.

• Authorized the Secretary of Agriculture to insure loans, and to make loans to be sold and insured to persons of low- or moderate-income. Limited the interest rate to 5 percent.

• Limited the loans to adequate housing modest in size, design, and cost. To assure the marketability of the loans at face value and the participation of private lenders in the program, authorized the Secretary to insure, or to sell and insure, any of the loans on terms

giving the insured lender or purchaser a specified portion of the interest earnings and an optional right to resell to the Secretary within an agreed period.

• Authorized an aggregate of $300 million per year in loans described immediately above.

• Established the Rural Housing Insurance Fund. Authorized the Secretary to borrow from the Treasury to meet loan insurance obligations and to make other authorized expenditures from the fund.

• Established the Rural Housing Direct Loan Account and transferred certain loans and funds available from appropriations or Treasury borrowings for the loans to the Account.

National Banks

• Authorized national banks to make FHA-insured land development loans, and increased the maximum maturity of industrial, commercial, and residential construction loans from 18 months to 24 months.

INDEPENDENT OFFICES APPROPRIATIONS ACT FOR FY 1966

(Public Law 89-128, August 16, 1965)

• Established annual appropriations control over various programs of the Housing and Home Finance Agency which had heretofore been carried out under contract authority or similar arrangements considered to constitute "back-door financing." (In general, back-door financing may be defined as any grant of authority in an enabling statute which authorizes an Executive officer or agency to enter into contracts binding upon the United States to make payments in amounts or for purposes authorized, but prior to the inclusion of such amounts or purposes in an appropriation act.)

• This was accomplished by the inclusion of language effectively limiting the Agency's power to make commitments to the cumulative amounts appropriated for such commitments, for new commitments under the programs of urban renewal, open space land grants, and low-income housing demonstration grants.

FOREIGN ASSISTANCE ACT OF 1965

(Public Law 89-171, September 6, 1965)

• Authorized an appropriation of $210 million for technical cooperation and development grants, increased from $2.5 billion to $5 billion the ceiling on the volume of specific risk guaranties which could be issued, placed a limitation of $175 million for purposes other than housing projects out of the $300 million previously authorized for extended risk guaranties, and increased from $250 million to $400 million the total face amount of Latin American housing guaranties that could be outstanding at any one time.

• Extended provisions expressing the sense of Congress on stimulating private home ownership in Latin America to include cooperatives, free labor unions, savings and loan institutions, and other private enterprise programs engaged directly or indirectly in the financing of home mortgages, the construction of homes for lower-income families, and the increased mobilization of savings and the improvement of housing conditions.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT ACT

(Public Law 89-174, September 9, 1965)

• Established the Department of Housing and Urban Development, headed by a Secretary of Housing and Urban Development. There were to be in the Department five Assistant Secretaries, a General Counsel, and a Director of Urban Program Coordination.

• Designated one of the Assistant Secretaries to be the Federal Housing Commissioner, to administer departmental programs relating to the private mortgage market.

• Directed the Secretary, among other responsibilities, to advise the President with respect to Federal programs and activities relating to housing and urban development; to develop and recommend to the President policies for fostering the orderly growth and development of the Nation's urban areas; to exercise leadership at the direction of the President in coordinating Federal activities affecting housing and urban development; to provide technical assistance and information (including a clearinghouse service) to aid State, county, town, village, or other local governments in developing solutions to community and metropolitan development problems; to consult and cooperate with State Governors and State agencies, including, when appropriate, holding informal public hearings, with respect to Federal and State programs which assist communities in solving community and metropolitan development problems and which encourage regional cooperation in planning and development; to encourage comprehensive planning by State and local governments with a view to coordinating Federal, State, and local urban and community development activities; to encourage private enterprise to serve as large a part of the Nation's housing and urban development needs as it can and to cooperate fully with private enterprise; and to conduct continuing studies of housing and urban development problems.

• Transferred to the Secretary all the functions, powers, and duties of the Housing and Home Finance Agency, the Federal Housing Administration, and the Public Housing Administration, and the functions, powers, and duties of the heads and other officials of those agencies.

• Transferred the Federal National Mortgage Association, as a corporate entity, together with its functions, powers, and duties, to the Department. Vested the Secretary of the Department with the functions, powers and duties of the Housing and Home Finance Administrator with regard to FNMA, and made him Chairman of the Board of Directors with power to appoint the other members of the Board.

• Directed the President of the United States to undertake studies of the organization of housing and urban development programs within the Federal Government, and to provide Congress with the results of the studies, together with recommendations on the possible transfer of functions and programs to or from the Department.

• Required the Secretary to make an annual report to the President for submission to the Congress on Department activities during the preceding calendar year.

CONSOLIDATED FARMERS HOME ADMINISTRATION ACT AMENDMENTS

(Public Law 89-240, October 7, 1965)

• Authorized grants, loans and loan insurance to assist in the development of water, waste disposal and recreation projects in rural areas.

• Required comprehensive planning, and made provision for assistance to needy areas in preparing comprehensive plans.

• Defined a rural area so as not to include any area in any city or town which had a population in excess of 5,500 inhabitants.

SOUTHEAST HURRICANE DISASTER RELIEF ACT OF 1965

(Public Law 89-339, November 8, 1965)

• Directed the Secretary of Housing and Urban Development to undertake an immediate study of alternative programs which could be established to help provide financial assistance to persons suffering property losses in flood and other natural disasters, including alternative methods of Federal disaster insurance in addition to the existing flood insurance program.

PRESIDENTIAL MESSAGE ON DEMONSTRATION CITIES ACT OF 1966

(H. Doc. 89-368, January 26, 1966)

Proposals

• A new demonstration cities program, in which special supplementary grants would be used to encourage selected cities of various sizes to undertake coordinated programs utilizing all forms of assistance for housing, renewal, transportation, education, welfare, economic opportunity and related problems, and emphasizing social services as well as improvements to the physical environment.

• A program of demonstrations of effective comprehensive planning for metropolitan areas. Legislation to bar racial discrimination in the sale or rental of housing.

• Improvements in authorizing legislation for assistance to developers of new communities.

• Continued funding and authorization for various existing housing and community development programs.

PRESIDENTIAL ECONOMIC REPORT

(H. Doc. 89-348, January 27, 1966)

• Recommended legislation to give regulatory agencies a wider range of effective enforcement remedies; strengthen statutory provisions dealing with savings and loan holding companies; increase the maximum amount of insurance coverage for bank deposits and savings and loan accounts; provide safeguards against conflicts of interest in the management of these institutions; make regulations applicable to various types of institutions as parallel as possible; and provide for Federal chartering of mutual savings banks.

PRESIDENTIAL CIVIL RIGHTS MESSAGE

(Congressional Record, p. 9390, April 28, 1966)

• Asked the Congress, among other things, to declare a national policy against racial discrimination in the sale or rental of housing and create effective remedies against such discrimination.

PRESIDENT'S COUNCIL ON RECREATION AND NATURAL BEAUTY

(Executive Order 11278, May , 1966)

• Established the Council to review plans and programs of Federal agencies for or affecting outdoor recreation and natural beauty, conduct studies in those fields, and accomplish effective coordination in the fields. Designated the Secretary of HUD as a member.

SUBSTANTIVE PROVISIONS IN SECOND SUPPLEMENTAL APPROPRIATION ACT, 1966

(Public Law 89-426, May 13, 1966)

• Required that to receive rent supplements a project must be either part of a workable program for community improvement or have local official approval for participation in the program.

PARTICIPATION SALES ACT OF 1966

(Public Law 89-429, May 24, 1966)

• Authorized FNMA, as trustee, to sell certificates of participation in pools of mortgages or other types of obligations offered to it by the Farmers Home Administration, the Office of Education, the Export Import Bank, and the Small Business Administration. (FNMA had previously been given this authority with respect to obligations owned by the Department of Housing and Urban Development and the Veterans' Administration and FNMA.)

• Reduced the authority of FNMA to purchase mortgages under its special assistance program by $450 million. Reduced the authority for college housing loans by $300 million. (These reductions were said to be made possible by the increased sales of participations certificates in existing loans.)

• Directed the Secretary of the Treasury to conduct a study on the feasibility, advantages, and disadvantages of direct loan programs compared to guaranty or insured loan programs, and report his findings to Congress within six months after the effective date of the Act.

EVALUATION OF FLOOD HAZARDS

(Executive Order 11296, August 10, 1966)

• Directed Federal agencies to provide leadership in encouraging a broad effort to prevent uneconomic uses and development of the Nation's flood plains and, in particular, to lessen the risk of flood losses in connection with Federal lands and installations and Federally-financed or supported improvements.

• Directed all agencies responsible for programs which entailed land use planning to take flood hazards into account when evaluating plans.

AMENDMENTS TO URBAN MASS TRANSPORTATION ACT OF 1964

(Public Law 89-562, September 8, 1966)

• Authorized grants to States and local public bodies and agencies for the planning, engineering and designing of urban mass transportation projects and for other technical studies to be included in a program for a unified or officially coordinated urban transportation system as a part of the comprehensively planned development of the urban area.

• Authorized grants to States, local bodies and agencies to provide fellowships for training of personnel employed in the urban mass transportation field.

• Authorized grants to public and private nonprofit institutions of higher learning to assist in establishing or carrying on comprehensive research in the problems of transportation in urban areas. Directed the Secretary of HUD to undertake a project to prepare a program of research, development and demonstration of new systems of urban transportation to carry people and goods within metropolitan areas speedily, safely, without polluting the air, and in a manner that would contribute to sound city planning.

AMENDMENTS TO NATIONAL HOUSING ACT

(Public Law 89-566, September 10, 1966)

• Authorized FNMA to issue debentures up to 15 times its capital instead of the previous authority of 10 times. (This added about $2 billion in new purchasing authority to FNMA.)

• Authorized FNMA, under its special assistance program, to purchase $1 billion of FHA and VA mortgages with principal obligations not exceeding $15,000, except that this amount could be increased to $17,500 ($22,500 in Alaska, Guam, or Hawaii) in high-cost areas as determined by the Secretary of HUD. For this purpose, transferred $500 million from the existing FNMA special assistance authority, and provided $500 million of new authority. Use of the funds was to be limited to the purchase of mortgages on new construction.

FOREIGN ASSISTANCE ACT OF 1966

(Public Law 89-583, September 19, 1966)

• Raised the limit on volume of specific foreign housing investment risk guaranties from $5 to $7 billion; increased the amount authorized for extended risk guaranties from $300 million to $375 million; and earmarked $160 million of the total extended risk authority for use solely for housing projects.

• Prescribed a minimum rate of interest that the Administrator of AID could allow eligible U.S. investors to earn on loan investments for housing, and granted authority to allow not to exceed 1 percent above the current FHA rate if found necessary.

• Raised the ceiling on the total face amount of outstanding Latin American housing guaranties from $400 million to $450 million.

$300 million of this total could be used only for pilot or demonstration housing projects.

• Extended the termination date for Latin American housing projects guaranty authority from June 30, 1967 to June 30, 1969.

• Demonstration Cities and Metropolitan Development Act of 1966 (Public Law 89-754, November 4, 1966)

Comprehensive City Demonstration Programs

• Authorized HUD to provide grants and technical assistance to help communities of all sizes to plan, develop, and carry out comprehensive city demonstration programs. These were to be locally prepared programs for rebuilding or restoring entire sections and neighborhoods of slum and blighted areas by the concentrated and coordinated use of all available Federal aids together with local, private, and governmental resources.

• Authorized grants and technical assistance for planning city demonstration programs, to a city demonstration agency, which could be a city, county, or any local public agency established or designated by the local governing body to administer the comprehensive city demonstration program. The grants could cover up to 80 percent of the cost of planning and developing a program. Authorized $12 million for each of FYs 1967 and 1968.

• Required the applications for assistance to plan demonstration programs to show in broad and general terms the nature and seriousness of the city's problems and the outlines of what the city proposed to do, and to be approved by the local governing body.

• Required a city's demonstration program to be designed to (1) renew entire slum neighborhoods by combined use of physical and social development programs; (2) increase substantially the supply of standard housing of low and moderate cost; (3) make marked progress in reducing social and educational disadvantages, ill health, underemployment and enforced idleness; and (4) contribute toward a well-balanced city.

• Made two types of Federal assistance available to help finance projects or activities included in approved comprehensive city demonstration programs:

> (1) To the extent the projects or activities were eligible for assistance under an existing Federal grant-in-aid program, they would be financed under that program.
>
> (2) Special grants, supplementing the assistance available under existing grant-in-aid programs, would be provided for the demonstration cities programs. A supplemental grant could be up to 80 percent of the total non-Federal contributions required to be made to all projects or activities assisted by existing Federal grant-in-aid programs which were part of the demonstration cities programs.

• Authorized $400 million for FY 1968 and $500 million for FY 1969.

• Authorized an additional $250 million in grant authority for urban renewal projects which were part of approved comprehensive city demonstration programs. (Authority to enter into contracts under this program was repealed, effective January 1, 1976, by the

Housing and Community Development Act of 1974, P.L. 93-383, August 22, 1974.)

Planned Metropolitan Development

• As an incentive to coordinated planned metropolitan development, authorized HUD to make supplemental grants to State and local public bodies and agencies for up to 20 percent of the cost of projects receiving aid under certain specified Federal programs in metropolitan areas where development was being carried out in accordance with their own metropolitan planning and programming. The additional or supplemental grant could not exceed (1) 20 percent of the cost of the project for which it was made, nor (2) the grant which was being supplemented. In addition, the total Federal contributions to a project could not exceed 80 percent.

• Required that after June 30, 1967, all applications for Federal assistance for projects for which supplemental grants could be provided be submitted to a metropolitan or regional planning agency for review. Required that it be accompanied by comments of the planning agency concerning the extent to which the project was consistent with the comprehensive planning developed or in process for the area and the extent to which the project contributed to fulfillment of the planning.

• Authorized HUD to call upon other Federal agencies to cooperate in insuring that all the Federal programs related to metropolitan development were carried out in a coordinated manner.

• Authorized HUD, upon the request of local officials of the central city in any metropolitan area, and after consultation with local governmental authorities in the area, to appoint a metropolitan expediter for the area. The expediter was to provide information, data, and assistance with respect to programs and activities conducted in the area by HUD, and with respect to other public and private activities and needs in the area relating to those programs and activities.

FHA Insurance Programs

New Communities (Title X)

• Broadened the FHA mortgage insurance program for land development to permit the financing of "new communities" with FHA-insured mortgages.

Insurance for Group Practice Facilities (Title XI)

• Authorized FHA to insure mortgages made by private nonprofit corporations to finance the construction or rehabilitation of facilities for group practice of medicine, optometry or dentistry, particularly in small communities. The mortgages could also finance equipment of the facilities. Both profit making and nonprofit groups could utilize the facilities.

Veterans

• Made the special mortgage insurance program which permitted veterans to purchase homes with FHA-insured mortgages and low downpayments available to any veteran without regard to whether the veteran had previously received a VA loan or loan guarantee.

New Sales Housing Program for Low-Income Families

• Authorized a limited new FHA mortgage insurance program (Section 221(h)) of sales housing for low-income families financed with below- market interest rate insured mortgages. Made private nonprofit organizations eligible for insured mortgages at not more than 3 percent interest to finance the purchase and rehabilitation of substandard housing (not less than five units) for resale to low-income purchasers.

• Required the purchaser to pay at least $200 down which could be applied to closing costs.

Areas Affected by Civil Disorders

• Authorized FHA to insure housing mortgages under its regular Section 203 sales housing program on the basis of acceptable risk rather than economic soundness if it was determined that the housing was located in an area or areas where rioting or other civil disorders had occurred or were threatened, and there was a need for low- and moderate-income housing in the area.

Cooperative Housing

• Permitted FHA to insure supplementary loans financing improvements and community facilities provided in connection with existing FHA-insured cooperative housing, with amounts up to 97 percent of the value of the improvements and facilities, even though financing to that extent would increase the mortgage indebtedness above the original mortgage amount (but not above the statutory limits).

Urban Renewal Housing

• Amended the FHA Section 220 urban renewal housing mortgage insurance program by lowering the required downpayments on sales housing, extending to the sales housing program a special liberalized loan-to-replacement-cost ratio for veterans, and increasing the mortgage limitations for small projects containing large family dwelling units.

Section 221 Program for Low- and Moderate-Income and Displaced Families

• Raised the dollar limits on mortgages under the FHA 221(d)(2) housing program for low- and moderate-income and displaced families.

• Broadened the class of nondwelling facilities which could be included in a project in an urban renewal area covered by a Section 221 mortgage where the mortgagor waived his right to make a profit on any such facilities.

Land Development

• Raised the limit on the amount of an FHA-insured mortgage for land development from $10 to $25 million.

Federal National Mortgage Association

• Authorized FNMA to purchase under its special assistance program FHA-insured mortgages financing new communities and the

below- market Section 221(h) insured mortgages on sales housing for low- income families.

• Authorized FNMA to participate (up to 95 percent) in making FHA-insured advances during construction on FHA-insured mortgages financing cooperative housing, nonprofit and limited dividend Section 221(d)(3) housing for low-income families and Section 220 urban renewal housing.

Urban Renewal

• Required that the redevelopment of an urban renewal area, unless it was for predominantly nonresidential uses, must provide a substantial number of units of standard housing of low and moderate cost and result in marked progress in serving the poor and disadvantaged people living in slum and blighted areas.

• For the purpose of computing local grants-in-aid to an urban renewal project, a publicly owned facility which was begun not earlier than three years prior to enactment of this Act was to be deemed to benefit an urban renewal project to the extent of 25 percent of the total benefits of the facility or $3,500,000, whichever is less, if the facility:

(1) is used by the public for cultural, exhibition, or civic purposes, is a city hall or a public safety building, or is constructed or rehabilitated by a public university and devoted to the treatment of physical or mental disabilities and illness or to medical research;

(2) is located within, adjacent to, or in the immediate vicinity of the urban renewal project;

(3) is found to contribute materially to the objectives of the urban renewal plan; and

(4) is not otherwise eligible as a local grant-in-aid.

• Authorized capital grant assistance to be provided on a three-fourths (rather than on the usual two-thirds) basis to urban renewal projects in areas designated as "redevelopment areas" under the Public Works and Economic Development Act of 1965 (P.L. 89-136, August 26, 1965).

Rural Housing

• Authorized loans under Title V of the Housing Act of 1949 (P.L. 81-171) for the purchase of newly built homes.

• Permitted the Secretary of Agriculture to accept a comaker in the case of any applicant for a rural housing loan who is deficient in repayment ability. (Previously comakers were permitted only in the case of loans to the elderly.)

• Raised the limit on the amount of a loan, grant, or combined loan and grant for repairs and improvements to owner-occupied dwellings or farm service buildings from $1,000 to $1,500. Authorized loans to be made under the rental housing program for the elderly for housing for low-income rural nonelderly.

• Made cooperative housing eligible for direct or insured rural housing loans. (Previously, loans could be made to consumer cooperatives but only for rental housing.)

• Made insured rural housing loans available for housing for moderate- income nonelderly persons as well as for the rural elderly.

• Removed the previous $300 million annual ceiling on new loans insured for families with low or moderate incomes and substituted an expiration date of October 1, 1969.

• Authorized financial assistance for refinancing of rural housing and essential farm service buildings.

Alaska Housing

• Authorized appropriation of $10 million for loans and grants to the State of Alaska to assist in the provision of housing and related facilities in accordance with a Statewide program, for Alaskan Natives and other Alaska residents otherwise not able to afford such housing.

Revisions of State Statutes

• Authorized grants to be made under the urban planning program to be used to assist in studies and research on needed revisions of State statutes which create, govern or control local governmental operations.

Urban Information and Technical Services

• Authorized HUD to make matching grants to States to help finance programs to provide small communities (less than 100,000 population) with information and data on urban needs and assistance activities and technical assistance with respect to solution of local problems.

Technology

• Authorized HUD to encourage and assist the housing industry to reduce the cost and improve the quality of housing by the application to housing and urban development of advances in technology, and to encourage and assist the application of advances in technology to urban development activities.

• Authorized appropriations of $5 million for FY 1967 and $10 million for FY 1968 for the program, including research and studies.

Urban Environmental Studies

• Directed HUD to carry out a comprehensive program of studies, surveys, research, and analyses to document and define urban environmental factors which must be controlled or eliminated, to establish a coordinated system of collecting and receiving information and data on urban ecological research and evaluations, and evaluating, disseminating, and utilizing information and data on urban ecological research.

Housing at or near Military Bases

• Authorized the Secretary of Defense (1) to acquire housing situated at or near a military installation which had been ordered to be closed where the housing was owned by a serviceman or other Federal employee whose employment or service was to be terminated by the closing, and (2) as an alternative, to make cash payments. (Section 108 of the Housing Act of 1965, which this provision replaced, was repealed.)

Preservation of Historic Structures

• Provided that the acquisition and restoration of real property within an urban renewal area to promote historic and architectural preservation could, where necessary for that purpose, be an urban renewal project activity, and that the relocation (within or outside a project area) and restoration of properties of historic or architectural value would also be eligible as urban renewal project activities.

• Authorized local grant-in-aid credit under the urban renewal program for assistance provided by a public body in relocation and restoration activities related to properties of architectural or historic value.

• Authorized HUD to make grants in amounts up to $90,000 per structure, to the National Trust for Historic Preservation to cover the cost of restoring structures of historic or architectural value which the Trust would maintain for historic purposes. Authorized appropriations for the grants. Authorized HUD to make urban planning grants for surveys of historic structures and sites. In addition, authorized grants to be made under the open space land and urban beautification programs for historic preservation.

DISASTER RELIEF ACT OF 1966

(Public Law 89-769, November 6, 1966)

• Authorized HUD to refinance loans when necessary because of the loss, destruction or damage to property securing the loans as the result of a major disaster. The interest rates could be reduced and the maturities extended.

• Made the FHA Section 221 mortgage insurance program for displaced low-income families available to disaster victims.

• Amended the Consolidated Farmers Home Administration Act of 1961 (Title VIII, P.L. 87-70) to permit loans or insured loans for the acquisition, construction, improvement, replacement, or extension of waste disposal systems and other public facilities to associations, public, quasi-public, and nonprofit corporations providing community services in rural areas when the services were needed to rebuild a community. Authorized 50 percent construction grants for waste disposal systems, water systems, and other public facilities if the user charges to repay a loan would need to be beyond the ability of the majority of the users to pay, and if these charges would be above average for comparable communities in the State.

• Required priority to be given to disaster areas making application for assistance under the public facilities loan programs and public housing programs of the Department of HUD.

CORRECTING AMENDMENTS OF HOUSING AND URBAN DEVELOPMENT LAWS

(Public Law 90-19, May 25, 1967)

• Amended the various housing and urban development laws to correct references and provisions made obsolete by the creation of the Department of Housing and Urban Development.

AMENDMENTS TO APPALACHIAN REGIONAL DEVELOPMENT ACT AND PUBLIC WORKS DEVELOPMENT ACT

(Public Law 90-103, October 11, 1967)

Title I. Amendments to Appalachian Regional Development Act of 1965 (P.L. 89-4)

• Authorized HUD to make grants and loans to nonprofit, limited dividend or cooperative organizations, or to public bodies for the expenses of planning and of obtaining an insured mortgage for a housing construction or rehabilitation project under the FHA Section 221 program for low-income families in any area of the Appalachian Region determined to have significant potential for future growth.

• Established the Appalachian revolving housing fund and authorized $5 million to be appropriated for the purpose of the program.

• Projects were to be submitted by the States and approved by the Appalachian Regional Commission.

• Authorized $6 million for grants for the FYs 1968 and 1969 for construction of sewage treatment facilities in the Appalachian area.

• Made comprehensive planning local development districts eligible for comprehensive planning grants by HUD.

• To increase the Federal contribution to projects in the area under Federal grant-in-aid programs, authorized supplemental grants to be made for the construction or equipment of facilities and the acquisition of land.

Title II—Amendments to the Public Works and Economic Development Act of 1965 (P.L. 89- 136)

• Permitted supplemental Federal grants-in-aid in economic development regions established under that Act to increase the Federal contributions to Federally-aided construction or equipment of facilities,or the acquisition of land.

SUBSTANTIVE PROVISIONS IN DEPARTMENT OF HUD APPROPRIATION ACT, 1968

(Public Law 90-121, November 3, 1967)

• Open space grants could not exceed 50 percent of eligible cost.

• No funds in the appropriation act could be used for metropolitan expediters authorized in Section 203 of the Demonstration Cities and Metropolitan Development Act of 1966 (P.L. 89-754, November 4, 1966).

• No funds in the appropriation act could be used for the implementation or administration of Section 204 of the act cited above. (These three provisos continued in appropriation acts through FY year 1971.)

AMENDMENTS TO FOREIGN ASSISTANCE ACT OF 1965

(Public Law 90-137, November 14, 967)

• Raised the ceiling on extended risk coverage under the program for guarantees of American investment in developing countries to

$475 million for other than housing projects, and the ceiling on guarantees of investment in housing to $315 million.

PRESIDENTIAL ANNOUNCEMENT, DECEMBER 6, 1967

• Announced an intention to form an Institute for Urban Development, objectives of which were:

(1) to build a continuing analytical capacity to study complex urban problems as a whole, including their relationship to Federal, State, and local institutions, organizations, policies and programs;

(2) to get necessary data and conduct long-range studies based on the data;

(3) to bring together a wide variety of disciplines, for example, architects, administrators, builders, scientists, economists, social organizations and city planners; and

(4) to provide an independent and objective review and evaluation of the nation's urban problems and programs.

AMENDMENTS TO ECONOMIC OPPORTUNITY ACT OF 1964

(Public Law 90-222, December 23, 1967)

• Directed HUD to take all necessary steps under the urban renewal program to assure that land for business location and expansion purposes was made available for "special impact programs" directed to the solution of critical problems in urban areas having especially large concentrations of low-income persons.

• Directed each community action agency to encourage the establishment of housing development and service organizations designed to focus on the housing needs of low-income families and individuals. Directed the organizations to provide the technical, administrative, and financial assistance required to help those persons to utilize existing programs and to enable sponsors to take advantage of existing mortgage insurance and housing assistance programs. Where appropriate, the organizations could be nonprofit housing development corporations. The corporations could themselves become sponsors of housing under existing housing program. They were required to coordinate their programs with other community action programs.

COORDINATION OF FEDERAL REGIONAL ACTIVITIES

(Executive Order 11386, December 28, 1967)

• Prescribed arrangements for coordination of the activities of regional commissions and activities of the Federal Government relating to regional economic development.

• Established the Federal Advisory Council on Regional Economic Development, with the Secretary of HUD a member.

PRESIDENTIAL STATE OF THE UNION MESSAGE

(H. Doc. 90-211, January 17, 1968)

• Proposed for the consideration of Congress a 10-year campaign to build six million new housings units for low- and middle-income families.

PRESIDENTIAL BUDGET MESSAGE

(H. Doc. 90-225, January 29, 1968)

• Repeated the recommendation for a program to produce six million housing units for low- and middle-income families over a 10-year period.

• Requested administrative authority to lift the FHA and VA interest rate ceilings.

• Proposed orderly transfer of ownership of the government's secondary market activities into private hands.

PRESIDENTIAL MESSAGE

(H. Doc. 90-262, February 26, 1968)

• Proposed a national goal of producing 26 million units over a 10-year period, including six million for replacement of substandard housing.

Made a number of substantive new recommendations, including:

• Interest subsidy programs, with the government paying the cost of mortgage interest in excess of one percent (to the extent necessary) to provide home ownership or repairs reasonably within the means of the poor, the elderly, the handicapped, the displaced, and moderate-income families; and similarly, to provide rental housing for low- and moderate- income families;

• Legislation to transfer the secondary market functions of FNMA to private ownership and management;

• Authorization of a new form of obligation to be backed by Federally-insured or guaranteed mortgages, intended to attract funds from retirement and trust funds and similar sources of capital not ordinarily available for housing mortgages;

• Establishment of a national housing partnership (as proposed by the Kaiser Commission) to encourage private housing undertakings through pooling of risks and various tax advantages;

• Provision of technical assistance to non-profit sponsors active in Federally-assisted housing programs;

• Grants for improved tenant services in low-rent public housing;

• Initiation of a Federal system of reinsurance against the risks of civil disorders, to encourage availability of private insurance against such risks (commonly called "riot insurance");

• A program of incentive grants to stimulate comprehensive planning in connection with Federally- assisted local public works projects; and

• Transfer (by Presidential Reorganization Plan) of the program of grants and loans for urban mass transportation from HUD to the Department of Transportation.

PRESIDENTIAL REORGANIZATION PLAN

(House Doc. 90-262, February 26, 1968)

• Proposed reorganization, which would have the effect of transferring to a new Urban Mass Transportation Administration in the Department of Transportation the functions of HUD relating to mass transportation project assistance through loans and grants and related development activities.

• Proposed to leave with HUD responsibility for certain enumerated research and comprehensive planning functions having significant impact on urban development.

CIVIL RIGHTS ACT OF 1968

(Public Law 90-284, April 11, 1968)

• Made it unlawful (1) to refuse to sell or rent or make unavailable or deny a dwelling to any person because of race, color, religion, or national origin, and (2) to discriminate against any person in the sale or rental of a dwelling, or in the provision of services or facilities in connection therewith because of race, color, religion, or national origin.

• Made it unlawful for any bank, building and loan association, insurance company, or other corporation, association, firm or enterprise whose business consisted of making real estate loans to deny a loan or other financial assistance for the purchase, construction, improvement, repair or maintenance of a dwelling because of the race, color, religion, or national origin of the borrower or persons with whom he was associated.

• Made HUD responsible for administering the Fair Housing provisions, and provided an additional Assistant Secretary.

• Included criminal provisions to prevent intimidation in Fair Housing cases and with respect to riots and civil disorders.

AMENDMENTS TO NATIONAL HOUSING ACT

(Public Law 90-301, May 7, 1968)

• Authorized HUD, in consultation with the Veterans Administration, to set the maximum interest rates for the FHA mortgage insurance programs on sales housing at such rates as it found necessary to meet the mortgage market.

• Raised the statutory maximum interest rate for the FHA Section 207 rental housing program, Section 213 cooperative housing program, the Section 231 program for housing for the elderly or handicapped, and the Section 214 program for condominiums to 6 percent.

• Established the Commission to Study Mortgage Interest Rates. Membership included representatives of the House and Senate Committees on Banking and Currency, and Veterans Affairs, and appointees by the President and the Speaker of the House and the President of the Senate. The Secretary of HUD was to designate the Executive Director of the Commission. (Report was issued August 13, 1969)

TRUTH IN LENDING ACT

(Public Law 90-321, May 29, 1968)

• Required full disclosure of the terms and conditions of finance charges in credit transactions or in offers to extend credit, including home mortgages and repair or modernization loans.

URBAN MASS TRANSPORTATION FUNCTIONS

(Reorganization Plan No. 2 of 1968, June 30, 1968)

• Transferred to the Secretary of Transportation certain urban mass transportation functions of the Secretary of Housing and Urban Development, and established within the Department of Transportation the Urban Mass Transportation Administration.

HOUSING AND URBAN DEVELOPMENT ACT OF 1968

(Public Law 90-448, August 1, 1968)

Declaration of Policy

• Affirmed the national goal of "a decent home and a suitable living environment for every American family" and stated that there should be the fullest practicable utilization, in the Federal housing programs, of private enterprise and self-help techniques.

Housing for Lower-Income Families

Homeownership: Sections 235 and 221(h)

• Established the Section 235 program (of the National Housing Act) to provide Federal assistance to homeownership by lower-income families. Under the program, HUD could enter into contracts with lenders who make FHA-insured home mortgage loans to these families, to make periodic payments to the lenders in the amount necessary to make up the difference between 20 percent of the family's monthly income and the required monthly payment under the mortgage for principal, interest, taxes, insurance, and mortgage insurance premium. In no case, however, could the payment on a mortgage exceed the difference between the required payment under the mortgage for principal, interest, and mortgage insurance premium and the payment that would be required if the mortgage bore an interest rate of 1 percent.

• Made the assistance payment available for a purchaser having an income, at the time of his initial occupancy, not in excess of 135 percent of the maximum income limits that could be established in the area for initial occupancy in public housing. However, up to 20 percent of the funds authorized in appropriation acts for the program could be used to assist families with incomes above these limits, but not in excess of 90 percent of the income limits for occupancy in a Section 221(d)(3) below-market interest rate housing project. Required income to be recertified at least every two years and appropriate adjustments made in the assistance payment to reflect any changes.

• Limited the amount of a home mortgage to $15,000 ($17,500 in high cost areas), or $17,500 ($20,000 in high cost areas) for families with five or more members.

• Established the minimum downpayment at $200 or its equivalent in labor for families with income up to 135 percent of maximum limits in the area for initial occupancy in public housing, and 3 percent of acquisition cost in other cases. The downpayment could be applied to closing costs.

• Required that the housing be new or substantially rehabilitated, except that up to 25 percent of the amount of contracts au-

thorized to be made before July 1, 1969, could apply to existing housing, with this percentage decreasing to 15 percent the following year, and 10 percent the third year.

• Authorized contracts for assistance payments, subject to approval in appropriation acts, of up to $75 million annually prior to July 1, 1969. Increased this amount by $100 million on July 1, 1969, and by $125 million on July 1, 1970. A reasonable portion of the authority was to be transferred to the Secretary of Agriculture for use in rural areas and small towns. Made the Section 235 program available for the purchase (and rehabilitation if necessary) by a nonprofit organization or a public body or agency of housing in viable, or potentially viable, areas for resale to lower-income families, also with a Section 235 mortgage. Required the housing to include at least four or more dwelling units (or be two-family dwellings, one unit of which was to be occupied by the owner), or at least four or more one-family units in a condominium, in the cases where rehabilitation was involved. Authorized HUD to provide counseling services to purchasers of homes with Section 235 mortgages.

• Modified the Section 221(h) program to allow home purchasers to finance their purchase with mortgages bearing interest rates as low as 1 percent where the purchaser's income justified, with periodic adjustments between 1 and 3 percent to reflect changes in the homeowner's income. Increased the limit on the aggregate amount of mortgages that could be insured and outstanding at any one time under the program from $20 million to $50 million.

Special Mortgage Insurance Assistance

• Added Section 237 to the National Housing Act to authorize FHA insurance of mortgages for families of low and moderate income who, through the incentive of homeownership, and counseling assistance, appear to be able to achieve homeownership but who, for reasons of credit history, irregular income patterns caused by seasonal employment, or other factors, are unable to meet the credit requirements generally applicable for the purchase of a home under the regular FHA mortgage insurance program.

• Required that a Section 237 mortgage meet the basic requirements under one of the various FHA home mortgage programs, except as to the credit and income requirements. The principal obligation of the mortgage could not exceed $15,000 ($17,500 in high-cost areas). However, if the limit on the amount of a mortgage was lower under a particular program, the lower limit was made applicable.

• Limited the monthly payments, combined with local real estate taxes on the property, to 25 percent of the home purchaser's income, computed over the previous year or the previous three years, whichever was higher. Limited the aggregate outstanding balance of mortgages insured under the Section 237 program to $200 million at any one time.

Older Neighborhoods

• Authorized mortgage insurance under any of FHA's mortgage insurance programs, for the purchase, repair, rehabilitation, or construction of housing located in older declining urban areas without regard to the normal requirements of the particular program if

FHA finds that (1) the area is reasonably viable, giving consideration to the need for providing adequate housing for families of low and moderate incomes in the area, and (2) the property is an acceptable risk in view of this consideration.

Conversion of Certain Rental Projects

• Permitted rental housing projects financed with below-market interest rate FHA 221(d)(3) mortgages to be converted to cooperative or condominium ownership, with sale of units to low- or moderate-income purchasers at a price not in excess of the appraised value of the property and with a mortgage bearing the below-market interest rate then in effect. Required at least a 3 percent downpayment for purchase in a condominium, which could be applied in whole or in part toward closing costs.

Technical Assistance for Nonprofit Organizations

• Authorized HUD to provide to nonprofit organizations technical assistance with respect to the construction, rehabilitation, and operation of low- and moderate-income housing, and to make 80 percent, interest-free loans to such sponsors to cover certain preconstruction costs under Federally-assisted programs. Established the low- and moderate-income sponsor fund as a revolving fund for these loans with an authorization for appropriations of $7.5 million for FY 1969 and $10 million for FY 1970.

National Homeownership Foundation

• Created the National Homeownership Foundation to carry out a continuing program of encouraging private and public organizations to provide increased homeownership and housing opportunities in urban and rural areas for lower-income families.

• Authorized the Foundation to make grants and loans (not otherwise available from Federal sources) to help defray organizational and administrative expenses, necessary preconstruction costs, and the cost of counselling or similar services to lower-income families for whom housing was to be provided. The Foundation could also provide technical assistance to the organizations.

• Authorized appropriation for the Foundation of up to $10 million and the use of donated funds.

Special Risk Insurance Fund

• Established a new special risk insurance fund (under Section 238 of the National Housing Act) which was not intended to be actuarially sound and out of which claims were to be paid on mortgages insured under the new special mortgage insurance programs for low- or moderate-income families. Authorized appropriations to cover any losses sustained by the new fund.

New Technology (Operation Breakthrough)

• Directed HUD to institute a program under which public and private organizations submit plans for the development of housing for lower- income families, using new and advanced technologies, on Federal land made available for that purpose, or on other suitable land. Five plans from among those submitted were to be selected.

• Directed HUD to seek to achieve the construction of at least 1,000 dwellings units a year over a five-year period for each of the various types of technologies proposed in the approved plans. Required HUD to report at the earliest practicable date with respect to the projects assisted, together with recommendations.

• Authorized insurance of mortgages financing the projects under the FHA experimental housing program (Section 233 of the National Housing Act).

Study of Insurance Protection for Homeowners

• Authorized HUD, in cooperation with the private insurance industry, to develop a plan for establishing an insurance program to enable homeowners to meet their monthly mortgage payments in times of personal economic adversity. Required HUD to report within six months following enactment of the Act.

National Advisory Commission on Low-Income Housing

• The National Advisory Commission on Low-Income Housing was established to undertake a comprehensive study and investigate the resources and capabilities in the public and private sectors of the economy which may be used to fulfill more completely the objectives of the national goal of a "decent home and suitable living environment for every American family." An interim report was required by July 1, 1969, and a final report by July 1, 1970.

Rental Housing for Lower-Income Families

Part A—Private Housing: Section 236

• Authorized the Section 236 program of Federal assistance to rental and cooperative housing for lower-income families. Under this program periodic payments were to be made to the mortgagee to reduce the rents required by interest costs on a market- rate FHA-insured project mortgage. Payments could be enough to reduce payments on the project mortgage from that required for principal, interest and mortgage insurance premium on a market-rate mortgage to that required for principal and interest on a mortgage bearing an interest rate of 1 percent.

• These payments were designed to reduce rentals to a basic charge; a tenant or cooperative member would either pay the basic charge or such greater amount as represented 25 percent of his income, but not more than the charges which would be necessary without any interest-reduction payments. Rental charges collected by the project owner in excess of the basic charges were to be returned to the Secretary for deposit in a revolving fund to offset payments made to the mortgagee and to make other interest-reduction payments.

• Made eligible for residence, families with incomes, at the time of the initial rent-up of the projects, not in excess of 135 percent of the maximum limits that could be established in the area for initial occupancy in public housing. However, up to 20 percent of the contract funds authorized in appropriation acts could be made available for projects in which some or all of the units would be occupied, at the time of the initial rent-up, by tenants whose incomes exceeded the above limit but did not exceed 90 percent of the in-

come limits for occupancy of Section 221(d)(3) below-market interest rate rental housing. Made eligible for mortgage insurance under the Section 236 program, a mortgagor which was a nonprofit organization, a cooperative, or a limited-dividend entity of the types permitted under the FHA Section 221(d)(3) rental housing program.

• Interest-reduction payments could be made with respect to State-aided rental housing projects approved for receiving the benefits of the program prior to completion of construction or rehabilitation of the projects.

• Authorized contracts for assistance payments, subject to approval in appropriation acts, in amount of $75 million annually prior to July 1, 1969, increased by $100 million on July 1, 1969, and by $125 million on July 1, 1970. A reasonable portion of the authority was to be transferred to the Secretary of Agriculture for use in rural areas and small towns.

• Authorized rent supplement payments for tenants in Section 236 projects, for not more than 20 percent of the units in any one project. Made State-aided projects eligible for rent supplements if the projects were approved for this benefit prior to completion of construction or rehabilitation.

• Increased the authority for rent supplement contracts (subject to approval in appropriation acts) by $40 million on July 1, 1969, and by $100 million on July 1, 1970.

Part B—Low-Rent Public Housing

• Authorized HUD to make grants to local housing authorities to assist in financing tenant services for tenants of public housing. Authorized appropriations for the grants up to $15 million for fiscal year 1969, and $30 million for fiscal 1970.

• Permitted public housing assistance for Indian families who live on or adjacent to their farmland. Prohibited high-rise public housing projects for families with children, except where HUD determined that there was no practical alternative.

• Prohibited HUD from prescribing limitations on the types or categories of structures or dwelling units (other than those provided in the law) which can be leased for public housing under the Section 23 leasing program. Authorized an additional $120 annual subsidy for public housing units occupied by large families or families with very-low income. Permitted local housing authorities to purchase structures leased under the Section 23 program for the purpose of reselling the structure to the tenants, or to a group of tenants occupying units aggregating in value at least 80 percent of the structure's value.

Changes in FHA Insurance Programs

• Authorized FHA to:

—insure loans to homeowners to finance the purchase of fee simple title to property on which their homes were located where the homeowner had only a leasehold interest in the land;

—insure 90 percent supplemental loans to finance improvements and additions to FHA multifamily projects (including nursing homes and group practice facilities);

—insure supplementary rehabilitation loans to housing cooperatives which purchased war housing covered by an uninsured mortgage;

—permit the cost of nursing home equipment to be included in an insured nursing home mortgage;

—insure mortgages on new seasonal homes.

• Changed FHA Title I home improvement loan insurance program by:

—raising the limit on the amount of a loan from $3,500 to $5,000;

—extending the maximum maturity from five years and 32 days to seven years and 32 days;

—increasing the maximum financing charge to $5.50 discount per $100 of the first $2,500 plus $4.50 in excess of $2,500 (previously $5 and $4, respectively).

• Authorized insurance of mortgages financing the purchase of housing rehabilitated by local public agencies in urban renewal areas under the Sections 220 and 221(d)(3) programs as well as under the new Section 236 program.

• Increased the maximum mortgage amount under the Section 203(i) program for homes in outlying semirural and rural areas from $12,500 to $13,500.

Title IV—New Communities Act of 1968

• Authorized HUD to guarantee obligations issued by private developers to help finance the land acquisition and land development costs of new communities. (Authority to make such guarantees was ended by Title VII of the Urban Growth and New Community Development Act of 1970, P.L. 91-609, December 31, 1970.)

• Limited the obligations guaranteed for a new community to the lesser of (a) 80 percent of the Secretary's estimate of the value of the property upon completion of the land development, or (b) the sum of 75 percent of the Secretary's estimate of the value of the land before development plus 90 percent of his estimate of the actual cost of the land development, or (c) $50 million outstanding.

• Limited the aggregate amount of outstanding principal obligations guaranteed to $250 million.

• Authorized HUD to establish a revolving fund for the guarantee program comprised of (1) receipts from fees and charges, (2) other receipts, and (3) such sums, authorized to be appropriated, as may be required.

• Authorized HUD to make supplementary grants to State and local public bodies and agencies for water and sewer facilities and open space assisted by grants under the Housing and Urban Development Act of 1965 (P.L. 89-117), or the Consolidated Farmers' Home Administration Act, and the Housing Act of 1961 (P.L. 87-70).

• Limited the supplementary grant to 20 percent of the cost of the facility and the total Federal grant to 80 percent of facility cost.

• Authorized appropriations for supplementary grants of up to $5 million for fiscal year 1969, and up to $25 million for fiscal year 1970.

(Title IV was required to be phased out by Title VII of the Housing and Urban Development Act of 1970, P.L. 91-609, December 31, 1970.)

Title V—Urban Renewal

Neighborhood Development Program (NDP)

• Authorized HUD to provide financial assistance for neighborhood development programs, i.e., urban renewal project undertakings and activities in one or more urban renewal areas planned and carried out on the basis of annual increments.

• Based financing on the amount of loan and grant funds needed to carry out the activities planned during a 12-month period in each of the urban renewal areas contained in a community's program. If funds were available and a community's program was acceptable to the Secretary, a community could receive financial assistance based on its need for subsequent annual increments of the program.

Rehabilitation Grants

• Increased the limit on the amount of a rehabilitation grant to a low-income homeowner from $1,500 to $3,000, and made the grant available for rehabilitation of real property in addition to the dwelling itself.

• Authorized HUD to make rehabilitation grants to low-income homeowners whose property had been determined, after inspection, to be uninsurable because of physical hazards. Authorized the grant to be made only to rehabilitate the property to the extent necessary to make it meet reasonable underwriting standards imposed by a statewide property insurance plan.

• Authorized rehabilitation grants to be made to low-income homeowners for repairs and improvements of dwellings in urban renewal and code enforcement areas under certain circumstances.

Rehabilitation Loans

• Broadened the rehabilitation loan program in the same manner as the rehabilitation grant program with respect to properties located outside urban renewal and code enforcement areas and those found to be uninsurable.

• Limited the eligibility for residential rehabilitation loans to persons whose annual income was within the local limits for the Section 221(d)(3) below-market interest rate program.

Open-Land Projects

• Authorized grants for open-land urban renewal projects where the land was to be disposed of for low- and moderate-income housing. (Previously, open-land projects were not eligible for grants.) The grant may be for two-thirds of the difference between the proceeds from any land disposed of at its value for low- or moderate-income housing and the proceeds which would have been realized if the land had been disposed of at its fair value without regard to its special use.

Demolition Grants

• Expanded the demolition grant program to permit grants for the demolition of structures which were rat harborages or potential rat harborages.

Air Rights

• Authorized air rights urban renewal projects, and the construction of necessary foundations and platforms in any type project, for the development of educational facilities.

Low- and Moderate-Income Housing

• Provided that a majority of the housing units provided in all of the approved urban renewal projects in any community which were to be redeveloped for predominately residential uses and which received Federal recognition after August 1, 1968, must be for low- and moderate-income families or individuals, with at least 20 percent of such total for low-income families or individuals.

Interim Assistance

• Authorized HUD to contract to make grants aggregating up to $15 million a year to cities or counties to assist them in taking interim steps to alleviate harmful conditions in slum or blighted areas of communities which were planned for substantial clearance, rehabilitation, or Federally-assisted code enforcement in the near future, but which needed some immediate public action until permanent action could be taken. The grant could not exceed two-thirds of the cost of planning and carrying out an interim assistance program, except that three-fourths grants could be made to a community with a population of 50,000 or less.

Relocation Payments

• Broadened relocation adjustment payments to permit payments of up to $500 per year, for a two-year period, previously limited to $500 based on a one-year period.

• Authorized a new payment to enable a displaced owner-occupant of residential property to purchase a replacement dwelling equal to the difference between the average price for an adequate replacement home and the acquisition price of the former home.

Other Urban Renewal Amendments

• Removed the previous limits on the acquisition and rehabilitation of residential properties by local renewal agencies.

• Authorized leasing land in an urban renewal area (in addition to being sold as previously provided) for low- or moderate-income housing at a price consistent with the use for that purpose. (This permitted land to be available to builders at the write- down price for housing assisted under the new interest-reduction payment programs.)

Title VI—Urban Planning and Facilities

Planning Grants

• Revised the Section 701 planning assistance grant program in the following ways.

• Authorized grants to be made to State planning agencies for assistance to "district" planning agencies for rural and other nonmetropolitan areas; to Indian tribal planning councils; to regional and district councils of government; to regional commissions and economic development districts established under the Public Works and Economic Development Act of 1965 (P.L. 89-136); to cities, without regard to population, within metropolitan areas for planning which is part of metropolitan planning; and to official government planning agencies for areas where rapid urbanization is expected as a result of a new community assisted under the Act.

• Broadened the definition of comprehensive planning to include planning for the provision of governmental services and for the development and utilization of human and natural resources. Required the inclusion of a housing element as part of the preparation of comprehensive land-use plans. Increased the authorization of appropriations for grants by $35 million for fiscal 1969 and by $125 million beginning FY 1970. Provided that an additional $10 million of Section 701 appropriations was to be available for study, research, and demonstration projects.

• Authorized supplementary grants for Federally-assisted projects in all multi- jurisdictional areas (previously limited to metropolitan areas), such as the rural planning districts proposed to be assisted with comprehensive planning grants.

Revisions in Advance Acquisition of Land Program

• Broadened the definition of eligible land from land planned to be utilized "in connection with the future construction of public works and facilities" to land planned to be utilized in the future for "public purposes."

• Authorized grants to be made for the imputed interest cost when a public body did not use borrowed funds to acquire the land. Authorized HUD to extend the requirement that the land must be used for its proposed purpose within five years, if it deemed a longer period necessary due to unusual circumstances.

• Provided that assistance under the program would not render a project ineligible for other Federal assistance programs and that the cost of land acquired with assistance under the advance acquisition program would not be an ineligible project cost in such other programs.

Urban Mass Transportation

• Amended the definition of "mass transportation" in the Urban Mass Transportation Act of 1964 (P.L. 88-365) to allow greater flexibility and opportunity for application of new concepts and systems.

• Provided that not more than half of the non-Federal share of the net project cost of a mass transportation project receiving Federal grants could be paid from private sources, except in certain cases of demonstrated fiscal inability. Required that any public or private transit system funds provided for the non-Federal share be solely from undistributed cash surpluses, replacement or depreciation funds or reserves available in cash, or new capital.

Title VIII—Secondary Mortgage Market

• Partitioned the existing Federal National Mortgage Association into two separate corporations, a government-sponsored private corporation, to be known as the Federal National Mortgage Association (FNMA) to conduct the secondary mortgage market operations assigned to the previous FNMA, and a wholly-owned government corporation, the Government National Mortgage Association (GNMA). Made provision for a period and process of transition of FNMA from public to private ownership, and for the repayment of capital stock held by the Treasury.

FNMA

• Provided that the new FNMA be headed by a Board of Directors, whose composition and method of appointment or election were provided for. Made the new FNMA subject to general regulatory control of the Secretary of HUD, who had to approve the issuance of all stocks and other obligations by FNMA and who could require it to allocate a reasonable portion of its mortgage purchases to mortgages on low- and moderate-income housing.

• Authorized FNMA to sell securities backed by a portion of its mortgage portfolio, with FNMA guaranteeing payment on such securities.

GNMA

• Provided that GNMA operate the special assistance functions for Federally-aided housing programs, and the management and liquidating functions of the old FNMA.

• Authorized GNMA to guarantee mortgage-backed securities issued by private issuers other than FNMA, where they were backed by FHA, VA, and some Farmers Home Administration mortgages or loans.

Title IX—National Housing Partnerships

• Directed that a national housing partnership be created for the purpose of securing the participation of private investors in programs and projects to provide housing for low- and moderate-income families.

• Authorized the national partnership to form partnership ventures with local investors for the purpose of building low- and moderate-income housing projects throughout the Nation. Authorized the President to create additional partnerships when he determines it to be in the national interest.

• Authorized national banks to invest in entities formed under these provisions of the Act.

Rural Housing

• Authorized the Secretary of Agriculture to provide housing, under the new interest- reduction programs authorized for HUD by the Act, in rural areas.

• Authorized Farmers Home Administration (FmHA) to provide advances and technical assistance to the provision of housing and related facilities in rural areas for rural trainees (and their families) enrolled in Federally-assisted training courses to improve their employment capability.

• Authorized a new program of grants and loans to provide assistance in rural areas and small towns to low-income individuals and families for mutual or self-help housing.

• Authorized a self-help housing land development fund to provide a source of short- term loans to public or private nonprofit organizations to buy and develop building sites to be sold to families, nonprofit organizations, and cooperatives eligible for assistance under the new interest-reduction programs for housing for lower-income families.

Title XI—Urban Property Protection and Reinsurance Act of 1968

• Authorized HUD to provide private insurers with reinsurance against losses resulting from riots or civil disorders.

• Limited the sale of reinsurance to those insurers that cooperate with State insurance authorities in Statewide plans, to assure fair access to insurance requirements, called FAIR plans, and reinsurance could be provided only in States which have such plans.

• Required that premium rates and the terms and conditions of reinsurance contracts be uniform throughout the country. The premiums for the first year were to provide sufficient income to cover a level of riot losses in excess of the amount of insured riot losses in 1967.

• Required that a State assume a portion of the losses reinsured by the Secretary within one year or by the close of its next regular legislative session. Made the ceiling on the share 5 percent of the property insurance premiums earned in the State on reinsured lines of property insurance, if reinsured losses exceeded premiums paid for reinsurance by insurance companies in a State.

• Created a national insurance development fund to carry out the authorized programs. Authorized Treasury borrowings to make payments of claims for reinsured losses if required, limited to $250 million or such further sums as the Congress might authorize by joint resolution.

• Required HUD to make a study concerning the availability of property insurance in urban areas and report to the President and the Congress in one year Authorized other studies pertinent to its reinsurance and Statewide plan responsibilities.

Title XIII—National Flood Insurance Act of 1968

• Authorized HUD to establish and carry out a national flood insurance program to enable persons to purchase insurance against losses resulting from physical damage to or loss of real property or personal property arising from any flood occurring in the U.S. Directed HUD to encourage and arrange for maximum participation in the program by insurance companies and other insurers, and by related agents, brokers, and organizations.

• The private insurance industry was expected to participate in the operation of the flood insurance program on a risk-sharing basis. However, as an alternative, authorized HUD if necessary, to operate the program without such participation on other than a fiscal agency basis.

• Authorized HUD to borrow up to $250 million from the Treasury to carry out the insurance program.

• Established a national flood insurance fund for making payments authorized by the bill, including premium equalization payments and reinsurance for losses in excess of losses assumed by insurance company pools formed to provide flood insurance.

• Directed HUD to develop criteria designed to encourage the adoption of State and local measures to restrict the development of land which is exposed to flood damage, guide development of proposed construction away from locations threatened by flood hazards, assist in reducing damage caused by floods, and otherwise improve land management and use of flood prone areas. Provided that after June 30, 1970, no new flood insurance coverage could be provided in any areas unless an appropriate public body had adopted land use and control measures.

• Established limits on amount of coverage and limited the face amount of flood insurance coverage outstanding and in force at any one time to $2.5 billion.

• Authorized the Secretary to study the extent to which insurance protection is not available against earthquakes or other natural disaster perils, and the feasibility of such insurance protection being made available.

Title XIV—The Interstate Land Sales Full Disclosure Act

• Made it unlawful for any developer to sell or lease, by the use of the mail or by any means in interstate commerce, any lot in any subdivision (defined as one with 50 or more lots for sale as part of a common promotional plan) unless:

a. There has been filed with HUD a statement of record listing certain required information about the ownership of the land, the state of its title, its physical nature, the availability of roads and utilities, and other matters; and

b. A printed property report, containing pertinent extracts from the statement of record, is furnished to the purchaser in advance of the signing of an agreement for purchase or lease.

• Provided that these requirements not apply to any subdivision where the property was clear of all liens and if every purchaser had personally inspected the lot which he purchased, as evidenced by a written affirmation by the developer.

Title XV—FHA Mortgage Insurance for Nonprofit Hospitals

• Authorized FHA insurance for mortgages covering new or rehabilitated hospitals (including initial equipment).

• Limited the amount of a mortgage to $25 million or 90 percent of replacement cost, and the hospital must be owned and operated by one or more nonprofit organizations. Made eligible recently completed hospitals not yet permanently financed, subject to a limit of $20 million on the aggregate of such mortgages.

Title XVI—Housing Goals and Housing Reports

• Found that the supply of the Nation's housing was not increasing rapidly enough to meet the national housing goal and reaffirmed the goal.

• Required the President, not later than January 15, 1969, to report to the Congress a plan to be carried out over the next 10 years

for the elimination of all substandard housing and the realization of the national housing goal.

• Required the President on January 15, 1970, and on each succeeding year through 1979, to submit to the Congress a report of results achieved in the provision of housing and recommendations for actions that may be needed.

• Made available funds previously appropriated and available for studies of housing markets and credit for expenses of the Commission on Mortgage Interest Rates to study mortgage interest rates (established by P.L. 90-301, May 7, 1968).

Title XVII—Miscellaneous

Urban Renewal Demonstration Grant Programs

• Authorized urban renewal demonstration grants to be made to nonprofit organizations (previously available only to public bodies).

• Increased the limit on the amount of urban renewal demonstration grants from two- thirds of the cost of the undertakings to 90 percent of the cost. Increased the amount of funds available for these grants from $10 million to $20 million.

Advances in Technology in Housing and Urban Development

• Authorized such sums as may be necessary to be appropriated commencing with FY 1969, for studies of new and improved techniques and methods of applying advances in technology to housing construction and rehabilitation, and to urban development. Authorized four-year contracts for such studies (previously limited to two-year contracts).

College Housing

• Authorized annual debt service grants for college housing, to be used to reduce the borrower's annual debt service payments on private market loans to the average annual debt service that would have been required if the loan were based on the rate charged on loans under the college housing direct loan program. Provided that the grants could be made over a fixed period up to 40 years. Authorized contracts for the grants, subject to approval in appropriation acts, in the amount of $10 million in FY 1969 and another $10 million on July 1, 1969.

• Made both the loan and new grant program for college housing available for the purchase of existing properties which are in need of little or no rehabilitation.

Federal-State Training Programs

• Broadened the Federal-State training program to permit grants to States for the training of subprofessional (previously limited to professional) persons who will be employed in the field of housing as well as community development.

Additional Assistant Secretary of Housing and Urban Development

• Authorized an additional Assistant Secretary of Housing and Urban Development.

Self-Help Studies

• Authorized grants for studies of self-help in the construction, rehabilitation, and maintenance of housing for low-income persons and families and the methods of selecting, involving, and directing them in self-help activities. Required HUD to report to Congress within one year on the results of the studies.

Savings and Loan Associations

• Authorized Federal savings and loan associations to refer to their share accounts as "savings deposits" and to borrow through the issuance of bonds and other obligations.

• Authorized savings and loan associations to invest in time deposits, certificates or accounts in banks insured by the FDIC; loans to finance mobile homes; unsecured loans up to $5,000 to finance the construction of new structures relating to residential use; loans up to $5,000 for equipping homes; loans guaranteed by AID on housing projects located in developing countries outside of Latin America; and loans to Federally supervised financial institutions or brokers or dealers registered with the SEC, if the loans were secured by loans, obligations or investments in which the Federal association has statutory authority to invest directly.

Federal Home Loan Banks

• Authorized Federal Home Loan Banks to invest in housing loans guaranteed under the Foreign Assistance Act of 1961.

AMENDMENTS TO CONSOLIDATED FARMERS HOME ADMINISTRATION ACT OF 1961

(Public Law 90-488, August 15, 1968)

• Raised the annual limit on development grants by the Farmers Home Administration for rural water and sewer project development costs from $50 million to $100 million, and extended the period within which such grants could be made prior to the completion of a comprehensive area plan from October 1, 1968 to October 1, 1971.

• Increased the annual limit on planning grants to be made to public bodies or other agencies having authority to prepare official comprehensive plans for the development of rural water or sewer systems from $5 to $15 million.

• Removed the $450 million limit on the amount of loans which could be insured in any one year for rural water and waste disposal projects and farm ownership.

• Increased the amount of direct loans made from the insurance fund for resale as insured loans which could be outstanding at any one time to $100 million from $50 million.

FOREIGN ASSISTANCE ACT OF 1968

(Public Law 90-554, October 8, 1968)

• Raised the ceilings for investment guarantees to $8.5 billion on specific risks; $550 million on extended risk, and to $390 million for extended risk for purposes other than housing.

• Raised the ceiling on investment guarantees for Latin American housing to $550 million.

FIRST ANNUAL REPORT ON NATIONAL HOUSING GOALS

(H. Doc. 91-35, January 17, 1969)

• Transmitted by the President to the Congress.

EXECUTIVE ORDER 11452, JANUARY 23, 1969

• Established the Council for Urban Affairs to advise and assist the President with respect to urban affairs. Directed the Council to:

1. Assist the President in the development of a national urban policy.
2. Promote the coordination of Federal programs in urban areas.
3. Encourage the fullest cooperation between Federal, State and city governments, with special concern for the maintenance of local initiative and local decision making.
4. Ensure that policies concerning urban affairs shall extend to the relations of urban, suburban, and rural areas, to programs affecting them, and to the movement of population between them.
5. Seek constant improvement in the actual delivery of public services to citizens.
6. Foster the decentralization of government with the object that program responsibilities will be vested to the greatest possible extent in State and local government.
7. Encourage the most effective role possible for voluntary organizations in dealing with urban concerns.
8. Meet with and advise the President on the occasion of emergency situations, or conditions threatening the maintenance of civil order of civil rights.

DOMESTIC PRESIDENTIAL MESSAGE

(H. Doc. 91-96, April 14, 1969)

• Promised a series of recommendations to the Congress proposing new approaches to a wide range of domestic programs and problems, including the problems of the cities and those of rural areas.

• Declared that the objective was not to turn away from old goals, but to new means for achieving them.

• Identified a beginning on revenue sharing to strengthen the financial capabilities of State and local governments as such an approach, along with other general concepts: e.g., greater use of tax incentives to enlist private resources in meeting public needs.

FEDERAL ASSISTANCE TO STATES AND LOCALITIES

(Presidential Message, H. Doc. 91-148, August 13, 1969)

• Discussed the problems and deficiencies of the Federal grant-in-aid programs, which had evolved in recent times; set forth the President's approach to redirecting the flow of power and decision-making authority so as to strengthen State and local governments

and reduce their dependence on the national government; and proposed an immediate beginning on a program of general revenue sharing, to follow certain enumerated principles.

REPORT OF THE COMMISSION ON MORTGAGE INTEREST RATES

(August 13, 1969)

• Among other things, the Report of the Commission (which was established by P.L. 90-301): Recommended permanent abolition of the statutory interest ceiling on FHA mortgages and establishment of a new two-part system for a three-year trial period. Under the two-part system, FHA mortgages could be originated either (1) at an unregulated interest rate, provided no discount points were charged or collected by the lender or mortgage originator; or (2) at a ceiling rate set by the Secretary of HUD, with no restrictions on discount points.

• Proposed a special study to recommend ways of reducing closing costs associated with mortgage originations.

• Urged that housing be given a "higher priority in national economic policy than had heretofore been the case."

• Recommended several proposals for strengthening the role of the Federal Home Loan Bank System as a backstop for savings and loan associations.

• Recommended providing the subsidies needed by low- and moderate-income families to afford decent housing and that the government should stand ready as lender of last resort to provide the necessary mortgage credit to finance production of all housings units for which subsidies had been appropriated, whenever the supply of such credit from private lenders was inadequate to finance these units.

• Construction Industry Collective Bargaining Commission (Executive Order 11482, September 22, 1969) Established the Commission. Authorized it to conduct studies and to make general recommendations respecting any problems relating to collective bargaining in the construction industry, including training and development of manpower, instability, the improvement of productivity and technology, the improvement of the mobility of the labor force, the portability of pensions, and job security.

DISASTER RELIEF ACT OF 1969

(Public Law 91-79, October 1, 1969)

• Authorized the President to provide, on a temporary basis, dwelling accommodations for disaster victims. He could (1) use any unoccupied Federally-owned housing, (2) arrange with a local public housing agency for using unoccupied public housing units, (3) lease existing dwellings, or (4) acquire mobile homes or other readily fabricated dwellings through leasing to be placed on sites purchased by the State or local government or by the owner-occupant displaced by the disaster, with no site charge being made.

• Required that rentals for the housing take into consideration the financial ability of the occupant. Rentals could be compromised, adjusted, or waived in cases of hardship for a period up to 12 months.

• Authorized the President to make grants to States and their political subdivisions for the removal of debris as a result of a major disaster.

EMERGENCY FUNCTIONS

(Executive Order 11490, October 28, 1969)

• Consolidated the assignment of emergency preparedness functions previously contained in a number of Executive Orders.

• Directed the Secretary of Housing and Urban Development to prepare national emergency plans and develop preparedness programs covering all aspects of housing, community facilities related to housing, and urban development. However, military housing and housing leased for not more than one year remained the responsibility of the Department of Defense, and transportation facilities were excepted from the term "urban development."

COUNCIL FOR RURAL AFFAIRS

(Executive Order 11493, November 13, 1969)

• Established the Council for Rural Affairs and designated the Secretary of HUD as one of the members of the Council.

• Directed the Council to advise and assist the President with respect to the further development of the nonmetropolitan areas, and assist in the development of policies for rural areas, including consideration of the affairs of the smaller cities and towns outside the metropolitan areas.

• Amendments to the Appalachian Regional Development Act (Public Law 91-123, November 25, 1969) Authorized HUD to provide directly or by contract, information, advice and technical assistance relating to the construction, rehabilitation and operation by nonprofit organizations of housing for low- or moderate-income families in the Appalachian Region.

AMENDMENT OF FEDERAL HOME LOAN BANK ACT

(Public Law 91-151, December 23, 1969)

• Increased the authority of the Secretary of the Treasury to purchase obligations of the Federal Home Loan Banks by $3 billion to $4 billion.

• Provided that the Secretary of the Treasury should use the authority when alternative means could not effectively be employed, to permit members of the Home Loan Bank System to continue to supply reasonable amounts of funds to the mortgage market whenever the ability to supply such funds was substantially impaired during periods of monetary stringency and rapidly rising interest rates, and any funds so borrowed should be repaid by the Home Loan Bank Board at the earliest practicable rate.

(The Conference Report on the Act stated that while the Senate conferees had prevailed in their position that a secondary market for the Federal Home Loan Banks might be worthwhile, the conferees had agreed that there were so many unknowns as to how the program would operate that the provision should be reserved for further study.)

HOUSING AND URBAN DEVELOPMENT ACT OF 1969

(Public Law 91-152, December 24, 1969)

GNMA Special Assistance

• Increased GNMA special assistance authority for purchasing mortgages covering low-cost housing by $1.5 billion.

• Required that the purchases be made at par.

• Raised the per-dwelling-unit limitation generally applicable to mortgages purchased by GNMA under its special assistance functions from $17,500 to $22,000.

• Authorized GNMA to purchase mortgages at a price equal to the unpaid principal amount at the time of purchase, with adjustments for interest and any comparable items, and subsequently to sell such mortgages at any time at a price which GNMA determined is within the range of market prices at the time of sale for the particular class of mortgage involved.

• Made rural housing mortgages insured under the Housing Act of 1949 (P.L. 81-171), except mortgages for above moderate-income families, eligible for purchase by GNMA under its special assistance authority.

Amendments to FHA Insurance Programs

• Lowered required downpayments for FHA sales housing by reducing from 20 percent (15 percent in the case of veterans and servicemen) to 10 percent the amount of such downpayment which is attributable to the value or cost of the property in the range between $20,000 and $25,000.

• Raised the limit on the amount of a mortgage which could be insured by FHA for a mobile-home court from $1,800 to $2,500 per space and from $500,000 to $1 million per project.

• Amended the FHA Title I home improvement loan insurance program to permit insurance under the program of loans financing the purchase of mobile homes to be used by the owners as their residences. The loan could be up to $1,000 in amount and be repaid within 12 years.

• Increased the maximum mortgage amount under the FHA Section 220 urban renewal multifamily housing program from $30 million to $50 million where the project was privately sponsored.

• Gave servicemen the benefits of payment of mortgage insurance premiums on their behalf by the Federal Government when they purchased a one-family unit in a condominium with a new mortgage. (Previously, this benefit was available only when they assumed an existing FHA-insured mortgage covering the unit.)

• Expanded the FHA nursing home mortgage insurance program to cover mortgages financing new or rehabilitated intermediate care facilities or combined nursing homes and intermediate care facilities.

• Raised the per-dwelling-unit limit on housing for Alaska Natives and others residing in remote areas of Alaska from $7,500 to $10,875.

• Increased the per-room and per-unit limits on FHA-insured mortgages by 10 percent for sales and multifamily housing under certain programs, and by 20 percent for sales housing insured under certain sales housing programs.

• Increased the amount which HUD is authorized to advance from the FHA General Insurance Fund to the Special Risk Insurance Fund from $5 million to $20 million.

• Provided for FHA mortgage insurance for group practice facilities in older, declining urban areas under the Special Risk Insurance Fund. Placed the maximum amount of a mortgage for a group practice facilities project on the basis of 90 percent of its estimated replacement cost rather than 90 percent of its estimated value of the property when completed.

Savings and Loan Associations

• Authorized the Federal Home Loan Bank Board to establish the maximum rate of interest chargeable by members of the Federal Home Loan Bank System on home mortgage loans on single-family dwellings in any State which does not have a statutory contract rate of interest applicable to mortgage loan transactions.

• Authorized Federal savings and loan associations to invest in the stock of a corporation authorized to be created under the National Housing Partnership provisions (Title IX) of the Housing and Urban Development Act of 1968 (P.L. 90- 448, August 1, 1968), and in any partnerships formed by the corporation.

Low- and Moderate-Income Programs

Sections 235 and 236 Mortgage Interest-Reduction Programs

• Authorized up to 30 percent of the total amount of contracts for homeownership assistance payments which were authorized to be made by appropriation acts for FYs 1970 and 1971 to be made with respect to existing dwellings or dwelling units in existing projects. (Previously, only 15 percent of the contracts for FY 1970 and 10 percent of the amount of contracts for FY 1971 could be made with respect to existing housing).

• Included families applying for Section 235 homeownership assistance among those who could be given preference for mortgage insurance and counseling service. (Previously, the preference was limited to applicants who did not meet normal FHA credit standards and who were living in public housing units or who were displaced from urban renewal areas and were eligible for public housing.)

• Made homeownership assistance payments for home purchasers under the Section 235 program for low-income families available to eligible families who assumed mortgages under the program.

• Authorized HUD to increase from 20 percent to 40 percent, the maximum percentage of units in a Section 236 rental housing project which could be occupied by tenants receiving rent supplements.

• Authorized interest-reduction payments with respect to part of a mortgage on a rental or cooperative housing project (as well as with respect to the entire mortgage) financed under a State or local program approved for receiving the benefits of the Section 236 program.

Public Housing

• Increased the maximum amount of Federal loans or loan commitments for financing the acquisition or development of low-rent public housing from 90 to 100 percent. Limited rent in public housing projects to one-fourth of a tenant's income, as defined by HUD. Provided further that this limit on rent should not apply in any case in which HUD determines that limiting the rent of a tenant would result in a reduction in the amount of welfare assistance which would otherwise be provided to the tenant by a public agency (so-called Brooke Amendment).

• Provided that for the purpose of insuring the low-rent character of public housing projects, any contract for annual contributions may be amended or superseded in order that the annual contributions may be fixed on the basis of the current going Federal rate of interest.

• Required each public housing agency to notify promptly any applicant determined to be ineligible for admission to public housing of such determination and, upon request, provide the applicant an opportunity for an informal hearing on the determination. Required eligible applicants to be notified promptly of the approximate date of occupancy.

• Increased per-room cost limits of public housing from $2,400 to $2,800; for the elderly from $3,500 to $4,000; and for Alaska from $3,500 to $3,900 and from $4,000 to $4,500 for elderly in Alaska projects. Increased the increment for high-cost areas from $750 to $1,500 per room for elderly families and to $1,400 per room in other cases.

• Removed the workable program requirement for low-rent public housing.

Section 221(d)(3) Housing

• Removed the workable program requirement for Section 221(d)(3) below-market interest rate housing.

Sale of Land for Housing

• Authorized real property which is surplus within the meaning of the Federal Property and Administrative Services Act to be transferred to HUD, at its request, for sale or lease at its fair value for use in the provision of rental or cooperative housing to be occupied by families or individuals of low or moderate income. (Repealed by Section 126(a)(3), Housing and Urban Renewal Act of 1983, P.L. 98-181, November 30, 1983.)

Urban Renewal and Rehabilitation

• Made the Pacific Islands and Indian tribes eligible for urban renewal loans and grants and for rehabilitation grants, and for demolition and code enforcement grants.

• Extended the period of eligibility of local grants in aid for certain urban renewal and neighborhood development projects.

• Made enclosed pedestrian malls eligible for inclusion in urban renewal project costs.

• Raised the limit on the amount of a rehabilitation grant from $3,000 to $3,500.

• Removed a requirement which limited eligibility for residential rehabilitation loans to persons whose annual incomes were within local applicable income limits for the 221(d)(3) below-market interest rate program. Increased the limit on the amount of a supplemental grant with respect to an urban renewal loan from private sources to an amount which HUD determined necessary to enable a local public agency to obtain funds from private sources. Required HUD within one year after date of enactment of the law, and every two years thereafter, to review each locality's relocation plan. Required Federally-assisted urban renewal projects which include the demolition or removal of residential structures to include the provision in the area within which the urban renewal agency has jurisdiction, by construction or rehabilitation, of standard housing units for occupancy by low- and moderate-income families at least equal in number to the number of units demolished or removed.

Model Cities and Metropolitan Development Programs

• Required that 10 percent of any appropriations for model cities supplemental grants be used in cities or counties of less than 100,000 population.

• Extended the time within which a community could qualify for a basic water and sewer facilities grant without having its program completed for an area-wide system until October 1, 1970.

• Extended the interim program of 50 percent grants for mass transportation facilities and equipment in urban areas not yet able to meet full area-wide comprehensive planning and programming requirements until July 1, 1971.

Trust Territory of the Pacific Islands

• Made the Trust Territory of the Pacific Islands eligible to receive assistance for public housing, public facility loans, and the FHA loan insurance programs.

Employment Opportunities for Lower-Income Persons

• Directed HUD in the administration of programs providing direct financial assistance in aid of housing, urban planning, development, redevelopment, public or community facilities, and new community development to require that opportunities for training and employment arising in connection with the planning and carrying out of projects assisted under the programs be given to lower-income residents in the project area, and that contracts for work to be performed in connection with the projects be awarded to business concerns which are located in or owned in substantial part by persons residing in the project area.

Riot and Flood Insurance Programs

• Permitted riot reinsurance contracts to be entered into during the course of the entire reinsurance contract year.

• Extended the time within which State legislation must be enacted providing for reimbursement to HUD of the State share of reinsured property losses to the close of the second full regular session of the State Legislature following August 1, 1968.

• Authorized HUD, until December 31, 1971, to carry out the national flood insurance program without the actuarial determination of estimated risk premium rates.

• Extended the program to cover mudslide damage and related problems.

• Made flood insurance available in those States or areas which gave statutory assurance to the Secretary of HUD that by December 31, 1971, "adequate" land-use and control measures would be adopted. (Previously, assurance had to be given that "permanent" land-use and control measures would be adopted by June 30, 1970.)

Interstate Land Sales

• Defined the exemption from registration requirements in certain cases where real estate is sold or leased to persons who have personally inspected the property to apply:

(1) only where there is a personal on-the-lot inspection;

(2) in cases where land is subject to assessments by property owners' associations (as well as State and local taxes and assessment); and

(3) in cases where the liens, encumbrances, or adverse claims involved constitute beneficial property restrictions enforceable by other lot owners or lessees (as well as in cases where they constitute reservations for public service purposes), if before entering into the contract of sale or lease the developer furnishes the purchaser or lessee with a descriptive and concise statement of all such reservations, taxes, assessments, and restrictions and the purchaser or lessee acknowledges in writing his receipt thereof.

Rural Housing

• Removed the $100 million limitation on the amount of new loan paper which could be held in the Rural Housing Insurance Fund at any one time.

• Authorized the Secretary of Agriculture to sell insured rural housing loans out of the Rural Housing Insurance Fund in blocks and to treat such transactions as a sale of assets for budgetary purposes regardless of whether he keeps custody of the notes as trustee for the purchaser.

• Authorized the Secretary of Agriculture to make commitments to make or insure rural housing loans on one or more properties upon application by the lender, builder, or seller and upon compliance with such requirements as he may specify.

• Abolished the Rural Housing Direct Loan Account and transferred assets, liabilities, and authorizations of the Account to the Rural Housing Insurance Fund.

• Authorized the Secretary of Agriculture to make or insure loans to nonprofit organizations to provide sites for rural housing for low- and moderate-income families.

Employment of New or Imported Technologies

• Amended Section 1010 of the Demonstration Cities and Metropolitan Development Act of 1966 (P.L. 89-754) to direct HUD to assure, to the extent feasible, in connection with the construction,

major rehabilitation, or maintenance of any housing assisted under this Section of applying advances in technology, that there is no restraint by contract, building code, zoning ordinance, or practice against the employment of new or improved technologies, techniques, materials and methods or of preassembled products which may reduce the cost or improve the quality of such construction, rehabilitation, and maintenance, and therefore stimulate expanded production of housing under such programs, except where such restraint is necessary to insure safe and healthful working and living conditions. (Section 1010 was repealed by the Housing and Urban Development Act of 1970, P.L. 91-609, December 31, 1970.)

TAX REFORM ACT OF 1969

(Public Law 91-172, December 30, 1969)

• Revised the provisions for bad debt reserves deduction for mutual banking institutions to make them consistent with those applicable to savings and loan associations.

• Changed provisions of the tax law relating to real estate depreciation, to permit 125 percent declining balance depreciation of new rental property with a useful life of 20 years or more acquired after July 24, 1969; to permit accelerated depreciation of new rental housing; and to provide a special five-year amortization deduction in the case of expenditures made before December 31, 1974, for the rehabilitation of buildings for low-cost rental housing.

• Provided that if a Section 221(d)(3) or 236 housing project was sold or disposed of by the taxpayer in an approved disposition, and within a certain period the taxpayer reconstructed or acquired another qualified housing project, then at the election of the taxpayer, gain from such disposition would be recognized only to the extent that the net amount realized exceeded the cost of the acquired housing project. Required that the sale or disposition be approved by HUD.

• Repealed the investment tax credit.

ECONOMIC OPPORTUNITY AMENDMENTS OF 1969

(Public Law 91-177, December 30, 1969)

• Amended the rural loan provisions of the Act to make it clear that the Farmers Home Administration should consider applications for loans to the elderly for repairs and improvements of their homes.

NATIONAL ENVIRONMENT POLICY ACT OF 1969

(Public Law 91-190, January 1, 1970)

• Declared that it is the continuing policy of the Federal Government, in cooperation with State and local governments, and other organizations, to use all practical means, including financial and technical assistance, in a manner calculated to foster and promote the general welfare, to create and maintain conditions under which man and nature can exist in productive harmony.

• Directed that Federal agencies should include in every recommendation or report on proposals for legislation and other major Federal actions significantly affecting the quality of the human en-

vironment, a detailed statement on the environmental impact of the proposed action.

• Required the President to submit annually, beginning July 1, 1970, an Environmental Quality Report.

• Created the Council on Environmental Quality in the Executive Office of the President.

VI. THE 1970s—REAPPRAISAL AND REDESIGN

HOUSING LEGISLATION

(Presidential Letter to Chairman, Senate Banking and Currency Committee, Cong. Rec. p. 7457, March 16, 1970)

• Urged the Congress to enact promptly proposed legislation to provide subsidies for housing for low- and moderate-income individuals by reducing interest rates on mortgages. The proposed bill would permit application to the Federal Home Loan Bank System of $250 million to subsidize advances to savings and loan associations.

• Urged prompt action on a request for supplemental appropriation authority adding $50 million to the 1970 authority available for entering into interest-subsidy contracts under the homeownership and rental housing assistance programs (Sections 235 and 236).

LOANS TO INDIANS AND TRIBAL CORPORATIONS

(Public Law 91-229, April 11, 1970)

• Authorized the Secretary of Agriculture to make direct loans from the Farmers Home Administration direct loan account and to make and insure loans as provided in the Farmers Home Administration Act to any Indian Tribe recognized by the Secretary of Interior, or tribal corporation, to acquire lands or interests in lands.

COUNCIL FOR URBAN AFFAIRS

(Executive Order 11541, July 1, 1970)

• Terminated the Council for Urban Affairs and provided that the functions heretofore assigned to that Council should be performed by the Domestic Council in the Executive Office of the President.

EMERGENCY HOME FINANCE ACT OF 1970

(Public Law 91-351, July 24, 1970)

Federal Home Loan Bank System

• Authorized to be appropriated up to $250 million for use by the Federal Home Loan Bank Board for disbursement to the Federal Home Loan Banks for the purpose of adjusting the effective interest charged by the banks on short-term and long-term borrowing to promote an orderly flow of funds into residential construction.

• Directed the Board to disburse the funds under such terms and conditions as would assure that they would be used to assist in the provision of housing for low- and middle-income families.

FNMA Secondary Market for Conventional Mortgages

• Expanded the purchase authority of FNMA to permit it to purchase conventional mortgages, in addition to the Federally-underwritten mortgages it had previously purchased and sold.

• Limited the purchases generally to mortgages with a maximum loan-to-value ratio of 75 percent. This restriction did not apply (1) if the excess above the 75 percent was privately insured or guaranteed; (2) if the seller agreed, for such period and under such circumstances as FNMA required, to repurchase or replace the mortgage upon demand of FNMA in the event of a default; or (3) if the seller retained a participation of at least 10 percent.

• Limited the amounts of the mortgages purchased under the new authority to comparable limits applicable under the FHA Section 203(b) sales housing and Section 207 rental housing programs.

Federal Home Loan Mortgage Corporation

• Created the Federal Home Loan Mortgage Corporation (FHLMC), with authorization to purchase, and make commitments to purchase, mortgages on residential property from any Federal Home Loan Bank, the Federal Savings and Loan Insurance Corporation, any other member of a Federal Home Loan Bank, or any financial institution the deposits or accounts of which are insured by a Federal agency.

• Authorized the Corporation to hold and deal with, and sell or otherwise dispose of, mortgages or interests in mortgages.

• Made the Corporation's authorities and limitations substantially similar to those of FNMA in the conventional secondary market, as summarized above.

• Authorized the Corporation to borrow, to give security, to pay interest, and to issue securities, including mortgage-backed securities guaranteed by the Government National Mortgage Association.

• Made the members of the Federal Home Loan Bank Board the Board of Directors of the Corporation. Stock of the Corporation was to consist only of nonvoting common stock, issued only to Federal Home Loan Banks, which were directed to subscribe for such amounts of stock as were prescribed by the Corporation. Limited stock subscriptions to a cumulative total of $100 million.

GNMA Special Assistance Funds

• Provided an additional $1.5 billion in Presidential special assistance authority for GNMA. Of this amount $750 million was new special assistance authority and $750 million was transferred from the emergency special assistance program for low- and moderate-income housing.

• Authorized GNMA to purchase FHA Section 236 mortgages on rental housing for low-income families where the mortgages cover property receiving local tax abatement benefits even though per-unit costs on the property exceed $22,000.

Subsidy for Middle-Income Housing

• Authorized HUD to make interest-subsidy payments to FNMA and the new Federal Home Loan Mortgage Corporation with respect to certain home mortgages purchased by them during periods of high mortgage interest rates. The payments were to be equal to

the difference between the total amount of interest per calendar quarter received on the mortgages and the total amount of interest which would have been received if the yield on the mortgages was equal to (1) the average cost of all borrowed funds FNMA or FHLMC had outstanding in the immediately preceding quarter plus (2) an amount which HUD determined is necessary and appropriate for administrative and other expenses.

• Required the mortgagor to make monthly payments on the mortgage equal to an amount which would be required if the mortgage bore an effective interest rate of 7 percent, or such higher rate as the mortgagor could pay by applying at least 20 percent of his income toward homeownership expenses. Required that incomes be recertified at least every two years for purposes of adjusting the amount of the mortgagor's payment.

• Permitted HUD to require that the mortgagor, in order to qualify for assistance payments, have an income of not more than the median income for the area.

• Authorized assistance payments for (1) conventional mortgages meeting the requirements of the title, (2) VA mortgages, or (3) FHA- insured mortgages, involving a single-family dwelling or condominium unit having an appraised value of not more than $20,000 ($30,000 in high cost areas). At the discretion of HUD, 25 percent of the mortgages insured under Title II could cover existing housing. Made mortgages insured under the FHA cooperative housing program and covering middle- income cooperatives eligible for the assistance payments.

• Required the aggregate amount of contracts to make assistance payments under this program not exceed amounts approved in appropriations acts, and limited payments pursuant to the contracts to $105 million during the first year of the contracts, which amount was increased by an additional $105 million on July 1 of each of the years 1971 and 1972. After June 30, 1973, no interest subsidy payments could be made except pursuant to contracts entered into on or before that date.

Settlement Costs

• Directed HUD and the Administrator of Veterans' Affairs, after consultation, to prescribe standards governing the amounts of settlement costs allowable in any area in connection with the financing of FHA and VA-assisted housing.

• Directed them to make a joint study and report recommendations to the Congress no later than one year after enactment of the Act, as to legislative and administrative actions to reduce and standardize settlement costs.

Urban Renewal and Public Housing Loans

• Provided that, from July 24, 1970 until July 1, 1972, urban renewal and public housing loans could bear interest at a rate less than the applicable going Federal rate but at not less than 6 percent in cases where HUD determined this was necessary because of interest rate limitations of State laws.

New Community Obligations

• Authorized HUD to issue obligations to the Treasury in an amount sufficient to enable it to make timely payments of liabilities incurred as a result of the guarantees covering the obligations of new community developers, when amounts in the guarantee fund from fees, charges and other receipts were inadequate to make the payments.

Federal Savings and Loan Associations

• Authorized Federally-chartered savings and loan associations to engage in statewide lending in States where State-chartered associations were allowed to engage in such lending.

• Raised the per-dwelling-unit limit on loans made by the associations from $40,000 to $45,000.

College Housing

• Increased the limit on the aggregate amount of contracts which could be entered into to make annual debt service grants to help college housing facilities by $2.1 million.

EMERGENCY COMMUNITY FACILITIES ACT OF 1970

(Public Law 91-431, October 6, 1970)

• Authorized the appropriation of $1 billion for grants for urgently needed basic water and sewer facilities under Section 702 of the Housing and Urban Development Act of 1965 (P.L. 89-117); made the balance of the authorization under that Act available for appropriation; and extended for one year the time within which a community could qualify for a basic water and sewer facility even though its program for an area-wide system, though under preparation, was not completed.

URBAN MASS TRANSPORTATION ASSISTANCE ACT OF 1970

(Public Law 91-453, October 15, 1970)

• Authorized a new program of 10-year loans to States and public bodies or their agencies to acquire real property for use as rights of way, station sites, and related purposes of urban mass transportation systems, including the net cost of property management and relocation payments.

• Provided that a grant agreement for construction of facilities under the Act could provide for forgiveness of repayment of the principal and accrued interest on a loan then outstanding, in lieu of a cash grant in the amount forgiven.

• Provided that the interest rate was to be determined by the Secretary of the Treasury, taking into consideration current average market yield on outstanding marketable obligations of the U.S. with comparable maturities, plus an allowance adequate to cover administrative costs and probable losses under the program.

• Limited the loan maturity to 40 years.

• Authorized the Secretary of Transportation, to finance grants and loans, to incur contractual obligations after enactments of the law up to $3.1 billion, less amounts appropriated pursuant to this Act and the amount appropriated to the Urban Mass Transpor-

tation Fund by Public Law 91-168. Authorized to be appropriated up to $80 million prior to July 1, 1971, and this amount could be increased to not to exceed an aggregate of $310 million prior to July 1, 1972, and annual increases thereafter through 1975 up to the aggregate of $3.1 billion. Required that requests for authorizations to meet the commitments of the law be submitted at two-year intervals.

• Extended the interim program of 50 percent grants in urban areas not yet able to meet full area-wide comprehensive planning and programming requirements until July 1, 1972.

• Replaced the air pollution requirement of the 1964 Act with a broad declaration of national policy that special effort should be made to preserve the natural beauty of the countryside, public parks, and recreation lands, wildlife and water fowl refuges, and important historical and cultural assets in the planning, designing, and construction of urban mass transportation projects. Required the Secretary of Transportation to consult with HUD in implementing this policy.

• Amended provisions for State limitations on grants.

• Provided that nothing in the law should affect the authority of HUD to make grants under the Urban Mass Transportation Act of 1964 (P.L. 88-365) and Reorganization Plan 2 of 1968 for projects or activities primarily concerned with the relationship of urban transportation systems to the comprehensively planned development of urban areas, or the role of transportation planning in overall urban planning.

• Directed the Secretary of Transportation to conduct a study and report within one year on the feasibility of providing Federal assistance to help defray the operating costs of mass transportation companies in urban areas and of any changes in the Urban Mass Transportation Act of 1964 which would be necessary in order to provide such assistance.

AGRICULTURAL ACT OF 1970

(Public Law 91-524, November 30, 1970)

• Dealt mainly with functions of the Secretary of Agriculture related to open space, recreational facilities, areas of natural beauty, and similar matters. In addition required the Secretary of HUD and the Secretary of Agriculture to submit to the Congress annually a joint report as to their efforts during the year to provide assistance to States planning for the development of rural multicounty areas not included in economically depressed areas under authority of the Housing and Urban Development Act of 1968 (P.L. 90-448).

COUNSELING SERVICES IN INDEPENDENT OFFICES AND HUD APPROPRIATION ACT

(Conference Report to Public Law 91-566, December 17, 1970)

• In deleting a request for funds for this program the Conferees suggested that any counseling be provided by voluntary groups and existing community services. Where such services were not avail-

able, they could be provided as part of the normal mortgage insurance and initiation and servicing activities.

FEDERAL AID HIGHWAY ACT OF 1970

(Public Law 91-605, December 31, 1970)

• Authorized the Secretary of Commerce to approve as a part of the cost of construction of any project on any Federal aid system, the cost of (1) constructing new housing, (2) acquiring existing housing, (3) rehabilitating existing housing, and (4) relocating existing housing as replacement housing for individuals and families where a proposed project on the Federal aid system cannot proceed to actual construction because replacement housing is not available and cannot be made available.

DISASTER RELIEF ACT OF 1970

(Public Law 91-606, December 31, 1970)

• Authorized Director of OEP to provide temporary housing or other emergency shelter, including but not limited to mobile homes or other readily fabricated dwellings, for those who as a result of a major disaster required temporary housing or emergency shelter. For the first 12 months of occupancy no rentals were to be established for such accommodations.

• Authorized sale of any such emergency housing acquired by purchase directly to occupants at fair and equitable prices.

• Authorized the President to provide temporary assistance for up to a year in the form of mortgage or rental payments to or on behalf of individuals and families, who as a result of financial hardship caused by a major disaster have received written notice of dispossession or eviction or termination of lease.

• Liberalized the disaster loan authorities of the Small Business Administration and the Farmers Home Administration.

• Authorized the Administrator of Veterans' Affairs to agree to modification of the terms of housing loans made, guaranteed or held by him to provide forbearance in individual cases, and to provide counseling to home owners concerning the disaster assistance available.

• Authorized HUD to refinance any note or obligation held by it in connection with any loan made by the Department, where it finds such refinancing necessary because of the loss, destruction, or damage as a result of a major disaster to property or facilities securing the obligations, and to authorize suspension in the payment of principal and interest and extension of the maturities up to five years.

• Authorized the Small Business Administration and the Farmers Home Administration to make loans to business enterprises in such amounts as might be necessary to enable them to resume operations.

• Authorized priorities under the public housing law and other laws providing assistance for public facilities be given to applications from public bodies situated in major disaster areas. (Repealed, with some exceptions, by Disaster Relief Act of 1974, P.L. 93-288, May 22, 1974.)

HOUSING AND URBAN DEVELOPMENT ACT OF 1970

(Public Law 91-609, December 31, 1970)

Amendment to FHA Insurance Programs

• Raised the limit on the amount of an FHA-insured mortgage financing a hospital from $25 million to $50 million.

• Authorized FHA to insure mortgages financing new or rehabilitated proprietary hospitals.

• Authorized FHA insurance for supplemental loans to finance improvements to multifamily projects and certain health facilities which were originally covered by FHA-insured mortgages but were presently covered by uninsured mortgages held by the Secretary of HUD.

• Raised the limit on the amount of an FHA-insured mobile-home loan to $15,000 when the unit was composed of two or more modules. Permitted the term of the loan in such a case to be 15 years 32 days (previously 12 years 32 days).

Federal National Mortgage Association

• Authorized FNMA, with the approval of HUD, to establish the minimum stock purchase requirements applied to those who sell mortgages to FNMA. (Previously, the law required not less than 1 percent nor more than 2 percent of the unpaid principal amount of the mortgages sold.)

Low- and Moderate-Income Programs

• Authorized technical assistance and advice with respect to individual tenants and homeowners assisted under HUD programs in addition to nonprofit sponsors of multifamily housing.

• Authorized HUD to make grants to support (1) the training of persons, particularly persons of low-income, in the management of low- and moderate-income housing, and (2) the conduct of research and information programs related to the management of such housing.

• Authorized HUD to provide information and advice to nonprofit organizations desiring to sponsor housing projects assisted under HUD programs.

• Authorized the Administrator of General Services to dispose of Federal surplus land to HUD for the construction of low- and moderate-income sales housing and related public commercial and industrial facilities. (Previously, the law authorized such disposal only for low- and moderate-income rental or cooperative housing.)

Sections 235 and 236 Interest-Reduction Programs

• Authorized up to 30 percent of the total amount of contracts for Section 235 homeownership assistance payments to be made with respect to nonrehabilitated existing dwellings or dwelling units in existing projects. At least 10 percent of the total amount of such contracts was to be available for use only with respect to rehabilitated dwellings.

• Eliminated the requirement that a two-family dwelling must be purchased with the assistance of a nonprofit organization in order to be eligible for assistance under the Section 235 program.

• Authorized HUD to make expenditures to correct, or to compensate the owner of a Section 235 home for structural or other defects which seriously affect the use and liveability of the home if the home was more than one year old on the date of insurance commitment for the mortgage. Time limits for application for the assistance were set, and the defect must be one that a proper inspection could reasonably be expected to disclose.

• Permitted Section 235 homeownership payments to be made on behalf of lower- income members of cooperative housing projects financed with aid under a State or local program where the projects were approved by HUD prior to the completion of construction or substantial rehabilitation.

• Authorized HUD, in computing the amount of rental assistance payments for Section 236 rental housing, to treat fees and charges imposed on mortgagors participating in State or locally financed mortgage lending programs in the same manner as FHA charged mortgage insurance premiums.

• Permitted rental assistance payments under the Section 236 program, and rent supplement payments to be made with respect to rental or cooperative housing projects financed with aid under a State or local program without regard to the time at which construction or rehabilitation of the project was completed. (This assistance was previously limited to projects approved prior to completion of construction or rehabilitation.)

• Authorized HUD to enter into contracts with States or State agencies under which interest-reduction payments would be paid with respect to all or part of a Section 236 rental housing project.

Public Housing

• Repealed the grant program for tenants services in public housing projects and authorized such services to be financed out of project income and annual contributions payment.

• Required at least 30 percent of the units under contracts entered into under this new authority or under any subsequent law to be provided under the Section 23 leasing provisions of the United States Housing Act of 1937.

• Raised the limit on the term of a Section 23 lease contract from five to 10 years, but no renewal of any such contract could result in a total term exceeding 20 years (15 years in the case of an existing structure).

• Directed HUD to encourage local public housing agencies to develop congregate housing for the displaced, elderly and handicapped, and provided that not more than 10 percent of the total contracts for annual contributions entered into in any fiscal year pursuant to the new authority granted in the Act or subsequent acts be entered into with respect to this type of housing.

• Provided a statutory definition of income for the purpose of establishing maximum rentals at one-fourth of tenant income.

• Provided a new formula for establishing construction cost limits for public housing projects. Authorized HUD to determine periodically, and publish in the Federal Register, prototype construction costs for each area based on prevailing cost factors. The development cost of any project could not exceed by more than 10 percent the appropriate prototype cost for the area.

• Provided that annual contributions contracts could be amended or superseded to assure the low-rent character of the projects involved and to achieve and maintain adequate operating and maintenance services and reserve funds, including payments of outstanding debts.

• Added a provision to the public housing law setting forth the sense of the Congress that no tenant should be barred from serving on the Board of Directors or similar governing body of a local public housing agency because of his tenancy in a low-rent housing project.

Congregate Housing

• Made FHA mortgage insurance available to congregate housing to be occupied by displaced, elderly, or handicapped persons under the Sections 221 and 236 programs, and authorized rent supplements to be paid to the owners of rental projects to be occupied by such persons.

Experimental Housing Allowance Program

• Authorized HUD to conduct research programs to demonstrate the feasibility of providing low-income families (those families eligible for occupancy in public housing projects in an area) with housing allowances to assist them in obtaining existing standard rental housing of their choice. The housing allowance could not exceed the difference between 25 percent of the family's income and the fair market rental of similar-sized units or projects receiving rent supplement benefits.

• Authorized HUD to contract with public or private organizations to help select eligible families.

• Authorized contracts to make annual housing allowance payments up to $10 million for each of fiscal years 1972 and 1973. The program was to terminate June 30, 1973.

Urban Renewal

• Authorized HUD to permit payment to displaced business concerns of fixed amounts (in lieu of their total certified actual moving expenses) where it determined that it is impractical for a displaced business concern to calculate the amounts of such expenses.

• Authorized HUD, where a local urban renewal agency, due to circumstances beyond its control did not expect to be able in the reasonably near future to dispose of remaining urban renewal project land, to compute the net project cost and close out the project at no additional cost to the locality.

Prevention of Housing Abandonment

• Authorized HUD to undertake programs to demonstrate the most feasible means of providing assistance to localities in arresting the process of housing abandonment or was restoring viability to blighted areas in which abandonment was pervasive. Provided grants to assist local public bodies in planning and implementing demonstration projects in designated demonstration areas. Projects could include, but were not limited to:

1. acquisition of real property within the demonstration area;

2. repair of streets, sidewalks, parks, playgrounds, publicly owned utilities, and public buildings to meet needs consistent with the revitalization and continued use of the area;

3. demolition of structures determined to be structurally unsound;

4. establishment of recreational or community facilities;

5. improvement of garbage and trash collection, street cleaning and other essential services;

6. rehabilitation of privately and publicly owned real property by the locality; and

7. establishment and operation of locally controlled, nonprofit housing management corporations and municipal repair programs.

• Permitted real property held as a part of a project to be made available for use in the provision of new or rehabilitated housing for families of low or moderate income. For this purpose it could be sold or leased at fair market value for its proposed use to limited dividend corporations, nonprofit corporations, cooperatives or public bodies or agencies, or to other approved purchasers or lessees, or to a purchaser who would be eligible for a mortgage insured under FHA's Section 221, 235, or 236 programs of housing for low-income families.

• Authorized to be appropriated for demonstration grants under the program up to $20 million for fiscal year ending June 30, 1971. Any amounts appropriated remain available until expended and any amount authorized but not appropriated may be appropriated for any succeeding fiscal year commencing prior to July 1, 1972.

• Provided that grants could not exceed 90 percent of the net project cost and that not more than one-third of the aggregate amount of grants made in any fiscal year could be made with respect to projects undertaken by one locality.

• Required HUD to report annually to the Congress with respect to the status of demonstration projects.

Title VI—Crime Insurance

• Provided direct Federal insurance for properties located in areas where statewide programs and the Federal reinsurance program do not provide crime insurance coverage, or do so only at prohibitive rates.

• Required HUD to review the market availability of crime insurance in each State. If a critical unavailability problem was found to exist in any State at any time on or after August 1, 1971, HUD could make available direct Federal crime insurance at affordable rates. However, no such insurance may be made available to a property which HUD determined to be uninsurable or to a property with respect to which reasonable protective measures, consistent with Federal criteria, had not been adopted.

• Authorized HUD to consider various factors which affect the nature of the hazard and the degree of risk involved when estimating affordable rates. Authorized it to adopt either uniform national rates or rates varying by States and territories, and to make modification of rates as appropriate.

• Required HUD to include in reports to Congress complete information concerning the operation of the crime insurance program.

• Authorized the use of Treasury borrowings under Section 520(b) of the National Housing Act for the purposes of the direct Federal crime insurance program.

• Required HUD, through an Office of Review and Compliance under the Federal Insurance Administrator, to review periodically each plan established under this title of the 1970 law in order to make sure that essential property insurance was readily available in areas where the FAIR plan was intended to operate and identify any aspect of such plan which might require revision.

Open-Space Land Programs

• Amended Title VII of the Housing Act of 1961 (P.L. 87-70, June 30, 1961), which authorized grants for open-space land, urban beautification, and historic preservation, to authorize a single program of grants for:

(i) acquisition of title to, or other interests in, open-space land in urban areas, and

(ii) the development of open-space or other land in urban areas for open-space uses, including historic preservation.

• Provided that grants could not exceed 50 percent of the eligible project cost of the acquisition or development. It was made clear that grants could be made to (1) help acquire less than fee interests in open-space land, and (2) help develop, for open- space uses, lands which were not originally acquired with assistance under the program. Fifty percent of the non-Federal share of eligible project costs could be made up by donations of land or materials.

• Authorized HUD to provide advice and technical assistance to States and local public bodies.

• Provided that grants could be made under the program only if HUD found that the assistance was needed for carrying out a unified or officially coordinated program, meeting its criteria, for the provision and development of open-space land. Required the program to be either a part of, or consistent with, the comprehensively planned development of the urban area.

• Prohibited the conversion to other uses of open-space land acquired with assistance under the program, without prior approval by HUD.

• Authorized special 75 percent grants for the acquisition of undeveloped or predominantly underdeveloped land which, if withheld from development, would have special significance in helping to shape economic and desirable patterns of urban growth, including growth related to the development of new communities.

• Authorized not to exceed $560 million to be appropriated for the program prior to July 1, 1972.

Title VII—Urban Growth and New Community Development Act of 1970

• Made statements of policy, purpose and certain general findings, and declared that the Federal Government must assume responsibility for development of a national urban growth policy related to seven enumerated objectives dealing with such matters as

economic growth, strengthened institutions of general government, balanced use of physical and human resources, etc.

• Phased out Title IV of the Housing and Urban Development Act of 1968 (P.L. 90- 448, August 1, 1968), except with respect to previously made new community guarantees, commitments to guarantee, or project approval.

New Communities

• Established a Community Development Corporation within HUD, with a five- member Board of Directors one of whom was the Secretary. The President was to appoint a General Manager and the Secretary the remaining three members.

• Authorized the Corporation to guarantee the bonds, or other obligations issued by private developers and State land development agencies to help finance approved new community development programs. No obligation of a State land development agency could be guaranteed if the income from the obligation was exempt from Federal taxation, but grants could in such cases be made not exceeding the difference between the interest paid on the obligations and the interest on similar tax exempt obligations.

• Provided that the outstanding principal obligations guaranteed for a single project could not exceed (1) in the case of a State land development agency, 100 percent of HUD's estimate of the value of the real property before development and its estimate of the actual cost of the land development, or (2) in the case of a private new community development, the sum of 80 percent of HUD's estimate of the value of the land before development and 90 percent of its estimate of the actual cost of the land development.

• Limited the outstanding principal obligations guaranteed under the program to not more than $50,000,000 for a single project or $500,000,000 for all projects.

• Authorized the Corporation to make loans to qualified private new community developers and State land development agencies to assist them in making interest payments on indebtedness for approved new community development programs.

• Provided that the loans could not exceed the interest payable on indebtedness attributable to land acquisition or land development and outstanding during an initial development period (not over 15 years) which was prior to the time when land marketing had reached such a volume that continued development was possible without the benefit of further loans.

• Required repayment of loans on terms satisfactory to the Secretary, commencing when the development's progress and marketing permit, but not later than 15 years after the loan was made. Interest on the loans was to be at an annual rate equal to the average yield to maturity on all marketable U.S. obligations with a maturity of three or more years which were outstanding prior to the beginning of the six-month period during which the contract for the loan was entered into, plus one-eighth of 1 percent per annum.

• Limited the loans outstanding at any time for a single new community development program to not more than $20 million. Limited total advances outstanding at any time for all projects to not more than $240 million.

• Authorized HUD to make grants to a public new community developer or a State or local public body to cover the cost of essential municipal services during the early years (not over three) of a new community development, and authorized appropriations.

• Required that guarantees and loans be made only for those new community development programs which HUD determined to represent an acceptable financial risk to the United States.

• Authorized HUD to establish a revolving fund to provide for (1) timely payment of liabilities resulting from guarantees, (2) the making of loans, and (3) repayment of obligations issued to the Secretary of the Treasury. Authorized HUD to issue obligations to the Secretary of the Treasury in amounts necessary.

• Authorized HUD to make supplementary grants to States and local public bodies carrying out various public facilities projects in support of new communities and assisted by grants under various Federal laws. Limited these supplementary grants to 20 percent of project costs and provided they could not bring total Federal grants above 80 percent of cost.

• Authorized appropriations for supplementary grants up to $36 million for fiscal year 1971 and $66 million for each of the fiscal years 1972 and 1973, and additional sums as necessary thereafter. Made available the $30 million authorized for supplementary grants under Title IV of the Housing and Urban Development Act of 1968.

• Authorized HUD to provide technical assistance to developers in connection with planning and carrying out new community development programs.

• Authorized HUD, until June 30, 1975, to agree to provide aid to private new community developers and State land development agencies in support of certain planning work involved in developing new community development programs, up to two-thirds of the cost of the work.

• Authorized HUD to establish fees for guarantees and to make other reasonable charges for services, such as analysis of applications, appraisals and inspections, and other costs incurred.

• Authorized HUD upon specific authorization by the President, and with funds made available by the Congress, to carry out large scale new community development projects on Federal lands to serve as models for new community development by other developers. Waived the population limit (50,000) applicable to jurisdictions eligible to receive public facility loans under the Housing Amendments of 1955, in the case of public facilities serving new communities.

• Authorized national banks and Federal savings and loan associations to invest in obligations guaranteed under the new community program.

• Directed HUD to encourage the formulation of specific plans and programs for guiding and controlling urban growth within the States, regions or areas, and authorized grants for up to 75 percent of the cost of activities otherwise eligible under the planning grant program which were necessary to the development or implementation of plans or programs for guiding and controlling urban growth.

Development of Inner City Areas

• Amended the definition of "urban renewal project" in the urban renewal law to include the acquisition by a local public agency of land or space which was vacant, unused, underused, or inappropriately used, if HUD determined that the land or space could be developed at a reasonable cost without major residential clearance activities, and with full consideration to the preservation of beneficial features of the urban and natural environment for uses consistent with emphasis on housing for low- and moderate-income facilities. The acquisition of land under this provision was exempted from the provision in the urban renewal law which prohibits grants for urban renewal projects consisting of open land.

Rural Housing

• Raised the limits on the loans for rural housing for elderly persons from $300,000 to $750,000.

• Amended the definition of "rural area" for the purposes of the rural housing program authorized by Title V of the Housing Act of 1949 (P.L. 81-171, April 15, 1949) to mean any open country, or any place, town, village, or city which is not part of or associated with an urban area and which (1) has a population of not more than 2,500 persons, or (2) which has a population of more than 2,500 persons but not exceeding 10,000 (previously 5,500) if it is rural in character.

THE UNIFORM RELOCATION ASSISTANCE AND REAL PROPERTY ACQUISITION POLICIES ACT OF 1970

(Public Law 91-646, January 2, 1971)

• Established policies governing land acquisition and relocation benefits for all Federal or Federally-assisted projects carried out by Federal agencies, and required that equivalent policies and benefits be adopted by States as a condition of eligibility for Federal assistance to State projects.

Relocation Benefits

• Provided that persons and businesses displaced as a result of land acquisition in connection with a covered project (or a project of concentrated code enforcement) be paid actual reasonable moving expenses, plus amounts equal to loss of tangible personal property and actual expenses of searching for a replacement business or farm.

• Provided, alternatively, that displaced persons could elect to receive payments in fixed amounts for moving expenses (not to exceed $300) and dislocation ($200). Owners of displaced businesses could elect to receive a fixed sum equal to the average annual earnings before taxes during the preceding two tax years, but not less than $2,500 nor more than $10,000. Such payments could not be made to businesses which could be relocated without substantial loss, or which were parts of commercial enterprises doing business in more than one location.

• Provided that, in addition, displaced homeowners were entitled to payments up to $15,000 toward the cost of acquiring decent, safe

and sanitary homes, including incidental acquisition costs and increased costs of financing.

• Provided that persons displaced from rental property could receive payments toward the rental of decent, safe and sanitary housing for up to four years, but not to exceed $4,000, or alternatively payments toward the purchase of such a home up to $2,000, plus an additional $2,000 if equally matched by the home purchaser in making a downpayment.

• Required that agencies administering Federal or Federally-assisted programs or projects resulting in displacement provide a variety of specified relocation assistance services to displaced persons, including detailed information on the availability of decent, safe and sanitary housing for sale or rental in the area, information concerning Federal and State housing programs, and other services designed to minimize relocation hardships.

• Authorized agencies as a last resort, where adequate relocation housing could not be provided or located by other means, to provide such housing as a project expense.

• Made relocation costs and payments eligible project costs to be met or assisted by the Federal agency to the same extent as other project costs, except that up to July 1, 1972, the Federal Government was to bear the full cost up to $25,000 in an individual case of displacement under a program assisted by grants or contributions.

Land Acquisition

• Required, where real property was to be acquired, that every effort be made to accomplish this expeditiously through negotiation. Required an appraisal of the property to be made in the presence of the owner, and that the agency make an offer to purchase at a stated price not less than the appraised value. Any decrease or increase in value attributable to the project or program could not be considered in the appraisal. Required that the basis of the price offered be explained to the owner in writing.

• Provided that owners could not be required to surrender possession prior to payment of the agreed purchase price, or deposit with a court pending condemnation of an amount not less than the fair market value of the property.

• Required insofar as possible that owners receive at least 90 days written notice to move.

• Prohibited agencies from bringing pressure to bear on owners to settle, by such means as accelerating or delaying negotiations or condemnation. Where acquisition of part of a property would leave an uneconomic remainder, required agencies to acquire the whole property.

• Required agencies acquiring real property to obtain a like interest in any buildings, structures and improvements on the land and to pay their fair market value.

• Required in cases of unsuccessful condemnation proceedings, that owners be compensated for their reasonable costs of litigation.

Laws Repealed

• Repealed specific provisions of law dealing with the same subject matter in a variety of individual programs, including relevant

provisions of the statutes authorizing the urban renewal, public housing, model cities, and urban mass transportation programs.

LEAD-BASED PAINT POISONING PREVENTION ACT

(Public Law 91-695, January 13, 1971)

• Required HUD, in consultation with HEW, to develop and carry out a demonstration and research program to determine the nature and extent of lead-based paint poisoning in the U.S. and the methods by which these paints could effectively be removed from surfaces of housing to which children might be exposed.

• Required a report on findings and recommendations be submitted to Congress within one year after enactment.

• Authorized appropriations of $3.5 million during fiscal years 1971-73, to remain available until expended.

PRESIDENTIAL STATE OF THE UNION MESSAGE

(H. Doc. 92-1, January 22, 1971)

• Proposed enactment of six broad but special revenue sharing programs, in addition to general revenue sharing (already enacted). Three of the proposed programs were special revenue sharing for, respectively, community development, rural development, and transportation.

• Proposed a major reorganization of the Executive Branch, under which the 12 Cabinet Departments would be consolidated into 8, one of which would be a new Department of Community Development.

PRESIDENTIAL MESSAGE ON URBAN COMMUNITY DEVELOPMENT

(H. Doc. 92-61, March 8, 1971)

Special Revenue Sharing

• Outlined the deficiencies found to be inherent in the system of categorical grant programs for community development purposes, and proposed in their place a new special revenue sharing program. Initially, this program was to cover activities previously carried out under urban renewal, model cities, water and sewer grants, and rehabilitation loans. Later, elements of the OEO community action programs were to be added. Proposed that the new program be activated on January 1, 1972.

• Contemplated distribution formulas in the authorizing statute which would govern allocation of 80 percent of the funds, with specified amounts going to SMSA's, to cities of more than 50,000 population, and to small communities. Proposed also a "hold harmless" formula to assure that no recipient would be cut below the level of support previously in effect under the categorical grant approach. Proposed that 20 percent of the funds would be available to HUD for distribution.

New Planning and Management Program

• Recommended a new $100 million planning and management assistance program, primarily to assist chief executives of States and other units of general government not only in planning and

management of community development activities but also in connection with such areas as transportation, education, law enforcement, etc.

PRESIDENTIAL MESSAGE ON SPECIAL REVENUE SHARING FOR RURAL COMMUNITY DEVELOPMENT

(H. Doc. 92-66, March 10, 1971)

• Proposed a new program of special revenue sharing for rural development which would include, among other things, aid to rural water and waste disposal projects, but would not include the rural housing programs. Proposed that the new program would be originally administered in the Department of Agriculture, but ultimately was intended to be lodged (along with the community development program) in the proposed new Department of Community Development.

PRESIDENTIAL MESSAGE ON SPECIAL REVENUE SHARING PROGRAM FOR TRANSPORTATION

(H. Doc. 92-71, March 18, 1971)

• Proposed a new special revenue sharing program for transportation, to consolidate a number of categorical grant programs dealing not only with urban mass transportation but also Federal aids to airports and to highways (other than the interstate system).

• Proposed that the fund would be divided into two main elements general transportation and urban mass transportation. With respect to the latter, funds would be distributed to the States according to a formula based on the share of each in the national population living in SMSA's. Other formulas would govern further distribution of the funds, with the bulk going to cities with populations of more than a million.

PRESIDENTIAL MESSAGE ON GOVERNMENT REORGANIZATION

(H. Doc. 92-75, March 25, 1971)

• Transmitted four bills to the Congress, intended to consolidate seven existing Cabinet Departments and a number of other agencies into four new Departments, namely, those of Natural Resources; Community Development; Human Resources; and Economic Affairs. Proposed a new Department of Community Development to operate through three major administrations: a housing administration, a community transportation administration, and an urban rural development administration. A fourth unit, the Federal Insurance Administration, would be set up administratively by the Secretary.

• Proposed that the new Department of Community Development absorb the present Department of Housing and Urban Development. Other components would include certain elements of the Economic Development Administration, and the Regional Commission programs from the Department of Commerce, the independent Appalachian Regional Commission, various Department of Agriculture programs, including water and waste disposal grants and loans, the Rural Electrification Administration and rural housing programs, the community action and special impact programs of the Office of

Economic Opportunity, the public library construction grant program from the Department of Health, Education and Welfare, and certain disaster assistance functions handled by the Office of Emergency Preparedness and the Small Business Administration. Proposed transfer of most Federal highway programs and the Urban Mass Transportation Administration from the present Department of Transportation.

• Stressed the importance of decentralizing government activities as much as possible, including a reform of the field structure of the Federal Government.

THE CONSTRUCTION INDUSTRY STABILIZATION COMMITTEE

(Executive Order 11588, March 29, 1971)

• Established the Construction Industry Stabilization Committee to assure general conformance of any increase in any wage or salary in the construction industry to the provisions of this order.

• Stated that its purpose, among others, was to establish an arrangement for the application of general criteria by an operating structure with a minimum of government involvement and sanctions within which labor and management could act to effectuate the stabilization of wages and prices consistent with and in furtherance of effective collective bargaining in the industry.

• Named the Secretary of HUD to chair the Interagency Committee on Construction.

APPALACHIAN REGIONAL DEVELOPMENT ACT AMENDMENTS OF 1971

(Public Law 92-65, August 5, 1971)

• Amended the Appalachian Regional Development Act of 1965 provisions for assistance to low- and moderate-income housing in the region to provide for the making of grants to nonprofit limited dividend or cooperative organizations or public bodies for planning and obtaining FHA mortgage financing under the Sections 221, 235 and 236 programs. Authorized HUD to make grants, grant commitments, and advances to nonprofit organizations and public bodies for site development costs, and offsite improvements when it found that these projects were essential to the feasibility of housing projects for low- and moderate- income families. Limited a grant to not more than 10 percent of the cost of the housing project.

• Authorized the Appalachian Commission, in addition to the action of HUD, to provide or contract for information, advice and technical assistance with respect to construction, rehabilitation, and operation of low- and moderate-income housing in the region.

• Broadened the supplemental grant-in-aid authority to permit supplemental grants when funds available under basic Federal grant-in-aid programs were insufficient.

SUBSTANTIVE PROVISIONS IN APPROPRIATION ACT

(Public Law 92-78, October 10, 1971)

• Continued the limitation stated in the fiscal 1968 appropriation act (P.L. 90-121, November 3, 1967) that grants could not exceed 50 percent of eligible costs, but provided an exception for grants pursuant to Section 706 of the Housing Act of 1961, as amended

(acquisition of interests), which could be up to 75 percent. (Language in the same form was included in the 1973 appropriation act.)

AMENDMENTS TO THE CONSOLIDATED FARMERS HOME ADMINISTRATION ACT

(Public Law 92- 173, November 24, 1971)

• Authorized the insurance of loans made to be sold and insured in accordance with and subject to the provisions of that Act for disaster loans.

JOB DEVELOPMENT INVESTMENT TAX CREDIT

(Public Law 92-178, December 10, 1971)

• Authorized a 7 percent job development investment tax credit, generally effective August 15, 1971, with respect to domestic property. If a taxpayer should elect the special five-year amortization provided for pollution control facilities, rehabilitation of low-income housing, job training facilities or day care facilities, the property subject to the amortization election would not be eligible for the investment credit.

FARM CREDIT ACT OF 1971

(Public Law 92-181, December 10, 1971)

• Rewrote the statutory authority of the farm credit system to modernize and improve the authorizations and means for furnishing such credit and credit for housing in rural areas made available through the institutions constituting the farm credit system.

• Authorized Federal land banks and Production Credit Associations to make loans to rural residents for single family moderate price dwellings and their appurtenances not inconsistent with the general quality and standards of housing existing in, planned or recommended for the rural area where it was located. Housing loans could not exceed 15 percent of the total of all loans of a bank or association outstanding.

• Defined the term "rural area" for the purpose of housing loans to include any city or village having a population of 2,500 or less.

AMENDMENTS TO HOUSING LAWS

(Public Law 92-213, December 22, 1971)

• Authorized the Government National Mortgage Association for a period of six months, when HUD determined it necessary in order to avoid excessive discounts on Federally-insured or guaranteed mortgages, to issue commitments to purchase, and to purchase, mortgages with principal amounts not more than 50 percent in excess of $22,000 ($24,500 for four-bedroom or larger units).

• Made any entity for a basic categorical grant eligible for a supplemental grant to assist construction of public facilities in new communities.

• Prohibited the reduction of welfare payments to public housing residents who benefit from reduction in rents under the public housing law.

FOREIGN ASSISTANCE ACT

(Public Law 92-226, February 7, 1972)

• Increased the ceiling on the total authority for guarantee of housing projects outside of the Latin American countries by $75 million.

NATIONAL CENTER FOR HOUSING MANAGEMENT

(Executive Order 11668, April 21, 1972)

• Directed HUD to call upon private citizens to form a private, not for profit National Center for Housing Management, to develop study and training programs for housing managers for private as well as Federally-aided housing, and systems whereby the results could be used by agencies and institutions throughout the country.

AMENDMENTS TO LOAN PROGRAMS

(Public Law 92-385, August 16, 1972)

• Directed the President to submit recommendations to the Congress by January 1, 1973, with respect to disaster emergency loans and Farmers Home Administration disaster housing loans, to provide equitable coverage, facilitate administration, and prevent misuse.

• Amended the Small Business Act and the Consolidated Farmers Home Administration Act of 1961 to provide additional financial assistance to victims of natural disasters, including loans for repair, rehabilitation and replacement to the extent of losses due to disaster, refinancing of outstanding indebtedness against properties totally or substantially destroyed; and cancellation of principal amounts subject to certain conditions and limitations. Provided that these benefits extend only to losses not compensated for by insurance or otherwise.

• Provided that loans made by the Farmers Home Administration under this authority could provide for deferral of principal or interest payments, or both, during the first three years of the loan term.

• Authorized the Small Business Administration to suspend for the lifetime of the obligee repayment of principal on such home loans for borrowers dependent upon disability or pension payments, if the Administrator determined that payment would constitute a substantial hardship.

RURAL DEVELOPMENT ACT OF 1972

(Public Law 92-419, August 30, 1972)

• Changed name of the Consolidated Farmers Home Administration Act of 1961 to Consolidated Farm and Rural Development Act.

• Authorized loans for essential community facilities, such as community centers, firehouses, industrial parks, ambulances, and fire and rescue equipment.

• Raised the $100 million ceiling on the total amount of grants that could be made for water and waste disposal project construction to $300 million and prohibited such grants if the project was inconsistent with multijurisdictional rural development plans, if any.

• Amended the definition of the terms "rural" and "rural area" to provide that they not include any area in any city or town which had a population in excess of 10,000, except for the purposes of certain loans and grants for private business enterprises.

• Authorized grants up to $10 million annually for the preparation of comprehensive plans for rural development.

• Included a number of new or amendatory provisions concerning loans, grants and other forms of assistance to rural development undertakings, and providing special arrangements for the funding of these programs.

ECONOMIC OPPORTUNITY ACT AMENDMENTS OF 1972

(Public Law 92-424, September 19, 1972)

• Authorized a new rural housing development and rehabilitation program to assist in the alleviation of housing problems of low-income families in rural areas, through loans for the purchase of new housing, the repair, rehabilitation and purchase of existing housing, and to supplement existing Federal loan programs.

• Limited the repayment period of a loan to 33 years.

• Required loans to bear interest at not less than one percent, but interest payments could be waived in whole or in part if it was determined that the applicant would otherwise be unable to participate in the program where the adjusted family income was not in excess of $3,700 per annum. Where the waiver was provided the borrower had to commit at least 20 percent of his adjusted family income toward the mortgage debt service and other housing costs.

• Authorized the Director of OEO to make grants for the operating expenses of programs conducted by nonprofit community-based design and planning organizations to provide technical assistance and professional architectural and related services to housing, neighborhood facilities, transportation and other aspects of community planning and development to persons and community organizations or groups not otherwise able to afford such assistance.

• Required that priority be given to urban or rural poverty areas with substandard housing, substandard public service facilities, and generally blighted conditions.

• Added a new Title VII, entitled Community Economic Development. Established programs to assist community development and housing; creation of new training, employment and ownership opportunities which contribute to an improved living environment; and manpower training organizations which support housing and community development programs.

• Required programs given financial assistance to be coordinated with the model cities program, among other things.

• Directed HUD after consultation with the Director, to take all necessary steps:

1. to assure that community development corporations assisted under Title VII qualify as sponsors under the low-income housing programs of HUD;

2. to assure that land for housing and business location and expansion was made available under urban renewal where necessary; and

3. to assure that funds were available under Section 701(b) of the Housing Act of 1954 (P.L. 83-560, August 2, 1954) to community development corporations assisted under Title VII.

• Limited Federal grants under Title VII to not more than 90 percent of the cost of a program unless the Director determined that additional assistance was required.

• Authorized financial assistance, including 15 year loans up to $3,500, for low-income rural families where such financial assistance had a reasonable possibility of effecting a permanent increase in the income of such families or would contribute to the improvement of their living or housing conditions by assisting or permitting them to acquire or improve real estate, improve the operation of farms, or participate in cooperative associations which would enable them to supplement their incomes.

• Authorized the Director to provide financial assistance under Title VII by making or guaranteeing loans up to 30 years to community development corporations and to cooperatives, where the loan was not otherwise available on reasonable terms from private resources, and the amount of the loan, together with other funds available, was adequate to assure completion of the project.

EXTENSION OF HUD PROGRAMS

(Public Law 92-503, October 18, 1972)

• Removed the statutory limitation restricting annual contributions for public housing to amounts not greater than the annual yield on the cost of the project at the going Federal rate plus one percent. (As a result of this amendment, localities with old projects financed with low-interest obligations were made eligible to receive operating subsidies on an equal basis with those projects financed in recent years at higher rates of interest.)

STATE AND LOCAL ASSISTANCE ACT OF 1978

(Public Law 92-512, October 20, 1972)

• Directed the Secretary of the Treasury to pay out of the Trust Fund created by the law the entitlements provided by the law to the State and local governments.

• Provided that funds received by local governments could be used only for priority expenditures as defined, and that no State or local government could use directly or indirectly any part of the funds received under this provision as a contribution for the purpose of obtaining Federal funds.

PREPARATION OF HISTORY OF PUBLIC WORKS

(Public Law 92-564, October 25, 1972)

• Adopted a Joint Resolution approving the preparation and publication of the "History of Public Works in the United States from 1776 to 1976" by the American Public Works Association, and resolving that all public-works-oriented Federal agencies, and the Library of Congress, and the appropriate Congressional Committees were requested to cooperate in carrying this important project forward.

IMPOUNDMENT OF HOUSING SUBSIDY AND COMMUNITY DEVELOPMENT FUNDS

(Speech by the Secretary of HUD, to the National Association of Home Builders, January 8, 1973)

• Announced that effective January 5, the Administration had stopped all new commitments under the housing subsidy programs, including low-rent public housing, water and sewer facility grants, open space land grants, and public facility loans.

• Stated that the freeze on new commitments for housing assistance would last until the existing programs had been reevaluated and that the ban on the listed community development activities would continue until they were included in a community development special revenue sharing program.

• Indicated that similar action would be taken with respect to urban renewal and model cities programs at the end of the fiscal year (June 30).

REORGANIZATION PLAN NO. 1 OF 1973

(Compilation of Presidential Documents, January 26, 1973)

• Transferred to the President all functions previously vested in the Office of Emergency Preparedness and abolished the Office of Emergency Preparedness. (The President said as soon as the Plan became effective he would delegate the Office's former functions for preparedness for and relief of civil emergencies and disasters to the Department of Housing and Urban Development. See Executive Order 11725, June 27, 1973)

PRESIDENTIAL BUDGET MESSAGE

(Compilation of Presidential Documents, January 29, 1973)

• Repeated Presidential proposal for the creation of special revenue sharing programs, including one program of "Urban Community Development."

• Announced that no new projects were to be approved "under several outmoded and narrowly focused community development programs which have not produced benefits that justify their costs." Discontinued programs included:

HUD Programs Suspended or Terminated

Program	Action	Effective Date
Rent supplements, sec. 235 and 236, public housing	Suspended	1/5/73

HUD Programs Suspended or Terminated—Continued

Program	Action	Effective Date
College housing	Terminated	Do.
Nonprofit sponsor assistance	Suspended	Do.
Public housing modernization	Do.	7/30/73
Model cities	Terminated	Do.
Neighborhood facilities	Do.	Do.
Open space land	Do.	1/5/73
Water and sewer facilities	Do.	Do.
Urban renewal	Do.	7/30/73
Rehabilitation loans	Do.	Do.
Public facility loans	Do.	1/5/73
Community development training and fellowship grants	Do.	7/30/73
Supplementary grants for new communities	Do.	Do.

AMENDMENTS TO THE HOUSING AND URBAN DEVELOPMENT ACT OF 1968

(Public Law 93-4, February 2, 1973)

• Increased from $2.5 billion to $4 billion the limit on the face amount of flood insurance coverage authorized to be outstanding.

SUBSTANTIVE MATTERS IN CONTINUING APPROPRIATIONS, 1973

(Public Law 93-9, March 8, 1973)

• Directed the President to report quarterly to the Congress on funds impounded, giving reasons for the impoundment, and estimated fiscal, economic and budgetary effect of the impoundments.

HOUSE SUBCOMMITTEE ON HOUSING, HEARING ON IMPOUNDMENT OF HOUSING FUNDS

(March 20, 1973)

• The Secretary of Housing and Urban Development said a thorough review and evaluation of programs were under way and that the President would submit policy recommendations within six months.

SENATE SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS, HEARINGS ON IMPOUNDMENTS

(April 3, 1973)

• Held oversight hearings on the housing and community development programs and Administration impoundment of funds for the programs.

PRESIDENTIAL VETO OF RURAL WATER AND SEWER GRANTS

(Compilation of Presidential Documents, April 5, 1973)

• Vetoed an Act to Restore the Rural Water and Sewer Grant program, saying that the rural water and sewer program launched eight years ago had been terminated January 1, 1973, because it forced the Federal taxpayer to pay for services that should be locally financed.

• Stated that a grave Constitutional question was raised by the bill's provisions mandating the spending of the full amount appro-

priated by Congress. (The House of Representatives sustained the President's veto, April 10, 1973)

PRESIDENTIAL SUBMISSION ON DISASTER ASSISTANCE

(Compilation of Presidential Documents, May 8, 1973)

• Submitted to the Congress the Disaster Preparedness and Assistance Act of 1973 which resulted from the review of disaster preparedness and assistance as called for by Public Law 92-385. Stated the major objective of the bill was to consolidate responsibility for disaster assistance and reduce the number of Federal agencies involved.

• Recommended a special Federal grant of $250,000 for each State (as a transitional measure) to help the States increase their disaster preparedness and assistance capabilities.

AMENDMENT OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1968

(Public Law 93-38, June 5, 1973)

• Increased the limitation on the face amount of flood insurance coverage authorized to be outstanding from $4 billion to $6 billion.

DISASTER RELIEF

(Executive Order 11725, June 27, 1973)

• Designated HUD to exercise disaster relief authorities formerly exercised by the Office of Emergency Preparedness under the Disaster Relief Act of 1970 and Executive Orders 11575, 11662, and 11678.

• Designated the Secretary of HUD to serve as Chairman of the National Council on Federal Disaster Assistance under Executive Order 11526.

GNMA MORTGAGE PURCHASE AUTHORITY

(Executive Order 11732, July 30, 1973)

• Delegated to the Secretary of Housing and Urban Development the power to exercise the functions of the President under Sections 301 and 305 of the National Housing Act relating to the purchase of mortgages by the Government National Mortgage Association in connection with its special assistance functions, and the determination that such action is in the public interest.

AMENDMENT OF THE URBAN MASS TRANSPORTATION ACT OF 1964

(Public Law 93-87, August 13, 1973)

• Increased the Federal share of capital grants and the contract authority under the Act, and permitted grants for technical studies relating to planning, engineering, design and evaluation of urban mass transportation projects.

• Authorized funds to be appropriated out of the Highway Trust Fund for the construction of highways connected to the Interstate system in portions of urbanized areas with high traffic density.

• Directed the Secretary of Transportation to make an evaluation, in cooperation with State Governors and local officials, of the portion of the 1972 National Transportation Report pertaining to public mass transportation, including all urban areas, and report to the Congress not later than July 1, 1974.

PRESIDENTIAL MESSAGE ON HOUSING AND LAND USE POLICY

(Compilation of Presidential Documents, September 10, 1973)

• Urged action on legislation submitted, including the National Land Use Policy Act and the Better Communities Act.

• Reported that the six month study of government housing policies, which he had ordered in March, had been completed and that he planned to submit shortly a new set of housing program recommendations.

PRESIDENTIAL MESSAGE TO CONGRESS ON HOUSING POLICY

(Compilation of Presidential Documents, September 19, 1973)

Home Ownership

• Proposed legislation to make home ownership easier by: (1) increasing the maximum mortgage and loan amounts under FHA insurance programs; (2) removing the ceiling on interest rates on FHA and VA mortgages; (3) permitting, on an experimental basis, the Secretary of HUD to allow greater flexibility in repayment arrangements for Federally-insured loans; (4) allowing investors a tax credit on the interest they earn from residential mortgages; and (5) authorizing Federal reinsurance for purchase by private mortgage insurance companies.

• Proposed that incentives for savings and loan associations to finance housing construction be increased by the Federal Home Loan Bank Board initiating a new program of "forward commitments" to savings and loan associations promising them loan money at future dates should they need it to cover commitments being made by them.

• Stated that HUD would reinstate the "Tandem Plan" under which GNMA provided money for FHA-insured mortgages at below-market interest rates where the mortgages covered new construction.

Low-Income Housing

• Attacked existing housing programs for low-income families, saying that (1) the Federal Government had, since 1969, subsidized nearly 1.6 million units of new housing and over 400,000 units of existing and rehabilitated housing which would cost taxpayers an estimated $2.5 billion in each of the next few years and could cost close to a total of $50 billion; (2) Federal programs have produced some good housing, but they have also produced some of the worst housing in America; and (3) the existing approach of these programs was highly inequitable because they assisted only a few low income families and ignored others who pay taxes to support the programs but live in inferior older housing.

• Suggested direct cash assistance and the expansion of the existing experimental program to test additional techniques for administration.

• Recommended that there be a new approach under which the developer would make newly constructed units available at special rents for low-income families, and the government would pay the developer the difference between such rents and fair market rents. Recommended that the then-existing Section 23 program under which new and existing housing is leased for low-income families be administered in a way to carry out some of the principles of direct cash assistance, and stated that he would modify the January 5 suspension of housing programs to permit the Section 23 program to continue.

INTERIM REPORT, HOUSING IN THE SEVENTIES

(October 6, 1973)

• Delivered to Congress in draft form and given limited distribution, it was the result of a national housing policy review made by the Department of Housing and Urban Development, and was the basis for the President's message on housing policy of September 19, 1973.

• Reviewed the history of the development of the housing programs and the Federal activities less directly related to housing such as tax policy, regulation of mortgage financing, welfare assistance, credit policy, labor policy, equal housing opportunity, and environmental policy.

• Included the following statements and conclusions:

(1) The nation's housing laws are a "hodgepodge of accumulated authorizations for some 46 unsubsidized programs and some 20 which are subsidized * * * replete with inconsistencies, conflicts and obsolete provisions." There are also functional duplications among HUD, VA and the Department of Agriculture.

(2) Apparently the subsidy housing programs gave little consideration to economic and social costs, their equity aspects, and the overall impact on local housing markets of subsidizing large numbers of newly built units for lower-income families.

(3) Although some 2.8 million subsidized dwelling units were provided since 1937 for low- and moderate-income families, that was achieved at the cost of serious program inefficiency and inequity, and the costs were greater than the benefits to society.

(4) The subsidy programs were inequitable as they benefitted only a limited number of eligibles and excluded all single persons less than 62 years of age.

(5) Most subsidized housing program beneficiaries could be served by a less expensive unit in the existing housing stock or a cash transfer of lesser value than the subsidy provided.

(6) The subsidies involved in the programs, except in low-rent public housing and the low-rent supplement pro-

gram, are not deep enough to serve most low-income families.

(7) The problems that arise from the operation of the Section 235 subsidized sales housing program (and the related Section 221(d)(2) program) are so serious that the validity of the concept of home ownership for the low-income occupants is questionable.

(8) So long as foreclosures and acquisition losses under the Section 235 program do not increase beyond present estimates, the program can be regarded as actuarially sound, but recent data indicates that the program might become actuarially unsound.

(9) The cost of the Section 236 subsidized rental housing units is higher than for similar conventionally built units, and the architectural fees involved are often excessive.

(10) Despite the rapid rise in home ownership costs, Americans continue to purchase approximately the same quality of housing as they did before the recent increase in those costs.

(11) Rentals increased much less rapidly than income and less rapidly than the overall Consumer Price Index, so that renters generally have not been adversely affected.

(12) Despite the rapid growth and initial achievements of State housing finance agencies, their future expansion is not completely assured and they will encounter some serious problems in the future.

(13) The presence of a large number of small builders moving in and out of the construction industry tends to make the supply of housing very responsive to cyclical changes in demand, and the long-run supply appears to be very responsive to long-run increases in demand. (See also "Critique of Housing in the Seventies," February 22, 1974.)

AGRICULTURE-ENVIRONMENT AND CONSUMER PROTECTION APPROPRIATION ACT OF 1974

(Public Law 93-135, October 24, 1973)

• Authorized the Secretary of Agriculture to sell, on an insured basis or otherwise, notes in the rural housing insurance fund and the rural development insurance fund, or certificates of beneficial ownership therein, to the Secretary of the Treasury, to the private market, or to such other sources as he may determine.

• Prohibited the making of rural housing grants under Section 504 of the Housing Act of 1949 (P.L. 81-171, July 15, 1949).

AMENDMENT OF LEAD-BASED POISONING PREVENTION ACT

(Public Law 93-151, November 9, 1973)

• Directed HUD, in consultation with the Department of Health, Education, and Welfare, to carry out a demonstration and research program to determine the nature and extent of the problem of lead-based paint poisoning, particularly in urban areas, including the methods by which the lead based paint hazard can be removed from residential housing.

• Directed HUD to establish procedures to eliminate as far as practicable the hazards of lead-based paint poisoning with respect to existing housing covered by an application for mortgage insurance, or housing assistance payments, and in all Federally-owned properties prior to the sale of such properties when their use is intended for residential use.

• Authorized HEW, in consultation with HUD, to establish a national lead-based poisoning advisory board and promulgate regulations for the establishment of advisory boards for each local program assisted under the Act.

DISTRICT OF COLUMBIA RENT CONTROL ACT OF 1973

(Public Law 93-157, November 21, 1973)

• Authorized the District of Columbia Council to regulate and stabilize rents in the District.

DISASTER RELIEF FUNCTIONS TO HUD

(Executive Order 11749, December 10, 1973)

• Designated HUD to administer disaster relief, except (1) the authority to declare a major disaster, (2) the authority concerning the utilization of civil defense communications, and (3) the authority concerning food coupons for surplus commodities.

• Established the National Council on Federal Disaster Assistance, composed of policy level representatives of other Federal agencies and chaired by the Secretary of HUD, to advise and assist the Secretary in carrying out disaster relief functions.

AMERICA'S HOUSING NEEDS: 1970-1980

(Study by the Joint Center for Urban Studies of MIT and Harvard, December 1973)

• Estimated that 13.1 million American families were "housing deprived" by reason of living in dwellings which were physically unsound, overcrowded, or too expensive (requiring more than 25-35 percent of income).

• Stated that a variety of programs, including use of existing housing, were needed to improve the situation, and that neighborhood rehabilitation should be given higher priority. (Study was partly financed by HUD.)

AMENDMENTS TO FOREIGN ASSISTANCE ACT OF 1961

(Public Law 93-189, December 17, 1973)

• Authorized the President to furnish assistance to help solve economic and social development problems in fields such as transportation, power, industry, urban development, and population planning and health.

• Made a minimum amount of the funds available for purposes of development assistance available for assistance in the development of cooperatives in the less developed countries. Increased the world-wide housing guarantee authority.

NURSING HOMES AND FIRE SAFETY EQUIPMENT

(Public Law 93-204, December 28, 1973)

• Authorized HUD to insure loans to nursing homes and intermediate care facilities to provide for the purchase and installation of fire safety equipment.

HEALTH MAINTENANCE ORGANIZATION ACT OF 1973

(Public Law 93-222, December 29, 1973)

• Amended Title XIII of the Public Health Service Act to provide assistance, including loan guarantees, to health maintenance organizations.

• Made mortgages guaranteed under that title eligible for inclusion by GNMA in a trust or pool used by GNMA to back securities it issues.

FEDERAL FINANCING BANK ACT OF 1973

(Public Law 93-224, December 29, 1973)

• Created the Federal Financing Bank to coordinate financing of Federal and Federally-assisted borrowings from the public. Authorized the Bank to make commitments to purchase and sell, and to purchase and sell, any obligation which was issued, sold or guaranteed by a Federal agency. Required that such purchase be upon such terms as would yield a return at a rate which took into consideration the current average yield on outstanding marketable obligations of the United States or the Bank.

• Required the Secretary of the Treasury to approve the method, source, and timing of financing of obligations issued or sold by any Federal agency, except that his approval was not required with respect to (a) obligations sold under an Act of Congress which prohibited any guarantee of such obligations by the United States, and (b) obligations issued or sold by the Farmers Home Administration.

• Limited outstanding obligations issued by the Bank to $15 billion.

• Authorized the Bank to issue its obligations to the Secretary of the Treasury.

• Made obligations issued by the Bank subject to Federal taxation to the same extent as obligations of private corporations.

• Provided that the purchase by the Bank of the obligations of any local public body or agency had to be made upon such terms and conditions as necessary to avoid an increase in borrowing cost to the local body or agency (which increase results from the loss of the advantage of tax exemption of the obligations when sold in the private market.)

• Provided that the Federal agency guaranteeing obligations purchased by the Bank could contract to make periodic payments to the Bank to offset the costs to the Bank of purchasing obligations of local public bodies or agencies.

FLOOD DISASTER PROTECTION ACT OF 1973 AND MOBILE HOME LOANS

(Public Law 93-234, December 31, 1973)

• Increased the limits of coverage authorized under the National Flood Insurance Program and required States or local communities, as a condition of future Federal financial assistance, to participate in the flood insurance program and to adopt adequate flood plain ordinances with effective enforcement provisions to reduce or avoid future flood losses.

• Required the purchase of flood insurance by property owners who were being assisted by Federal programs, or by Federally supervised, regulated or insured institutions in the acquisitions or improvement of land or facilities located on, or to be located in flood hazard areas.

• Made the flexible interest rate authority of the Secretary of Housing and Urban Development available for FHA insured loans which finance the purchase of mobile homes.

NONDISCRIMINATION IN FEDERALLY ASSISTED PROGRAMS

(Executive Order 11764, January 21, 1974)

• Directed the Attorney General to coordinate enforcement by Federal departments and agencies of Title VI of the Civil Rights Act of 1964, which prohibited discrimination on the ground of race, color or national origin in programs and activities receiving Federal financial assistance. (Superseded E.O. 11247.)

CRITIQUE OF "HOUSING IN THE SEVENTIES"

(Committee Print by the Senate Subcommittee on Housing and Urban Affairs, February 22, 1974; Congressional Record, March 8, 1974)

• Included the following highlights, as reported in a speech on the Senate Floor by the Chairman of the Subcommittee:

• The report "Housing in the Seventies" is not an adequate evaluation of Federal housing programs, nor an adequate base for formulating national housing policy. It does not contain justification for the past year's suspension of housing and community development activities. This is not a criticism of the work of many able persons who contributed material for the report.

• The report alleged that the subsidy programs take the wrong approach because the basic problem is not a housing but an income problem so that a better approach would be to provide direct cash assistance to poor people instead of building housing. This is simplistic and defective. As long as the supply of housing is insufficient, the cost of decent housing will remain out of the reach of low-income groups. To say that direct cash assistance will solve the housing problems of the poor while, at the same time, shutting off all Federal assistance for the production of housing, is to ignore that there is just not enough decent housing in this country now to go around. Direct cash assistance should be examined as one of the means of assistance but it cannot replace production programs.

• The charges that the programs are failures or defective turn out to be theoretical rather than factual. The facts indicate that the interest subsidy programs are not actuarially unsound, despite projected foreclosure rates that sound high and that reflect fraudulent practices which led to widespread scandals. A recent analysis indicates that the insurance fund is actuarially sound, and is projected to remain so. Additional support would be anticipated from expansion of counseling activities such as would be required under the 1974 housing bill. The charge of widespread scandals has on close examination been less attributable to subsidized housing programs than to unsubsidized programs. The number of indictments for criminal activities related to the high incidence of foreclosures involved not only subsidized units but nonsubsidized operations under Sections 203 and 221(d)(2), which reflect laxity in program management rather than defects in the subsidy programs themselves.

• The frequent charge that the subsidy programs are inequitable because they serve only part of those who are eligible constitutes a faulty and unsound basis for terminating the program. First, it looks only at a portion of assistance given to needy families, excluding welfare, education and other aids. Also many families receive indirect aid from the housing programs. This charge of inequity is meaningless when no realistic alternative is presented. While it may be desirable to quadruple the Federal budget for housing in order to assist everyone on an equitable basis, as the direct cash assistance program implies, no budget proposal was made to carry out any such a program.

• The charge that Sections 235 and 236 are inequitable because they do not assist the lowest income families is without merit. The Congress did not intend those programs to reach the very poor. Low-rent public housing and rent supplements serve the lower-income group. The Sections 235 and 236 programs provide an equity by assisting needy families at a somewhat higher income level who are not assisted by public housing and would not otherwise receive housing assistance from the government.

• Another major charge against existing housing programs concerns their total cost. It has been alleged that these programs will cost between $65 and $85 billion over the next 30 to 40 years. These estimates include public housing, which now shelters over 1 million of our lowest income families. It is estimated that public housing alone accounts for almost two-thirds of the total for all housing programs. At current budget levels, this would be about one-third of 1 percent of the current annual Federal budget. Furthermore, the estimated public housing costs fail to take account of the offsetting value of a publicly owned stock of low-income housing after the capital debt on them has been paid off which will come to pass in about five years for the oldest projects.

• The factual data used in "Housing in the Seventies" to support its conclusion that the unit cost of subsidized housing is more than the unit cost of other housing is fragmentary and unconvincing. (Prepared by the Congressional Research Service at the request of the Subcommittee, Congressional Record, March 8, 1974.)

PRESIDENTIAL ANNOUNCEMENT ON MORTGAGE ASSISTANCE

(Compilation of Presidential Documents, May 10, 1974)

• Announced a four-point plan to provide more than $10 billion of additional mortgage money during 1974:

(1) Additional GNMA tandem plan purchases (up to $3.3 billion) of mortgages with interest rates of 8 percent.

(2) A new mortgage commitment program by the Federal Home Loan Bank System for purchases (up to $3 billion) of conventional mortgages from savings institutions during the remainder of 1974. The mortgages would bear interest rates of 8-3/4 percent.

(3) Up to $4 billion in advances by the Federal Home Loan Bank System to thrift institutions at a rate below the System's current borrowing costs.

(4) Funds for mobile home purchasers through the use of GNMA mortgage backed securities program.

DISASTER RELIEF ACT OF 1974

(Public Law 93-288, May 22, 1974)

• Repealed the Disaster Relief Act of 1970, except for certain provisions.

• Authorized the President to establish a program of disaster preparedness utilizing the services, supplies and facilities of all appropriate agencies and to provide technical assistance and grants to the States in developing and carrying out comprehensive disaster preparedness programs.

• Authorized the President to make contributions to the State or local governments to help repair, restore, reconstruct, or replace public facilities damaged or destroyed by a major disaster, and to make grants to help restore private nonprofit educational utilities, emergency medical and custodial care facilities damaged or destroyed by a major disaster.

• Authorized certain financial assistance to meet other disaster needs of individuals and local governments.

• Authorized the President to provide, either by purchase or lease, temporary housing, including but not limited to, unoccupied apartment dwellings, suitable rental housing, mobile homes, or other fabricated housing. Provided that during the first 12 months of occupancy no rentals were to be established for any such accommodations, and thereafter rentals were to be established based upon fair market value adjusted to take into consideration the financial ability of the occupants.

• Authorized the President to provide assistance in the form of mortgage or rental payments to or on behalf of individuals and families who, as a result of financial hardship caused by a major disaster, have received written notice of dispossession or eviction from a residence. Authorized private residential structures made uninhabitable by a major disaster to be repaired or restored with funds provided by the President, but no such assistance could be used for major reconstruction or rehabilitation of damaged property.

• Provided that any temporary housing acquired by purchase could be sold directly to occupants at fair or equitable prices; the President could also sell or otherwise make available temporary housing units directly to States, other governmental entities, and voluntary organizations.

PRESIDENTIAL AGREEMENT WITH UNION OF SOVIET SOCIALIST REPUBLICS

(Compilation of Presidential Documents, June 28, 1974)

• Provided for cooperation in the field of housing and other construction. The agreement was to be implemented by (1) exchange of experts and advanced students, (2) exchange of scientific and technical information, (3) joint conferences and seminars, (4) joint research, and (5) other forms of cooperation. Provided for establishment of the Joint Committee on Cooperation in Housing and Other Construction to carry out the agreement.

DISASTER RELIEF FUNCTIONS

(Executive Order 11795, July 11, 1974)

• Delegated to the Secretary of Housing and Urban Development Presidential authority under the Disaster Relief Act of 1974, except the authority to declare emergencies and major disasters and certain other limited functions.

CONGRESSIONAL BUDGET AND IMPOUNDMENT CONTROL ACT OF 1974

(Public Law 93-344, July 12, 1974)

• Established a new Congressional budget and appropriations process and a procedure providing Congressional control over impoundment of funds by the Executive Branch.

• Created the Congressional Budget Office and established budget committees for both the House and the Senate.

• Provided that, beginning on October 1, 1976, the Federal fiscal year was to commence on October 1 of each year.

• Provided for Congressional consideration of proposed rescissions, reservations, and deferrals of budget authority, and for revised procedures by the Congress for consideration of the Federal budget and for transmittals by the President of requested amendments or revisions in the budget authority requested.

HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974

(Public Law 93-383, August 22, 1974)

Title I—Community Development Block Grants

• Constituted a fundamental change in the Federal Government's financial assistance to communities for their physical development and improvements, including the removal and prevention of slums and blight.

• Provided in place of specific categorical development programs, a single program of 100 percent grants (with certain related guarantees of loans) to communities for development activities on basically a formula basis.

• Gave to communities, within the relatively few restrictions of the Title, authority to formulate their own development plans and programs to be assisted, in place of conforming to Federal programs and decisions.

• Made funds available January 1, 1975.

Programs Terminated

• Terminated these categorical programs as to commitment on January 1, 1975: open space urban beautification historic preservation grants; public facility loans; water and sewer and neighborhood facilities grants; urban renewal and NDP grants and model cities supplemental grants.

• Terminated authority to make rehabilitation loans as of one year after the date of enactment of Title I. (However, the Section 312 program was repeatedly extended until termination as of September 30, 1991, by the National Affordable Housing Act, P.L. 101-625, November 28, 1990.)

Eligible Recipients of Community Development Grants

• Made States, cities, counties and other units of general local government (including certain designated types of public agencies) eligible recipients of community development block grants (and guarantee of loans).

• Made also certain private "new community" developers and citizen associations eligible.

Activities Eligible for Community Development Grants

• Included, in general, the broad range of development activities in a community, including those permitted under the earlier categorical programs. Including: the acquisition, disposition or retention of real property which was blighted, deteriorated or inappropriately developed; appropriate for rehabilitation or conservation activities; or appropriate for conservation of open space or historical sites and public uses. Acquisition, construction, or installation of most types of public works, utilities, facilities, and site and other improvements. Code enforcement in deteriorating areas. Clearance, demolition, removal and rehabilitation of buildings and improvements, including interim assistance and financing of rehabilitation of privately owned property incident to other activities. Other related activities such as public services not otherwise available, relocation payments for those displaced, and administration of program. Payment of non-Federal share of other Federal programs related to the development. Development of a comprehensive plan and the policy-planning- management capacity of the community.

Application for Community Development Grants

• Required submission of an application for grants for HUD approval showing compliance with certain basis requirements. Required the application to contain: (1) a summary of a three-year plan which identified community development needs and objectives developed in accordance with areawide development planning and national urban growth policies and which demonstrated a comprehensive strategy for meeting those needs. (2) Formulation of a program which included activities to meet community development

needs and objectives, indicated resources other than assistance under the title expected to be available to meet such needs and objectives, and took account of environment factors. (3) A description of a program to eliminate or prevent slums, blight, and deterioration where such conditions or needs existed, and provide improved community facilities and public improvements, including supporting health and social services where necessary and appropriate. (4) A housing assistance plan which accurately surveyed the condition of the community's housing stock and assessed the housing assistance needs of lower-income persons residing or expected to reside in the community. Specified a realistic annual goal for the number of units or persons to be assisted, including the mix of new, existing and rehabilitated units and the size and types of projects and assistance best suited to the needs of area lower-income persons. Indicated the general locations of proposed lower-income housing with a view to furthering revitalization, promoting greater housing choice and avoiding undue concentration of low-income persons, and assuring availability of adequate public facilities and services for such housing.

• Provided that in limited circumstances, requirements 1, 2, and 3 above could be waived in the case of smaller communities.

Limited HUD Authority to Reject Applications

• Required that applications from "metropolitan cities" and "urban counties" be approved under that title unless: the description of community development and housing needs and objectives was plainly inconsistent with generally available information, the activities proposed were plainly inappropriate to meeting stated needs and objectives, or the application did not comply with the requirements of the title or other applicable law or proposes ineligible activities.

Funds for Community Development Grants

• Authorized contract authority for three years of $8.4 billion for grants, with annual disbursement limitations of $2.5 billion in fiscal year 1974, $2.95 billion in fiscal year 1976, and $2.95 billion in fiscal year 1977. Provided additional amounts to meet the special needs arising out of the transition from the categorical programs to the new program.

Distribution of Grant Funds

• Required that grant funds for community development be distributed throughout the country so that 80 percent went to metropolitan areas (SMSAs) and 20 percent to other areas. Required within that division use of an objective formula basically for allocating funds to cities, counties, metropolitan and non-metropolitan areas, based on population, amount of housing over-crowding, and extent of poverty (counted twice).

• Provided that if they met application requirements, cities with populations of 50,000 or over and central cities of SMSAs had a statutory right or entitlement to formula funds. Provided that urban counties also were entitled to formula funds if they had power to undertake essential community development and housing assistance activities in areas that had a population of 200,000 or

more, excluding metropolitan cities and units of general local government which elected to be excluded.

• Provided that in addition to formula entitlement which had to be paid to all metropolitan cities and urban counties, those cities and counties which had received a higher level of funding under the prior categorical programs would generally continue to receive this higher level (referred to as being "held harmless") during the first three years.

• Provided that communities which had no formula entitlement, and which had not been participating in urban renewal, model cities, or code enforcement, could apply for discretionary assistance out of funds not used for entitlement payments. Required that these funds be divided among SMSAs and non-SMSA areas of the various States based on relative matters as determined by formula.

Guarantee of Loans

• Authorized HUD to guarantee and make commitments to guarantee notes or other obligations issued by units of general local government, or by public agencies designated by local governments, for the purpose of financing the acquisition or assembly of real property to serve or to be used in community development activities which were to receive grants under Title I. Provided that those obligations were to be taxable or tax free at the option of the issuer; if taxable, HUD would make grants to the issuer for up to 30 percent of net project cost.

Requirements Community Must Meet

• Required that the community receiving funds comply with Civil Rights Acts and the special nondiscrimination provisions of this title; assure adequate citizen participation; meet A-95 planning review requirements for the application; and meet annual performance reporting requirements, including an assessment of the relationship of its past activities to the title's and the community's stated objectives. The grant amount for the community was to be subject to appropriate HUD adjustment on the basis of these reports.

• Provided that "impact statements" under the National Environmental Policy Act of 1969 were not required at the time applications were reviewed. Instead, recipients had to prepare these statements on specific projects having major impacts on the environment before they committed funds to those projects, and had to certify compliance to HUD before funds were released.

Title II—Assisted Housing

• Rewrote the United States Housing Act of 1937 to make changes in the public housing program, to provide additional annual contributions contract authority, and to authorize a new lower-income housing assistance program.

Major Changes in Public Housing

• Deleted requirements for (1) a gap of at least 20 percent between the highest income limits for admission and the lowest unassisted rents, and (2) income limits for continued occupancy in projects.

• Amended the definition of family income and added a definition of "very low income."

• Amended the definition of family to permit occupancy by two or more single elderly, disabled, or handicapped individuals living together, or one or more such individuals living with another person determined essential to their well-being.

• Changed requirements with respect to minimum rents so that every family in regular public housing would be required, regardless of the size of its income, to contribute at least 5 percent of its gross income to rent; if the family received a welfare payment a part of which is specifically designated for housing, the family's minimum rent would be the higher of 5 percent of gross income or the amount so designated.

• Provided that increased rents required as a result of these amendments, other than the welfare payment provision, were to be phased in at a rate of not more than $5 every six months.

• Required the aggregate minimum rental required to be paid in any year by families in any project administered by a public housing agency receiving operating subsidies to be an amount at least equal to 20 percent of the sum of the income of all such families.

• Required public housing agencies to establish (1) tenant selection criteria to assure an income mix in projects (but waiting for higher- income tenants where lower- income tenants were available was not to be permitted), (2) procedures for prompt rent payments and evictions for nonpayment, (3) effective tenant-management relationship to assure tenant safety and adequate project maintenance, and (4) viable homeownership opportunities. Required that at least 20 percent of families in any project placed under annual contributions beginning after the effective date of the requirement have incomes not in excess of 50 percent of area median incomes.

• Permitted a public housing agency to sell a low-income housing project to its low- income tenants without affecting the Secretary's commitment to pay annual contributions with respect to the projects.

• Reauthorized payments of operating subsidies to public housing agencies, but required HUD to establish standards for payments on the basis of a formula representing operation of a prototype well-managed project, taking into account various characteristics of projects and residents.

Section 8 Housing Assistance Program

• Authorized a new low-income housing assistance program by Section 8 of the amended United States Housing Act of 1937, replacing the former Section 23 which authorized the "Section 23 leasing program."

• Authorized assistance by HUD through "assistance payments contracts" on behalf of eligible families occupying new, substantially rehabilitated or existing rental units. Authorized HUD to contract directly with private owners or public housing agencies which agreed to construct or substantially rehabilitate housing.

• Provided that in the cases of existing units, public housing agencies contract with owners, except that HUD was authorized to do so directly where no public housing agency had been organized

or where it determined a public housing agency was unable to implement the program.

• Provided eligible families were those who, at the time of initial renting of unit, had total annual incomes not in excess of 80 percent of area median income with adjustments for smaller and larger families, but HUD could establish higher or lower income ceilings if it found such variations necessary because of prevailing levels of construction costs, unusually high or low family incomes, or other factors.

• Required that at least 30 percent of the families assisted under all of the annual contract authority allocations be families with gross incomes not in excess of 50 percent of area median income, subject to adjustment.

• Required that assistance payments contracts must specify the maximum monthly rent which was to be charged for each assisted unit. Provided that the maximum monthly rent could not exceed by more than 10 percent the fair market rental established by HUD periodically for existing or newly constructed rental dwelling units in the market area suitable for occupancy by the assisted person, except that the maximum rent could be up to 20 percent higher than the fair market rental where HUD determined that special circumstances warranted the higher rent.

• Required aided families to contribute between 15 percent and 25 percent of their total income to rent as prescribed by HUD. Established a 15 percent maximum for certain large families.

• Established the amount of assistance provided with respect to a unit as an amount equal to the difference between the established maximum rent for the unit and the occupant family's required contribution to rent.

• Provided that an assistance payments contract could be as long as 15 years in the case of an existing unit and as long as 20 years in the case of a new or rehabilitated unit (or up to 40 years where the project was owned by, or financed by a loan or guarantee from, a State or local agency).

• Provided that owners of new or substantially rehabilitated units assume all ownership, management, and maintenance responsibilities, including tenant selection and termination of tenancy. Owners of existing units also were to select tenants but selections were subject to annual contributions contract requirements, and public housing agencies had the sole right to give notice to vacate.

• Provided that the assistance payments could be made only with respect to a dwelling unit under lease for occupancy by a family determined to be a lower-income family at the time of the initial occupancy, except that payments could be made with respect to unoccupied units for a period not exceeding 60 days under certain circumstances.

• Made the construction or substantial rehabilitation of units to be assisted eligible for financing with mortgages insured under the National Housing Act. Provided that assistance payments contracts could be pledged by owners of the dwelling units as security for any loan or obligation in connection with a project to be assisted by the payments, if approved by HUD.

Housing for the Elderly and Handicapped

• Directed HUD to consult with the Department of Health, Education, and Welfare to assure that special projects for the elderly or the handicapped under the public housing program met acceptable standards of design, and provided services and management, consistent with the needs of the occupants, and were in support of and supported by applicable State and area plans.

• Amended the Section 202 direct loan program (Housing Act of 1959) for housing for the elderly and handicapped as follows: loans were to be made at an interest rate equal to the Treasury borrowing rate (plus adequate allowances for administrative costs and probable losses) in place of a fixed 3 percent rate.

• Authorized HUD to obtain additional funds for the program by issuing notes for purchase by the Treasury.

• Limited loans to the authority provided for the year in appropriation Acts.

• Required HUD to consider the availability of assistance under the new Section 8 program when considering Section 202 project feasibility.

• Required HUD to assure that both 202 and Section 8 projects serve both low- and moderate-income families in a mix appropriate for the area and viable project operation.

Section 235 Interest Reduction Payments

• Set family income limits at 80 percent of median income for the area with adjustments by HUD, in place of limits related to public housing admission limits.

• Increased the limits on the amounts of individual mortgages.

Section 236 Interest Reduction Payments

• Provided that rents for up to 20 percent of the units in a Section 236 project could be reduced to as little as the cost of utilities of the units where tenants could not pay the subsidized rental charge with 25 percent of their income.

• Provided authority for contracting by HUD to pay additional subsidy amounts to a sponsor to cover his subsequent increased operating costs as a result of increased utility charges and property taxes.

• Set income limits at 80 percent of median income for the area, with adjustments by HUD. Required that at least 20 percent of funds were to be allocated to projects for the elderly or handicapped, and 10 percent of the funds for rehabilitation projects.

• Authorized HUD to contract with State or local agencies to monitor the management of assisted projects.

Local Housing Assistance Plans

• Required HUD, if a local governing body had an approved "housing assistance plan," upon receiving an application for housing assistance under the public housing program, the Sections 235 and 236 interest reduction payments, the rent supplement program, or the housing for elderly or handicapped direct loan program, to notify the local governing body that the application was under consideration, and give that body the opportunity, during the next 30 days, to object to approval of the application on the

grounds that the application was inconsistent with its housing assistance plan.

• Provided that if objection was raised, HUD could not approve the application unless HUD determined it was consistent with the plan. If so determined it should notify the local governing body of the determination and the reasons in writing. If no objection was received, HUD could approve the application unless it found it was inconsistent with the housing assistance plan.

• Provided that a housing assistance plan could be a plan submitted with an application for community development assistance under Title I of the Housing and Community Development Act of 1974, or in case there was no such plan, a housing assistance plan approved by HUD.

• Excepted certain applications for assistance from the foregoing requirements.

Allocation of Housing Assistance

• Required that the amount of housing assistance allocated to non-metropolitan areas in any fiscal year be not less than 20 nor more than 25 percent of the total amount of such assistance. In allocating the assistance, directed HUD to consider the relative needs of different areas as reflected in data as to population, poverty, housing overcrowding, housing vacancies, amount of substandard housing, or other measurable conditions.

• Directed HUD to reserve such housing assistance funds as deemed necessary for use in connection with new community developments, and authorized HUD to reserve such assistance funds as it deemed appropriate for use by a State or agency of a State.

• Mortgage Credit Assistance

• Increased the dollar limits on the amounts of mortgages on one- to four-family homes as well as the dollar limit per unit where the mortgages financed multifamily projects. Eliminated dollar limits on multifamily project mortgages.

• Authorized HUD, on a demonstration basis, to insure mortgages, advances, or loans, upon the request of mortgagees, on a co-insurance basis. Directed HUD to report to Congress on the program not later than March 1, 1975, and annually thereafter.

• Directed HUD to promote the use of energy saving techniques through FHA minimum property standards for newly constructed housing financed with FHA insured mortgages.

• Extended compensation for structural defects in existing homes to cover two-family homes, and made compensation available to owners of properties located in older, declining urban areas which were covered by mortgages insured under Sections 203 or 221 during the period August 1, 1968 through December 31, 1972. To quality for compensation, a defect must so seriously affect use and livability as to create a serious danger to the life or safety of the inhabitants.

• Authorized HUD to insure on an experimental basis under any of the mortgage insurance provisions of Title II of the National Housing Act mortgages and loans with provisions for varying rates of amortization corresponding to anticipated variations in family income. Limited this authority to one percent of the total dollar amount of all mortgages insured under Title II.

Property Improvement and Mobile Home Loan Insurance

• Increased the dollar limit on property improvement loans and the limits on the maturity of such loans.

• Permitted the insured loans to cover fire safety equipment, energy conserving improvements, or the installation of solar energy systems.

• Authorized insurance for loans financing the purchase of mobile home lots and preparation of the lots.

• Authorized lower downpayments for unsubsidized homes purchased with mortgages insured by FHA under its Title II mortgage insurance programs.

Multifamily Housing Mortgage Insurance

• Raised the limit on the amount of a management cooperative housing mortgage based on loan to value. Authorized insurance of mortgages financing the purchase of existing multifamily projects or refinancing of mortgages on existing projects.

• Authorized insurance of mortgages on "dormitory-type" projects.

• Made public housing agencies eligible for insured mortgages of projects under Section 221(d)(3) of the National Housing Act, if the project received assistance under the new Section 8 (U.S. Housing Act of 1937) lower-income housing assistance program. Made interest paid on such mortgages subject to income tax.

• Authorized FHA insurance for supplemental loans for repairs, improvements or additions to multifamily projects or health facilities not covered by FHA-insured mortgages. Increased the limit on the amount of an FHA-insured mortgage financing land development by raising the loan-to-value ratio on such mortgages to the sum of 80 percent of the estimated value of the land before development and 90 percent of estimated cost of development.

• Added provisions to the National Housing Act which made it clear that HUD could finance the sales of acquired projects to cooperatives with 100 percent purchase money mortgages computed on the basis of the use of the property as a cooperative, and that HUD could repair the projects prior to such sale.

Comprehensive Planning

Planning Grants

• Amended Section 701 of the Housing Act of 1954 (P.L. 83-560, August 2, 1954), which authorized grants for comprehensive planning, to extend aid for developing management capability.

• Authorized HUD to make planning grants to States for planning assistance to local governments; to States for State, interstate, metropolitan, district, or regional activities; to cities of 50,000 population or more; to urban counties as defined in Title I of the Housing and Community Development Act of 1974; to metropolitan areawide organizations; to Indian tribal groups or bodies; and to other governmental units or agencies having special planning needs.

• Provided that activities eligible for grants include those necessary (1) to develop and carry out a comprehensive plan, (2) to develop and improve the management capability to implement such a plan, and (3) to develop a policy-planning evaluation capacity so

that the recipient could more rationally determine its needs, set long-term goals and short-term objectives, devise programs and activities, and evaluate the progress.

• Required each recipient of assistance to carry out ongoing comprehensive planning which would make provision for citizen participation.

• Required comprehensive plans to involve a housing element and a land-use element.

• Authorized grants to be made on an annual basis if certain specified requirements were met, including not exceeding two-thirds of the estimated cost of the work for which they were made.

• Authorized use of appropriated funds by HUD for studies, research, and demonstration projects of the techniques and methods for comprehensive planning, and for studies and research related to needed revisions in State laws governing local governmental operations. Authorized grants to be made to organizations of public officials representative of jurisdictions within a metropolitan area for studies, collection of data and the development of metropolitan, regional and district plans and programs.

Training and Fellowship Programs

• Amended Title VIII of the Housing and Urban Development Act of 1967 (P.L. 90-19, May 25, 1967), which authorized assistance through training and fellowships, to include not only urban and housing specialists as eligible for fellowships but also those with a "general capacity in urban affairs and problems."

• Authorized HUD to make grants to institutions of higher education to assist them in planning, developing, strengthening, improving or carrying out programs or projects for the preparation of graduate or professional students to enter the public service.

• Authorized grants to assist States and localities, in cooperation with educational institutions and interested organizations, to (1) develop programs which would provide special training for community development activities, and (2) support State and local research needed with housing programs, public improvement programming, code problems, efficient land use, urban transportation and similar community development problems. Authorized HUD to make grants to institutions of higher education to assist them in planning, developing, strengthening, improving, or carrying out programs (1) for the preparation of professional students in the fields of city and regional planning and management, housing and urban affairs, or (2) for research into, or development or demonstration of, improved methods of education for those professions.

Rural Housing

• Amended Section 504 of the Housing Act of 1949 (P.L. 81-171, July 15, 1949), to make "rural dwellings" rather than just farm dwellings, eligible for rehabilitation loans and grants or a combination loan and grant.

• Expanded the definition of "rural area" to include places with a population in excess of 10,000 but less than 20,000 which were not within a SMSA, and which had a serious lack of mortgage credit as determined by the Secretaries of Agriculture and Housing and Urban Development.

• Made public agencies eligible to purchase building sites, the development of which was financed by loans by the Secretary of Agriculture, for housing low- and moderate-income families; the loans could be made for building sites for housing for low- and moderate-income families assisted under any Title V program or under any other law. (Previously, the housing had to be assisted under the FHA Sections 235 or 236 program, or Section 521 of the Housing Act of 1949.)

• Authorized the Secretary of Agriculture to make and insure loans to provide rental or cooperative housing and related facilities for persons and families of low income who resided in multifamily housing projects. Authorized assistance payments to be made to the owners of the housing in order to make it available to low-income occupants at rentals commensurate to income and not exceeding 25 percent of income.

• Authorized the Secretary to make loans to public or private nonprofit organizations for the necessary expenses of planning and obtaining financing for, the rehabilitation or construction of housing for low- income individuals or families under any Federal, State or local program which could be used in rural areas.

• Authorized the Secretary of Agriculture to make and insure loans to persons and families of low- or moderate-income to assist them in purchasing dwelling units in condominiums located in rural areas.

• Authorized loans for the construction of multifamily projects to be sold as condominiums.

• Made the various rural housing programs applicable to mobile homes on the same terms as under HUD mortgage insurance.

National Mobile Construction and Safety Standards Act of 1974

• Directed HUD, after consultation with the Consumer Product Safety Commission, to establish appropriate Federal mobile home construction and safety standards.

• Directed HUD to appoint a National Mobile Home Advisory Council with which to consult prior to establishing, amending, or revoking any mobile home construction or safety standard.

• Authorized the research, testing, development, and training necessary to carry out this title and authorized grants to be made for this purpose.

• Prohibited the use of the mail and of interstate commerce to sell or lease mobile homes which did not meet the promulgated safety standards. Made other provisions for enforcement of the standards.

Consumer Home Mortgage Assistance Act of 1974

• Amended laws governing the lending and investment powers of Federal savings and loan associations and national banks to enable them to provide more and broader consumer home mortgage and credit assistance.

• Authorized an increase, under FHLBB regulations, of the maximum loan amount for single-family dwellings from $45,000 to $55,000, with a 50 percent increase for Alaska, Guam, and Hawaii.

Miscellaneous

National Housing Goal

• Added provisions to Title XVI of the Housing and Urban Development Act of 1968 (P.L. 90-448, August 1, 1968), pertaining to the national housing goal, stating that the Congress finds that policies designed to contribute to the achievement of the national housing goal have not directed sufficient attention to the preservation of existing housing and neighborhoods. Stated that if the national housing goal is to be achieved, a greater effort must be made to encourage the preservation of existing housing and neighborhoods.

State Housing Finance and Development Agencies

• Authorized HUD to guarantee obligations issued by State housing finance or State development agencies to finance development activities for the provision of housing and related facilities and the revitalization of slum and blighted areas.

• Authorized HUD to make grants to such agencies to cover up to one-third of the interest payable on obligations of the agencies for those purposes, and made the interest subject to Federal income tax.

• Authorized HUD to provide technical assistance to State housing finance or State development agencies to assist them in connection with planning and carrying out development activities.

New Communities

• Changed the name of the Community Development Corporation to New Community Development Corporation, and increased the number of directors from five to seven.

• Established the amount of interest differential grants by the Corporation to State or local public agencies at an amount equal to 30 percent of the interest paid on agency obligations. Permitted waste disposal installations and community or neighborhood central heating or air-conditioning systems to be financed within the proceeds of loans guaranteed by the Corporation.

Experimental Housing Allowance Program

• Expanded the existing HUD experimental housing allowance program and authorized increased appropriations.

• Authorized HUD to undertake, on an experimental basis, programs to demonstrate the feasibility of providing housing allowance payments to or on behalf of participating families, to assist families in meeting rental or homeownership expenses. No payments could be made after July 1, 1985, and no new contracts for payments could be entered into after January 1, 1975.

Federal Home Loan Mortgage Corporation and Federal National Mortgage Association

• Raised the limit on the outstanding balance of a conventional mortgage eligible for purchase by FHLMC and FNMA from 70 percent to 80 percent of the value of the property securing the mortgage. (The law specifies cases where this limit does not apply.)

• Provided that the servicing of mortgages purchased by FHLMC could be performed by the seller, or by any financial institution

qualified by the law to be a seller to FHLMC, or by a mortgagee approved by HUD for participation in any mortgage insurance program under the National Housing Act.

• Raised the limit on the aggregate amount of conventional mortgages in FNMA's portfolio which had been originated more than one year prior to their purchase from 10 percent to 20 percent of all conventional mortgages purchased.

Government National Mortgage Association

• Raised the limit on the amount per residential unit of a mortgage which could be purchased by GNMA from $20,000 to $33,000, or such higher amount up to $38,000, as HUD might specify for high-cost areas.

Nondiscrimination on Account of Sex

• Prohibited discrimination on account of sex, in connection with any Federally-related mortgage loan, or Federal insurance, guaranty, or other assistance.

National Institute of Building Sciences

• Authorized establishment of a nonprofit, nongovernmental instrument to be known as the National Institute of Building Science.

• Directed the Academies-Research Council, along with other agencies and organizations knowledgeable in the field of building technology, to advise and assist in the establishment of the Institute.

• Provided that the Institute operate in general areas relating to building regulations. Authorized appropriations to provide the Institute with initial capital.

Urban Homesteading

• Authorized HUD to provide assistance to urban homesteading programs carried out by State or local governments, or by State or local agencies.

• Authorized approval of an urban homesteading program under which an unoccupied residence was to be transferred to an individual or family without any substantial consideration and where the individual or family agreed to: (1) occupy the residence not less than three years; (2) make repairs required to meet minimum health and safety standards for occupancy prior to occupancy; (3) make necessary repairs and improvements to the property to meet standards for decent, safe and sanitary housing within 18 months after occupancy; and (4) to permit reasonable periodic inspections to determine compliance with the agreement.

• Authorized HUD to transfer without payment one- to four-family unoccupied residences to which it held title to State or local governments or agencies for urban homesteading programs it had approved. It could also provide technical assistance to the State and local governments or agencies and to participants in the programs.

Counseling and Technical Assistance

• Broadened HUD authority with respect to counseling to authorize provision of counseling to homeowners and tenants generally,

and to homeowners assisted under Section 235 specifically. This counseling could relate to property maintenance, financial management, and other matters to help them in improving their housing conditions and in meeting their responsibilities.

• Made local public housing agencies eligible for loans from HUD for planning Section 235 housing and other Federally-assisted housing for low- or moderate-income families. Authorized HUD to provide advice and technical assistance to communities, particularly small communities, in planning, developing, and administering Community Development Programs.

Interstate Land Sales

• Amended the Interstate Land Sales Full Disclosure Act: (1) to make its provisions applicable to land in a foreign country; (2) to exempt from the provisions of the Act the sale or lease of land zoned for industrial or commercial development if prescribed requirements were met; and (3) to permit revocation of a contract for the purchase or leasing of a lot within a period of three business days (previously 48 hours) under certain conditions, and deleted a provision to permit waiver of this revocation right.

Demonstrations of Solar Energy and Housing Design

• Authorized HUD to carry out demonstrations to determine the economic and technical feasibility of utilizing solar energy for heating or cooling residential housing, including demonstrations of new housing design or structure involving the use of solar energy. Authorized HUD to undertake special demonstrations to determine the housing design, structure, and facilities most effective to meet the needs of the elderly, the handicapped, the displaced, single individuals, broken families, and large households.

Flood Insurance

• Required Federally-regulated lending institutions to notify those who borrowed for the purchase or lease of a home in a designated flood area that the housing was located in an area having special flood hazards.

• Made eligible for flood insurance at special premium rates communities which had made adequate progress, acceptable to HUD, on the construction of a flood protection system.

Additional HUD Assistant Secretaries

• Increased the number of level IV Assistant Secretaries authorized for the Department of Housing and Urban Development from six to eight.

Condominium and Cooperative Study

• Directed HUD to make a study of condominiums and cooperatives and report within one year on problems, difficulties, and abuses.

Study of Direct Federal Financing

• Directed the HUD Secretary and the Secretary of the Treasury to study the feasibility of financing the Section 236 (multifamily interest- reduction payment) program and the housing assistance

program for State housing finance and development agencies authorized above, through various financing methods, including direct loans from the Federal Financing Bank.

SOLAR HEATING AND COOLING DEMONSTRATION ACT OF 1974

(Public Law 93-409, September 3, 1974)

• Directed the HUD Secretary and the Administrator of the National Aeronautics and Space Administration to carry out a program for the development and demonstration of solar heating systems and for the development and demonstration of combined solar heating and cooling systems for use in residential dwellings.

• Directed similar activities to be performed with respect to apartment buildings, office buildings, factories, crop-drying facilities, public buildings, and other nonresidential, commercial, or industrial buildings.

• Directed the Director of the National Science Foundation to conduct a program of research relevant to (1) the improvement of solar heating components and systems, and (2) the development and application of combined solar heating and cooling systems.

• Gave the HUD Secretary specific authorities and directions, and coordination, monitoring, and liaison functions.

EMERGENCY HOME PURCHASE ASSISTANCE ACT OF 1974

(Public Law 93-449, October 18, 1974)

Emergency Purchases by GNMA

• Provided emergency authority for the Government National Mortgage Association to purchase certain residential mortgages in a new Section 313 of the National Housing Act. (Authority for these purchases was terminated by the Housing and Urban-Rural Recovery of Act 1983, P.L. 98-181, November 30, 1983).

• Provided that whenever the President found that inflationary conditions and related governmental actions were having a severely disproportionate effect on the housing industry and the orderly achievement of the national housing goals was threatened, he must direct GNMA to make commitments to purchase and to purchase and sell mortgages in accordance with the provisions of the section.

• Limited the total amount of purchases and commitments to not more than $7.75 billion outstanding at any one time.

• Provided that, upon such finding by the President, GNMA was to make commitments to purchase and purchase (and also service and sell) mortgages (1) which covered one- to four-family residences and which were insured or guaranteed under the National Housing Act or by VA or by qualified private insurers, or where the mortgages were not insured but their outstanding principal balances did not exceed 80 percent of the property securing the mortgages, and (2) which covered more than four-family residences (including cooperatives and condominiums and the individual units therein) and which were insured under the National Housing Act or by VA.

• Provided that the mortgage could be purchased only if, among other things: (1) the principal amount of the mortgage did not exceed $42,000 per family residence or dwelling unit ($55,000 in the case of operations in Alaska, Hawaii, and Guam); and (2) it in-

volved an interest rate or yield not in excess of that prescribed by the Secretary, but in no event more than a rate equal to the average yield on all marketable bonds of the United States maturing not more than six but less than 12 years from the date of commitment plus ½ of one percent adjusted upward to the nearest 1/8 of one percent, and taking into account the need to assure that the funds were available in all States pursuant to any maximum mortgage interest rate permitted under the laws or constitutions of the various States.

• Provided that discount and other charges collected in connection with mortgage transactions under the section and recognized by GNMA were not to be considered in determining where the interest rate on the mortgage exceeded any State usury ceiling.

• Authorized GNMA to obtain funds for these purchases by issuing its obligations to the Treasury.

• Authorized GNMA to guarantee securities based on pools or trusts of the mortgages it purchased under the new section, such as provided in Section 306(g) of the National Housing Act with respect to Federally insured or guaranteed mortgages, and to act as issuer of such guaranteed securities. (This authority was thus applied to eligible conventional mortgages, as well as insured mortgages.)

• Authorized HUD to make a "portion" of the mortgage purchase authority available to mortgages covering housing constructed more than 12 months prior to enactment of Section 313 in areas where it determined that there was a serious shortage of mortgage credit to purchase such housing.

Other Amendments

• Authorized FHA to insure Title I of the National Housing Act loans financing the restoration or rehabilitation of certain historic structures, not exceeding $15,000 per family dwelling unit and with a maturity of not more than 15 years.

• Authorized FHA to insure a first lien given to secure a loan made to finance the purchase of stock or membership in a nonprofit cooperative housing corporation, the permanent occupancy of the dwelling units of which was restricted to members of the corporation. Provided that the loan would have to meet appropriate requirements of the regular FHA Section 203 mortgage insurance program.

• Increased the limit on the amount of a home mortgage that could be accepted by a Federal Home Loan Bank as collateral security for an advance from $40,000 to $55,000; the $55,000 limitation could be increased by up to 50 percent with respect to dwellings in Alaska, Guam, and Hawaii.

• Authorized Federal Reserve Banks to make advances to member banks on time notes secured by mortgage loans covering one- to four-family residences. Required the advances to bear interest at a rate equal to the lowest discount then in effect at the Federal Reserve Bank.

SOLAR ENERGY RESEARCH, DEVELOPMENT, AND DEMONSTRATION ACT OF 1974

(Public Law 93-473, October 26, 1974)

• Established the Solar Energy Coordination and Management Project composed of six members, including an Assistant Secretary of Housing and Urban Development, to have overall responsibility for the management and coordination with respect to a national solar energy research, development, and demonstration program.

• Specified that the Department of Housing and Urban Development had the responsibility for fostering the utilization of solar energy for the heating and cooling of buildings pursuant to the Solar Heating and Cooling Demonstration Act of 1974 (P.L. 93-409, September 3, 1974).

PRESIDENTIAL SPEECH ON MORTGAGE PURCHASES

(Compilation of Presidential Documents, November 14, 1974)

• Announced in a speech to the National Association of Realtors' Convention that effective that day, up to 10 percent of the $3 billion in commitments under the Home Purchase Assistance Act could be used for mortgages on existing homes.

• Urged that Congress include under the Act multifamily projects and individual condominium units and enact the Financial Institutions Act.

NATIONAL MASS TRANSPORTATION ASSISTANCE ACT OF 1974

(Public Law 93-503, November 26, 1974)

• Directed the Secretary of Transportation to cooperate with the States in the development of long range plans which were formulated with due consideration to their probable effect on the future development of urban areas of more than 50,000 population.

• Provided that no project in an urban area was to be approved after July 1, 1976, unless the Secretary found that it was based on a continuing comprehensive transportation planning process.

• Authorized grants to be used for the payment of operating expenses and the acquisition, construction and improvement of facilities and equipment.

REAL ESTATE SETTLEMENT PROCEDURES ACT OF 1974

(Public Law 93-533, December 22, 1974)

• Provided that HUD, in consultation with the Veterans Administration, the Federal Deposit Insurance Corporation and the Federal Home Loan Bank Board, should develop a standard form for the statement of settlement costs which would be used as the standard real estate settlement form in all transactions which involved Federally-related mortgage loans.

• Required the form to itemize all charges imposed upon the borrower and imposed upon the seller in connection with the settlement, and also to indicate whether any title insurance premium included in the charges covers or insures the lender's interest in the property, the borrower's interest, or both.

• Directed HUD to prepare and distribute booklets to help home buyers better to understand the nature and costs of real estate settlement services. Required advance disclosure by lenders of settlement costs at the time of the loan commitment, but in no case later than 12 days prior to settlement.

• Imposed limitations on requirements of advance deposits in escrow accounts for tax, insurance, and other payments.

• Directed HUD to report to Congress not more than five years from the effective date of the Act additional legislation considered needed in connection with real estate settlements. Directed HUD to establish on a demonstration basis a model system or systems for the recordation of land title information with a view to the possible development of a national uniform system of land parcel recordation.

EMERGENCY HOUSING ACT OF 1975

(Public Law 94-50, July 2, 1975)

Emergency Homeowners' Relief Act

• Established a system for providing assistance to homeowners facing foreclosure of mortgages on their principal residence, whose delinquency resulted from adverse economic conditions, and who have a reasonable prospect of resuming payments. Provided relief in one of two ways: (1) through insured loans from private financial institutions or, (2) through payments from HUD to the mortgagee for debt service on the mortgage, for up to $250 per month, for up to two years. HUD was to determine the terms of repayment, but interest could not be charged at a rate higher than the FHA rate for single-family mortgages. The start of repayment could be deferred for up to a year after the final monthly loan or HUD payment, or for a longer period if HUD determined this would further the purposes of the Act. Security could be required, including a lien on the property. Federal supervisory agencies should, for a year, take action to waive limitations on financial institutions with respect to mortgage delinquencies to encourage forbearance.

• Authorized insurance of a financial institution for up to 40 percent of the total amount of emergency loans made in the above program, but payment of up to 90 percent of the loss on any individual loan. An insurance premium of up to ½ of 1 percent of outstanding loans per year could be charged. Authorized insurance of up to $1.5 billion in loans and credit advances at any one time. Authorized the Federal Deposit Insurance Corporation to borrow from the Treasury to make advances to any insured bank, to facilitate the bank's participation in the program.

• Authorized HUD to make payments directly to the mortgagee on behalf of the homeowner, if the mortgagee could not or chose not to participate in this program.

• Required HUD to report to Congress every 60 days on the status of delinquencies and foreclosures, the prospects for forbearance, actions taken under this Act, and other relevant information.

• Authorization for providing assistance to additional mortgagors was to expire on June 30, 1976.

Amendments to the Emergency Home Purchase Act of 1974

• Liberalized FNMA's assistance to residential construction by: (1) adding "or other economic conditions" to other conditions under which the President could direct GNMA to purchase and sell mortgages; (2) permitting FNMA to purchase conventional mortgages on multifamily properties and on individual condominium units with private mortgage insurance or with a mortgage no greater than 80 percent of value. The mortgage could not be used to convert a rental to condominium status. Authorized an additional $10 billion for the program.

• Limited interest on mortgages which could be purchased by GNMA under this Act to the cost of funds plus administrative costs, but not more than the lesser of 7 ½ percent or the rate on FHA-insured single-family mortgages.

• Provided that State or local usury laws or laws prohibiting coverage of insurance required by GNMA not apply to these mortgages.

• Required GNMA-insured securities based on pools of mortgages purchased under this Act to bear interest at the rate of the underlying mortgages minus an allowance for expenses, as approved by GNMA.

Emergency Repair and Rehabilitation Authority

• Extended the authority of HUD to make expenditures for corrections for structural defects in one- and two-family homes insured under Section 235 of the National Housing Act, established in the Housing and Urban Development Act of 1970, to three- and four-family homes.

AMENDMENTS TO THE NATIONAL HOUSING ACT

(Public Law 94-173, December 23, 1975)

• Increased the maximum insured loan amounts for mobile homes, and raised the percentage by which mortgage limits in multifamily projects could be increased for high-cost areas to 75 percent.

• Removed the limit on proportion of units which could be occupied by single, non- elderly persons in low- and moderate-income multifamily projects assisted by mortgage interest subsidies under Sections 221 and 236 of the National Housing Act.

HOME MORTGAGE DISCLOSURE ACT OF 1975

(Title III, Public Law 94-200, December 31, 1975)

• Required a depository institution which makes Federally-related mortgage loans to make publicly available at its home office, and at least one branch office in each standard metropolitan statistical area in which it has an office, information on the number and total dollar amounts of mortgage loans originated or purchased by the institution during each fiscal year.

• Required that above information be itemized by census tract or ZIP code, by properties located within or outside of metropolitan areas, by FHA-, FmHA-, or VA- insured or guaranteed, and by

owner-occupancy, with home-improvement loans reported separately.

• Provided that the Federal Reserve Board should be the regulatory agency, but enforcement should be in the jurisdiction of the regulatory agency for each type of depository institution. Amendments to the Real Estate Settlement Procedures Act of 1974 (Public Law 94-205, January 2, 1976)

• Made technical modifications in description of transactions covered by the Act, and clarified when forms providing information had to be provided to the borrower.

• Repealed the requirement that the previous selling price of existing homes be provided purchasers.

• Added to permissible fees those paid in connection with cooperative brokerage arrangements, and permitted HUD to add other permissible payments by regulation, after consultation with other concerned officials and agencies.

• Limited the amount of funds the lender could require the borrower to pay into an escrow account to the annual amount of taxes, insurance premiums, and other charges, plus one-sixth of the amount estimated for the following year; and the monthly amount to one-twelfth of that total amount.

HOUSING AUTHORIZATION ACT OF 1976

(Public Law 94-375, August 3, 1976)

Assisted Housing

• Authorized additional funding for various housing assistance programs and for operating assistance to public housing for FYs 1975, 1976, the transition quarter and 1977, but added the requirement that authority to enter into contracts after July 1, 1975 was effective only to the extent approved in appropriation acts.

• Authorized payments for debt service for vacant units in newly constructed or substantially rehabilitated structures subsidized under Section 8, if mortgage was not FHA-insured or project income did not cover costs.

• Permitted public housing agencies to rent up to 10 percent of their units to non- elderly, non-handicapped and non-displaced single persons, but with priority given to elderly, handicapped, or displaced singles.

• Provided that, effective October 1, 1976, the value of housing assistance provided in public housing, Section 8, Section 235 or 236, the rent supplement program, or Farmers Home programs could not be considered income or a resource for determining eligibility or benefits under the Supplemental Security Income program.

• Extended the Section 235 homeownership assistance program to September 30, 1977 with a number of amendments: Increased the maximum mortgage amount for which assistance could be provided to an owner of a cooperative or condominium unit to $25,000 ($29,000 in high cost areas) or $29,000 ($33,000) for families of five or more persons; and amended Section 221(d)(2) of the National Housing Act to provide the same limits for eligibility for mortgage insurance under that section. Increased income eligibility for receiving assistance to 95 percent of area median income, adjusted

for family size. Extended the assistance provided to home purchasers under this section to a purchaser of a mobile home consisting of two or more modules and the lot on which it was placed; permitted mobile homes to comprise up to 20 percent of units approved for assistance after January 1, 1976.

Amendments to FHA Insurance Programs

• Added hospitals to the types of structures for whose improvement HUD could insure supplemental loans under Section 241 of the National Housing Act.

• Added special provisions to the coinsurance program for defaults on mortgages where the mortgagee was a public housing agency or insured depository institution and the mortgage was on a multifamily property; authorized HUD to make loans from the applicable insurance fund to public housing agencies holding defaulted loans which were insured under this subsection; in connection with a coinsurance contract, authorized HUD to insure mortgages made by a public housing agency with Section 236 assistance and mortgages made by a public housing agency that had not been approved for insurance prior to the start of construction.

• Increased the mortgage limits in the multifamily insurance programs, and decreased the permissible increase of these limits in high-cost areas to 50 percent.

• Extended the authorization of HUD to correct or make payments to owners to correct structural or other defects in properties insured under certain programs, to cover the same types of properties with mortgages insured up to the enactment of this Act. Required HUD to study and report on methods to protect all homebuyers of existing homes against hidden defects, including, but not limited to, the need and feasibility of a national inspection program and ways of providing information on the condition of homes and potential repairs to purchasers of homes with insured mortgages.

Amendments to Other Programs

• Amended the definition of elderly and handicapped families to include two or more such persons living together, one or more elderly or handicapped persons living with another person essential to their care, or the surviving spouse of such a person living with him/her at the time of his/her death.

• Amended the basis for determining the interest rate on loans for development of housing for elderly and handicapped housing under Section 202 to the average interest rate on all interest-bearing obligations forming a part of the public debt at the end of the fiscal year preceding the date of the loan.

• Extended the Emergency Homeowners Relief Act (P.L.94-50) to October 1, 1977, and increased the value of mortgages which GNMA was authorized to buy under this program to those taken on homes whose sales price did not exceed $48,000 ($52,000 in high-cost areas) per unit, except it might not exceed $65,000 in Alaska, Hawaii,and Guam.

• Directed HUD to undertake studies and demonstrations in at least three standard metropolitan areas of the need for and cost effectiveness of providing counseling to owners and purchasers of sin-

gle-family houses with nonsubsidized, insured mortgages. An interim report was to be made within a year.

SUPPLEMENTAL HOUSING AUTHORIZATION ACT OF 1977

(Public Law 95-24, April 30, 1977)

Supplemental Authorizations and Extensions of HUD Programs

• Increased the maximum contract period for Section 8 new construction and substantial rehabilitation to 30 years from 20 years, for non-FHA insured loans and co-insured loans made under Section 244 of the National Housing Act. The term of non-insured loans made by State housing finance agencies was kept at a maximum of 40 years.

National Neighborhood Policy Act

• Declared that city neighborhoods are a national resource in need of conservation and rehabilitation, that public policy should explicitly promote efforts for these purposes, and that a comprehensive review of existing laws, policies, and programs was needed to assess their impact on neighborhoods and recommend modifications where necessary.

• Established a National Commission on Neighborhoods, with 20 members: two Senators, two Representatives, and 16 to be appointed by the President representing a cross section of racial, ethnic, and geographical groups. The Commission was to make a comprehensive study of the factors contributing to neighborhood decline, including governmental and private legal, financial, and social actions, and recommend governmental actions at all levels necessary to facilitate neighborhood preservation and revitalization. A report was to be made within a year. The Commission was to cease existence 30 days after the report was submitted.

HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1977

(Public Law 95-128, October 12, 1977)

Community Development Programs

Community Development Block Grants (CDBG)

• Added to objectives of the CDBG program the alleviation of physical and economic distress through stimulating private investment and community revitalization in areas with population loss or stagnating or declining tax base.

• Added a requirement that, in carrying out the strategy for community development and meeting housing needs, primary attention be given to activities benefiting low- and moderate-income persons and neighborhoods, aiding in prevention or elimination of slums or blight, or meeting other particularly urgent development needs.

• Added a number of clarifying amendments to definitions of places and criteria for CDBG grants.

• Amended CDBG application procedures to strengthen consideration of housing needs of low- and moderate-income families and community participation in developing the application.

• Required HUD to permit grant recipients to receive their total funding in one payment, to use to establish a revolving loan fund

to finance rehabilitation activities approved as part of the community development program.

• Authorized grants to neighborhood-based nonprofit organizations, local development corporations, or minority enterprise small business investment entities, to carry out community development objectives.

• Added rehabilitation of property owned by the local government to the purposes for which HUD could guarantee obligations issued by that government.

• Revised the formulas and requirements for allocation of CDBG funds among eligible recipients.

• Authorized reservation of 3 percent (instead of 2 percent) of appropriations for a special Secretary's discretionary fund, extended the period for such set-aside to cover appropriations through FY 1980, and added Indian tribes to those eligible to receive assistance from the discretionary fund.

• Directed HUD to conduct a study on the developmental needs of small cities, including in its report alternative formulae for distribution of CDBG discretionary funds among these cities. The report was to be issued within a year.

Urban Development Action Grants (UDAG)

• Established the UDAG program, which authorized grants by HUD to severely distressed cities and urban counties to alleviate physical and economic deterioration by stimulating economic activity. Jurisdictions would have to have demonstrated they have provided housing for persons with low and moderate incomes, have met equal opportunity requirements in housing and employment for such persons and for minorities, and met minimum standards for distress developed by HUD.

• Required applicants to submit a program and strategy with components similar to those required for Community Development Block Grants.

• Required HUD to establish criteria for selecting grant recipients, with the primary criterion the comparative degree of distress as measured by differences in growth lag, poverty, and age of housing; other criteria include such items as the recipient's performance in housing and community development programs, impact of the proposed activity on problems of low- and moderate-income persons and minorities and on neighborhood residents, the leverage potential, and others enumerated or to be established by HUD.

Housing Assistance Programs

• Permitted public housing agencies to manage units assisted by Section 8, under contract with the owner.

• Prohibited approval of Section 8 rental assistance in high-rise projects for families with children, unless there was no practical alternative.

Federal Housing Administration Mortgage Insurance and Related Programs

• Increased the maximum mortgage amounts which could be insured under Sections 203, 220, 221, 222, and 235; also increased insurable amounts and terms of loans for home repair and mobile

homes under Section 2(b). Prohibited insurance of mortgages under Section 235 on more than 40 percent of units in a subdivision, except for rehabilitated units or a unit or subdivision in an established urban area pursuant to a community-sponsored overall redevelopment plan.

• Decreased down-payment requirements in purchasing homes with mortgages insured under Sections 203, 220(d)(3)(in urban renewal areas), 222 (veterans), and 234 (condominiums), to 95 percent of value over $25,000.

• Authorized Section 203 insurance of mortgages in communities suffering temporary adverse economic conditions because of outstanding claims to land ownership by an American Indian tribe, and in which 50 or more individuals were joined as defendants prior to December 31, 1976 in litigation involving such claims. Such mortgages were to be insured regardless of statutory underwriting conditions, if the failure to meet usual requirements resulted from such claims; the insurance was to be an obligation of the Special Risk Insurance Fund.

• The experimental program for insurance of mortgages with varying rates of amortization established in the Housing and Community Act of 1974 (P.L.93-383) was made permanent and designated Graduated Payment Mortgages. Placed limits with respect to appraised value on permissible increases in outstanding value of the mortgage. Provisions, including interest on interest, were exempted from any conflicting State requirement.

Lending Powers of Federal Savings and Loan Associations; Secondary Market Authorities

• Liberalized lending powers of Federal savings and loan associations by raising the proportion of assets which could be invested in construction loans to 5 percent; raising the ceiling on single-family home mortgages in which associations could invest without asset limitation to $60,000; raising the ceiling on home improvement loans to $15,000; repealing the percentage of assets limitation for multifamily housing mortgages.

• In connection with the authority given by the Emergency Home Purchase Assistance Act of 1974 (P.L. 93-449) to the Government National Mortgage Association (GNMA) to purchase mortgages when necessary to stabilize the housing industry, authorized HUD to require that such purchases promote homeownership opportunities for moderate-income families and that part of the purchased mortgages finance rehabilitation of dwelling units in older or declining neighborhoods.

• Raised the ceiling on the dollar amount of a conventional mortgage eligible for purchase by the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC) for properties located in Alaska, Hawaii, and Guam to 25 percent above that applicable elsewhere.

Rural Housing Programs

• Authorized the Farmers Home Administration (FmHA) to pay for correcting defects or purchasing the property, if the owner requested, for a newly constructed dwelling bought with FmHA as-

sistance that was found to have defects. Expenditures were to come from the Rural Housing Insurance Fund.

• Added laborers on farms in Puerto Rico and the Virgin Islands to those defined as "domestic farm labor" for purposes of obtaining farm labor housing loans and grants.

• Changed "elderly person" to "elderly or handicapped persons or families" in defining those eligible for assistance under the various programs administered by FmHA. "Families" were defined as two- or more-person households whose head or spouse of head was 62 years of age or handicapped, two or more elderly or handicapped persons living together, one or more elderly or handicapped persons living with another person essential to their care, or the surviving member of a family living with a deceased elderly or handicapped person at the time of his/her death.

• Added congregate housing for the elderly and handicapped to housing which could be assisted by the FmHA rental program.

• Required that at least 60 percent of Section 502 (homeownership) and Section 515 (rental) loans benefit low-income persons.

• Changed FmHA's authority to provide assistance to low-income families in FmHA- financed rental projects to a requirement, by changing "may" to "shall" in the relevant section of the law.

National Urban Policy

• Changed the thrust of the Urban Growth and New Community Development Act of 1970 (Title VII of P.L. 91-609) by changing its title to National Urban Policy and New Community Development Act of 1970, substituting "urban policy" or "development and redevelopment" for "growth" in the statements of findings and policy, and inserting "energy and" before references to "natural resources."

Flood and Riot Insurance

• Increased the limits of coverage under the flood insurance program.

• Made more specific the circumstances under which HUD could purchase properties damaged by floods.

• Authorized loans at a 2 percent interest rate under certain circumstances to owners of insured flood-damaged single-family homes in a floodway to elevate the structure. Authorized administrative appeals by homeowners or a community from designation as a flood hazard area.

Community Reinvestment Act of 1977

• Stated a finding that banks and savings and loan associations were required to meet the credit as well as deposit needs of the communities in which they were chartered to do business, including an affirmative obligation to help meet the credit needs of local communities. Required Federal financial supervisory agencies to assess the institution's record in meeting such needs, including those of low- and moderate- income neighborhoods, when considering an application for a deposit facility. "An application for a deposit facility" included an application for a charter, deposit insurance, establishing a branch, relocation of an office, merger, or acquisition of shares in a regulated financial institution requiring the approval of the regulatory agency. Required each appropriate Fed-

eral financial agency to describe its activities in carrying out this requirement in its annual report.

Miscellaneous

• Established a Special Assistant for Indian and Alaska Native Programs in HUD, to coordinate all activities relating to Indian and Alaska Native housing and community development. Required HUD to report annually on such activities, on the cost of prospective activities, and on the relevant housing conditions. Exempted from requirements of the National Mobile Home Construction and Safety Standards Act of 1974 (Title VI, P.L. 93-383) manufactured housing designed to be placed on a site-built permanent foundation and manufactured to the standards of a nationally recognized or equivalent building code.

• Required HUD, beginning in calendar year 1979, to issue annually prototype construction costs for each market area for one- to four-family dwelling units of various types and sizes.

HOUSING AND COMMUNITY DEVELOPMENT AMENDMENTS OF 1978

(Public Law 95-557, October 31, 1978)

Community and Neighborhood Development and Conservation

• Revised the Section 312 rehabilitation program to give priority to loan applications from low- and moderate-income persons, defined as those with incomes not exceeding 95 percent of area median, who own the property and will live in it after rehabilitation. Added a requirement that a multifamily property granted a loan must be located in a low- or moderate-income neighborhood or have a majority of tenants of low or moderate income. For persons with incomes over 80 percent of area median, authorized HUD to charge interest on the loan of between 3 percent and the average yield on comparable United States securities. Increased the permissible loan for a commercial property to $100,000. Required that a report on the types of families and neighborhoods assisted and an evaluation of progress toward program goals be included in the annual report required of the CBDG program.

• Authorized FHA to insure loans for rehabilitation of one- to four-family structures, using the General Insurance Fund, subject to terms of Section 203 of the National Housing Act.

• Amended the CDBG program to strengthen references to rehabilitation of housing as an acceptable activity; clarified that an application for a grant could not be disapproved because of greater or lesser emphasis on any one of the three primary purposes of eliminating or preventing slums or blight, providing improved public facilities, or improving housing conditions of low- and moderate-income persons.

Housing Assistance Programs

• Established a program of further assistance (now known as the "Flexible Subsidy" program) for financially-troubled rental projects assisted by Sections 221(d)(3) or Section 236 mortgage-interest reduction programs or Rent Supplement payments. The purposes were both to protect the insurance fund against claims because of foreclosures and to preserve the low- and moderate-income housing

stock, and assistance was to be given only if it would restore the financial soundness of the project, maintain its low-rental character, and was determined to be the least costly way of maintaining that character. Funding was to come from the fund established from rent payments over the basic rents in the Section 236 program, plus any additional appropriations.

• Provided that tenants in assisted projects have notice of and opportunity to comment on proposed actions by the owner which required HUD approval, that owners not interfere with tenants' requests for rent subsidies or efforts to organize tenant councils, and that leases provide protections against eviction without good cause.

• Established requirements in management and disposition of HUD-owned multifamily projects, financed with a HUD-insured mortgage and assisted under Section 236, the Section 221(d)(3) below-market rate interest program, or with rent supplements; such disposition was to further the goal of making the units available to low- and moderate-income families. Required HUD to try to assure the maximum opportunity for any displaced tenants to return to the project or receive other housing assistance.

• Set aside $50 million from funds appropriated for Section 202 housing for the elderly and handicapped to develop rental housing specifically for the handicapped, with a variety of housing options and provision of services to encourage optimal independent living.

• Amended low-income housing programs to permit rental of 15 percent, instead of 10 percent, of units to non-elderly single persons.

• Amended the Section 8 rental assistance program by specifying permissible levels of rehabilitation less than those of the substantial rehabilitation program; adding a moderate rehabilitation program for units which could be upgraded to a decent, safe, and sanitary condition with a lesser amount of rehabilitation; and permitting use of Section 8 assistance for the rental payment for the property on which an owner- occupied mobile home was placed. (Repealed, except for single-oom occupancy units for the homeless, by the National Affordable Housing Act, P.L. 101-625, November 28, 1990.)

• Adopted the Public Housing Security Demonstration Act of 1978, which required HUD to conduct a demonstration program to develop and evaluate methods of mitigating the level of crime in public housing projects. Required HUD, in selecting projects to participate in the demonstration, to consider proposals to coordinate public housing management actions with community-wide anticrime measures funded under programs of the Law Enforcement Assistance Administration and other relevant agencies. Authorized use of public housing development funds for this demonstration program.

Other Program Amendments

• Designated mortgages eligible for insurance on multifamily rental projects as those on buildings containing five (as opposed to eight) or more family units.

• Authorized HUD to take necessary steps to protect the Federal financial interest in multifamily housing or medical facilities

projects in event of foreclosure on uninsured loans senior to FHA-insured loans.

• Made daycare facilities for otherwise independent elderly and others eligible for mortgage insurance under the program for nursing homes and intermediate care facilities.

• Made individual condominium units eligible for FHA-insured mortgages where they were located in existing 12-unit or larger buildings even though the buildings were not covered by FHA project mortgages; allowed no-downpayment loans to veterans purchasing condominiums.

• Increased size of insurable loans to homeowners for the purpose of allowing purchase of leased land under the owned home to $30,000 in the case of Hawaii.

• Increased dollar limits on home mortgages eligible for purchase by GNMA under its special assistance program, for properties located in new communities, urban renewal areas, Hawaii, Alaska, or Guam; raised per-unit dollar limits for mortgages on multiunit projects located in high-cost areas; authorized an increase of $500 million in purchase authority under the special assistance functions of GNMA.

• Increased ceiling amounts and terms to maturity for insured improvement loans for multifamily housing units.

• Opened FHLMC to purchase mortgages from any lenders approved by HUD and not only those who were members of the Federal Home Loan Bank System, most notably adding mortgage bankers, for whom the Corporation was previously closed; specified that the Corporation could set reasonable standards, establish requirements and impose differential fees for different classes of lenders acting as sellers/servicers.

• Authorized HUD to accept a mortgage or to insure a mortgage on favorable terms when selling multifamily housing projects from default inventory for use as non- profit consumer cooperatives.

• Prohibited HUD from denying insurance on homes solely because of a junior lien held by a State or local unit of government on the same property under terms approved by HUD.

• Raised per-unit mortgage ceilings for apartment projects to be insured under Sections 221(d)(3) and 221(d)(4) of the National Housing Act.

• Authorized and set terms for insured refinancing of existing debt for existing hospitals.

Research

• Authorized HUD to conduct demonstrations of the feasibility of expanding homeownership in urban areas, with emphasis on conversion of multifamily properties to condominium or cooperative ownership.

• Required HUD to study the feasibility of underground construction of residential units, including necessary changes in housing codes and financing. Required a report within a year.

Sale of Surplus Federal Land

• Further amended provisions relating to the sale of Federal surplus land for housing, under Section 414 of the Housing and Urban Development Act of 1969 as amended (P.L. 91-152), to add the pro-

vision that such housing should be assisted under a Federal housing assistance program or a State or local program with the same purposes. Also amended some operational details.

Legislative Review

• Required HUD to submit semi-annually to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking, Finance and Urban Affairs of the House of Representatives a list of all rules and regulations under review by HUD. Established a procedure for Committee review of a proposed rule or regulation, whether on the submitted list or not, prior to its publication for comment, and for delay in its becoming effective after final publication to provide an opportunity for Congressional rejection. Procedures for review and delay could be waived by agreement of the Chairmen and Ranking Minority Members of both Committees.

Congregate Housing Services Act of 1978

• Established a program supporting congregate services for elderly and handicapped persons who faced premature institutionalization, to assist them in continuing to live independently. Authorized HUD to make three-to-five year grants to applicant public housing agencies and nonprofit agencies sponsoring projects financed under Section 202 of the Housing Act of 1959, for provision of services, which had to include full meal service and could include other housekeeping aid, personal assistance, and other services to permit independent living. Grants could be renewed.

• Established application, evaluation and report procedures and programmatic requirements to be followed by HUD and the grant applicants and grantees, including a requirement that HUD report by March 15, 1984 on the desirability of making the program permanent.

• Authorized appropriations for FYs 1979 through 1982, beginning with $20 million the first year and increasing by $5 million each year, to $40 million in FY 1982.

Rural Housing

• Amended requirements for research programs to emphasize housing needs of elderly, handicapped, migrant and seasonal farmworkers, and Indians. Directed FmHA to study the housing available to migrant and settled farmworkers and recommend legislative and administrative actions to improve the availability and condition of such housing. A report was to be made within a year.

• Established a program of additional assistance for low-income home purchasers who could afford a home at the 1 percent rate and who lived in places for which rental assistance programs were unsuitable, which paid the difference between debt service, taxes, insurance, utilities, and maintenance costs and 25 percent of the applicant's income. Required FmHA to provide for the recapture of assistance upon the borrower's sale of or leaving the home.

• Made minor amendments to the rental housing assistance program.

• Required the Secretary of Agriculture to study the need for, and cost of, supplying rural housing units with potable water and sanitary toilet facilities.

• Required the Secretary of Agriculture to study in detail problems of obtaining title insurance on real property in rural areas encumbered by remote claims.

Neighborhood Reinvestment Corporation

• Established the Corporation as a tax-exempt, non-governmental agency to institutionalize and expand the work of the Urban Reinvestment Task Force in revitalizing housing in older urban neighborhoods. Its board of directors was to consist of the Chairman of the Federal Home Loan Bank Board, the Secretary of HUD, a member of the Board of Governors of the Federal Reserve System, Chairman of the Federal Deposit Insurance Corporation, the Comptroller of the Currency, and the Administrator of the National Credit Union Administration. Directed the Corporation to establish neighborhood housing services and provide grants and technical assistance for preservation and developmental programs in cooperation with local neighborhood residents, local governments, and financial institutions. Required annual reports to the President and Congress. Authorized appropriations of $12.5 million for FY 1979 to carry on this work, and required an annual budget be submitted to the Office of Management and Budget, to be included in the annual Federal budget, but non-Governmental funds received by the Corporation were not to be considered Federal funds.

Neighborhood Self-Help Development Act of 1978

• Found that urban neighborhoods were a national resource the conservation and revitalization of which should be objects of public policy, and that efforts toward these ends could be most effective if neighborhood support was gained through neighborhood organizations.

• Defined "neighborhood organization" as a voluntary, non-profit organization representative of the neighborhood and accountable to neighborhood residents, carrying on activities directed to conservation and revitalization of housing and businesses in the neighborhood.

• Authorized HUD to provide grants and other assistance to neighborhood organizations to prepare and implement specific housing and development projects within the neighborhood and with the active involvement of residents of the neighborhood, which include, to the extent feasible, a self-help component, leveraging of resources, and coordination with resources available from other governmental sources.

• Authorized appropriations of $15 million each for FYs 1979 and 1980. (Title VII was repealed by the Housing and Community Development Amendments of 1981, Title III, P.L. 97-35, August 13, 1981)

Livable Cities Act of 1978

• Found that encouragement of the development or preservation of artistic, cultural, and historic resources is an appropriate func-

tion of the Federal Government, particularly in connection with assisted housing and community development activities.

• Stated the primary purpose of this title to be giving assistance to governmental, neighborhood and other organizations in providing a more suitable living environment through expansion of cultural opportunities, particularly for low- and moderate-income residents of deteriorated neighborhoods.

• Authorized HUD, in consultation with the National Endowment for the Arts (NEA), to make grants to non-profit organizations to assist them with projects carrying out the purposes of this title. HUD and the NEA were to establish criteria for grants and procedures for evaluation and selection of applications, including a requirement for matching funds. Required approval of the unit of local government in which the project was to be located.

• Authorized appropriations of $5 million for FY 1979 and $10 million for FY 1980.

Miscellaneous

• Required HUD to conduct a study of the extent of housing displacement resulting from housing and community development programs and to report by January 31, 1979, on ways to minimize such involuntary displacement and to alleviate problems caused by both publicly and privately financed residential and commercial development and rehabilitation.

• Required HUD, in consultation with the National Institute of Building Sciences and other appropriate public and private agencies, to develop model housing rehabilitation guidelines to be voluntarily adopted by States and local communities. Required HUD to publish such guidelines within a year, for comment, to promulgate them within 18 months, to assist States and localities to facilitate implementation, and to report to Congress on actions taken within three years.

• Amended the Interstate Land Sales Full Disclosure Act (Title XIV of P.L. 90-448) to exempt from its requirements the sale or lease of a lot located within a municipality or county in which the local government has specified minimum subdivision standards which the subdivision meets, the lot is zoned or designated for single- family homes, and is on developed land with access to utilities, and various requirements relating to the transaction are met.

• Forbade HUD from reorganizing any field office until expiration of 90 days after publication in the Federal Register of a cost-benefit analysis of the effect of such a move, including the impact on the local economy as well as costs and savings for HUD.

HOUSING AND COMMUNITY DEVELOPMENT AMENDMENTS OF 1979

(Public Law 96-153, December 21, 1979)

Community and Neighborhood Development and Conservation

Urban Development Action Grants (UDAG)

• Made eligible for UDAG grants (with a 20 percent match) cities or urban counties which did not meet the minimum standards established by HUD for eligibility, but which contained pockets of poverty with sizeable populations, in which at least 70 percent of

the area's residents had incomes below 80 percent of the city or county median income or 30 percent with incomes below the national poverty level. Required HUD to use 20 percent of funds appropriated for UDAG for grants to cities or counties made eligible by this amendment.

• Required HUD to develop special selection criteria for these areas, including the criteria for other UDAG grants but also requirements that the proposed project be located within the poverty pocket or directly adjacent and contribute to the development of that area, that it directly benefit the area's low- and moderate-income households, and that the city or county has demonstrated that it has spent as much per capita in providing services to that area as to other higher-income areas within its jurisdiction similar in population size and physical characteristics.

• Added the requirement that a UDAG grant could be made only if HUD determined there was a strong probability that the non-Federal investment would not be made if there were no grant and that the grant would not substitute for otherwise available non-Federal funds.

Urban Homesteading Amendment

• Authorized HUD to pay the Veterans Administration and the Secretary of Agriculture for any property conveyed by them to a local government, State, or approved agency in connection with the urban homesteading program.

Conversion of Rental Units to Condominium Status

• Required an estimate of the impact of condominium conversion on housing needs in the housing assistance plans developed under the Community Development Block Grant program.

• Required HUD to produce within six months a report on the number and geographic extent of conversions and a projection of future developments, factors influencing their increase, and their impact on availability of housing for lower-income persons; permitted, but did not require, HUD to include recommendations on alternative means to minimize adverse impacts of such conversions.

Housing Assistance Programs

• Required preference for families occupying substandard housing or involuntarily displaced in selecting tenants for public housing or assistance under Section 8.

• Required that public housing agencies receiving operating subsidies agree not to dispose of the project without HUD's consent for ten years after receipt of such funds, but also permitted HUD to continue paying such an operating subsidy after expiration of the initial annual contributions contract so long as the low-income nature of the project was maintained.

• Increased permissible rent payments in public housing for other than very low- income families to 30 percent of adjusted income; kept the maximum for very low- income families at 25 percent of adjusted income.

• Increased permissible rent payments of certain types of families who first occupied units assisted under Section 8 (of the United

States Housing Act of 1937 as amended) after December 31, 1979, to between 20 to 30 percent of adjusted income.

• Amended the rent supplement program (Section 101, Urban Development Act of 1965, P.L. 89-117) to permit units assisted under this program to be transferred to Section 8 assistance; changed the eligibility for new tenants to receive assistance and the definition of income to be the same as under Section 8, kept the maximum required rent payment at 25 percent except that tenants occupying units transferred to Section 8 assistance would pay the rent as determined under Section 8. Similarly, changed the definition of "income" under the Section 236 mortgage-payment assistance program to that of Section 8, but provided that the rent payment of tenants occupying units assisted by Section 101 or Section 236 prior to adoption of these amendments could not increase above the maximum permissible prior to their adoption. Permitted HUD to amend existing Section 101 contracts to make them conform to these new requirements.

• Required preference under Section 235 for families otherwise likely to be displaced, including displacement of tenants through condominium or cooperative conversion. Permitted Section 235 assistance to be used for acquisition of a condominium or cooperative membership.

• Changed to an absolute requirement, from HUD's trying to "assure the maximum opportunity," the right of return or further assistance for tenants displaced from HUD- owned buildings because of disposition or other management actions.

• Added to the criteria for choosing among applications for Section 202 loans for housing for the elderly and handicapped consideration of stabilizing effects on neighborhoods, rehabilitation of significant structures, and assisting families facing relocation because of public or private investment in the neighborhood.

• Required HUD to make a number of studies, including the desirability of requiring minimum rent payments from tenants in assisted housing, rents paid by tenants in assisted housing and the private stock, and the adequacy of programs for the elderly and handicapped in rural areas.

Other Program Amendments and Extensions

• Extended Section 312 rehabilitation, Section 701 comprehensive planning, and the Community Development Block Grant programs, with some minor amendments.

• Extended and raised the maximum mortgage amounts in various FHA insurance programs, and raised the possible increase in mortgage amounts in high-cost areas to 75 percent; extended the Emergency Home Purchase Assistance Act of 1974 (P.L. 93-449) to September 30, 1980; and increased funding for losses in the General Insurance Fund by $93 million.

• Exempted loans insured under Titles I or II of the National Housing Act from any existing State usury ceilings; provided for subsequent State override of exemption should States choose.

• Mandated studies of actuarial soundness of current and alternative insurance premium amounts and structure; and alternatives for determining mortgage ceilings to allow for regional price variation and year-to-year flexibility.

• Allowed housing units not approved for FHA insurance prior to construction, to be insured under FHA at the same mortgage ceilings as those that were approved prior to construction so long as covered by an acceptable consumer warranty satisfying all requirements that would have applied for pre-construction approval.

• Raised the ceiling mortgage amount for FHA-insured home mortgages to $67,500 for a one-family residence (including condominiums), $76,000 for a two-family residence, $92,000 for a three-family residence, and $107,000 for a four-family residence. Increased mortgage ceilings on properties located in urban renewal areas, and increased the add-on for larger than four-family properties to $8,250 per unit.

• Increased mobile home and lot mortgage amounts eligible for FHA insurance: for mobile home alone to $18,000 ($27,000 for homes of two or more modules); for mobile homes with undeveloped lot to $24,000 ($33,000 for two or more modules) and term of loan to 20 years and 32 days (25 years and 32 days); for mobile homes on developed lots to $27,500 ($36,500) and term to 20 years and 32 days (25 years and 32 days); for lots alone to $6,250 if undeveloped, or $9,375 if developed and term to 15 years and 32 days.

• Allowed HUD to increase maximum mortgage amounts on rental properties located in high-cost areas to as much as 75 percent above the national ceiling or, if necessary and on a project by project basis, to as much as 90 percent above the national ceiling.

• Disallowed insurance for (or modification of existing) mortgages financing hospitals where the insurance or modification is in conjunction with tax-exempt financing; exemptions allowed for hospitals for which such applications were already made to the Department of Health, Education, and Welfare or for nonprofit hospitals which had undertaken certain steps toward refinancing and which received medicare and medicaid payments 125 percent above the national average as a percentage of total revenue.

• Strengthened operations of the Federal Home Loan Mortgage Corporation by granting obligations issued by them the same standing as government securities and eligibility to collateralize public deposits; and by making liens on cooperative shares eligible for purchase by the corporation.

• Exempted certain FHA-insured multifamily mortgages from per-unit mortgage amount ceilings for purposes of the special assistance functions of the Government National Mortgage Association, if they covered projects in which at least 20 percent of units were assisted through Section 8 contracts. (The requirement for Section 8 assistance was repealed by the Housing and Community Development Act of 1980, P.L. 96-399, October 8, 1980.)

• Mandated a report on recommendations for programs and policies to encourage individual ownership of mobile home lots through condominium, cooperative, or subdivision developments.

• Increased single-family home loan limits for federally chartered savings and loan associations to $75,000.

• Mandated uniform documents be used by relevant Federal agencies for mortgage application, commitment, property appraisal, settlement and other forms.

The Homeownership Opportunity Act of 1979

• Expanded the FHA-insured graduated payment mortgage program to allow a higher degree of negative amortization (and lower initial monthly payment) than previously if the mortgagor could not otherwise afford to purchase a house.

• Provided that the principal could not exceed 97 percent of property value, but property value could be increased as much as 2.5 percent per year to maintain that ratio so long as the outstanding loan principal never exceeded 113 percent of initial appraised value.

• Restricted the program to the greater of 10 percent of the dollar amount of graduated mortgages insured the previous year or 50,000 mortgages.

Interstate Land Sales

• Amended the types of sales of real estate or real estate-related financial instruments which were exempt from the provisions of the Act to clarify or tighten the terms of exemption.

• Expanded the conditions under which, and length of time during which, a purchaser could revoke a contract of sale or lease.

• Made explicit the conditions under which HUD could certify a State's laws or regulations as substantially equivalent to Federal requirements in the information required to be given to a prospective purchaser of property covered by this Act.

• Required HUD to submit an annual report on the impact of the Act.

Rural Housing

• Reauthorized various rural housing programs, and added a definition of "low income" to mean 80 percent of the median income for the area, as determined by the Secretary of Agriculture, adjusted for family size, and construction costs or unusually high- or low-family incomes.

• Prevented prepayment of a loan made for farm labor housing under Section 514 or for low-income, elderly, and handicapped rental housing under Section 515 unless the Secretary of Agriculture obligated the borrower to utilize the assisted housing for its designated purposes for 15 years from the date of the loan, if it has not received rent payment assistance under Section 521 or Section 8, or for 20 years for other loans, or unless he determined there is no longer a need for such housing.

• Despite the above requirement, permitted prepayment of loans made prior to the date of enactment of this Act unless the Secretary of Agriculture determined that such prepayment was likely to result in displacement of low- and moderate-income and elderly tenants (unless they were provided affordable, decent alternative housing) or, if the housing contained more than 10 units, that changes resulting from such prepayment would have a substantial adverse effect on the supply of affordable, decent housing in the area.

• Required that at least 30 percent of loans made in any area of any State in any year benefit persons with incomes below 50 percent of median for the area.

Crime, Riot, and Flood Insurance

- Extended the authorization for crime insurance, riot reinsurance, and flood insurance to September 30, 1981.
- Transferred control of the insurance programs from HUD to the Federal Emergency Management Agency (FEMA).

VII. THE 1980s—SHIFTING PRIORITIES

SOLAR ENERGY AND ENERGY CONSERVATION ACT OF 1980

(Title V, Energy Security Act, Public Law 96-294, June 30, 1980)

Solar Energy and Energy Conservation Bank

• Encouraged energy conservation and the use of renewable energy, especially solar energy, in residential, commercial, and agricultural buildings, through grants to reduce loan amounts, interest payments, or to provide other financial assistance to owners or tenants who install energy conservation or solar energy systems in structures they construct, own, or occupy.

• Established the Solar Energy and Energy Conservation Bank in HUD, whose Board of Directors were the Secretaries of HUD, Energy, Treasury, Agriculture, and Commerce and whose President was to be appointed by the President with the advice and consent of the Senate.

• Provided that the Board establish levels of financial assistance, subject to maximum amounts set forth in the Act for various types of buildings and assistance, and to various limitations and procedures established in the Act.

• Provided that the Bank cease to exist after September 30, 1987. (Except for clean-up type operations, the Bank discontinued activities after that date, and no longer exists.)

HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1980

(Public Law 96-399, October 8, 1980)

Community and Neighborhood Development and Conservation

Community Development Block Grant Program

• Amended criteria and data sources for defining metropolitan areas and urban counties and distributing funds among them.

• Included promotion of energy efficiency in the statement of purposes, the application requirements, and eligible activities.

• Limited the guarantees of loans taken by States or local governments for CDBG purposes to appropriated amounts, and authorized HUD to make commitments to guarantee no more than $300 million during FY 1981.

Urban Development Action Grants

• Added to information to be submitted by applicants for grants the identification of properties which would be affected by the proposed action which are included on the National Register of Historic Places or which, in the judgment of the applicant, might meet the criteria for inclusion on that Register; required a description of effect.

• Required the Secretary of the Interior and the Advisory Council on Historic Preservation to make necessary regulations to assure comments, and required them and the appropriate State historic preservation officer to comment on the proposed actions. Prohibited HUD from approving a grant unless the applicant certified that these agencies had been provided opportunity to take authorized action.

Housing Assistance Programs

Public Housing

• Added a new Section 14 to the United States Housing Act of 1937 to provide a Comprehensive Improvement Assistance Program (CIAP) for public housing, under which grants were provided on a competitive basis to public housing agencies to improve the physical condition of projects and to upgrade their management. Required agencies wishing to receive such grants to file applications containing detailed descriptions of the current conditions and proposed improvements, with a schedule of actions over no more than a five-year period and an estimate of the costs of the improvements and amounts for up to 30 years of necessary annual contributions. Established preference in giving grants to agencies requesting assistance for conditions threatening the health and safety of residents or with a significant number of vacant, substandard units. Established limitations on the annual amount of grants to any one public housing agency. Permitted HUD to make grants to meet emergency needs without regard to the conditions established for a CIAP grant.

• Adopted the Public Housing Anti-Crime Amendments of 1980, amending the Public Housing Security Demonstration Act of 1978 to make it conform with the current organization of Federal agencies, to authorize use of the Annual Housing Survey to collect data on crime and vandalism, and to use information derived from activities authorized under this program to establish guidelines for public housing agencies to use in determining strategies for meeting security needs in the projects.

• Required installation of passive or active solar energy systems in newly developed or substantially rehabilitated public housing projects if HUD determined such installation would be cost effective.

Section 8

• Amended the Section 8 program by limiting the amount of contract authority which could be used to fund payments between 10 percent and 20 percent higher than the Fair Market Rent for new construction or substantial rehabilitation to not more than 20 percent of an area's allocation. Permitted HUD to establish a Fair Market Rent for moderately rehabilitated units in high cost areas of up to 120 percent of that for existing units, or up to 130 percent where special circumstances warranted.

Rent Supplements

• Amended the Section 101 Rent Supplement Program to require that amendments in this program made by the Housing and Com-

munity Amendments of 1979 (P.L. 96- 153) be incorporated in existing contracts within four years of adoption of this 1980 Act; the 1979 Act had authorized but not required HUD to do so. Also required that in making the changes, HUD should provide that the low- and moderate-income nature of the housing should continue for the term of the original contract.

Section 235 Homeowner Assistance

• Raised the maximum mortgage limits and permitted insurance of an amount 10 percent above the designated maximum if the home was to be occupied by a handicapped person. Required recapture of the lesser of the subsidy amount received or at least 50 percent of the net appreciation gained, upon sale of the property, default of at least three months on the mortgage payment, or its rental for more than a year.

• Authorized HUD, upon its determination that there was substantial need for emergency stimulation of the housing market, to use up to 75 percent of funds authorized for use under Section 235 to provide such assistance to mortgagors with incomes up to 130 percent of area median, with adjustments for family size, for mortgages on a principal residence whose sales price did not exceed 82 percent of the applicable maximum principal obligation of a mortgage insured under Section 203(b)(2). The interest rate on the mortgage could not exceed the rate on such a 203(b) mortgage, and the subsidy payment was limited to the lesser of the difference between the payment to cover debt service at that rate and 20 to 25 percent of the mortgagor's income or the difference between such payment and required payment on a mortgage with an interest rate of at least 9 ½ percent. Up to 20 percent of the units receiving assistance could be manufactured homes, but with higher interest rates.

Other Amendments to Assistance Programs

• Authorized provision of Section 8 assistance to residents in Section 236 projects; limited the amount of such assistance which could be used for elderly or handicapped residents who pay more than 50 percent of their income for rent.

• Strengthened protection of low- and moderate-income tenants in disposition of HUD- owned projects by requiring that when disposing of such projects HUD should assure the affordability to such families of the units they were currently occupying and of all vacant units; adding to the goals a requirement to maintain the project as rental or cooperative housing as long as feasible; and adding to projects subject to these requirements all acquired projects that had mortgages insured under the National Housing Act, had Section 202 (elderly or handicapped) or Section 312 (rehabilitation) loans, or acquired "pursuant to any other provision of law."

• Prohibited HUD from making any assistance available to any nonimmigrant student alien.

Other Program Amendments

• Changed all references in housing laws to "mobile homes" to "manufactured homes," slightly changed the definition as set forth

in Section 603(6) of the Housing and Community Development Act of 1974, and increased the loan amounts which could be insured under Section 2(b) of the National Housing Act.

• Adopted an additional section authorizing FHA home insurance under Section 203(b) in a community in which title to land was in dispute because of Indian claims, under somewhat different terms from those established in the Housing and Community Development Act of 1977 (P.L. 95-128).

• Eliminated the requirement that 20 percent of units be assisted through Section 8 contracts, in exempting multifamily mortgages purchased under GNMA special assistance function from per-unit mortgage amount ceilings (included in the Housing and Community Development Amendments of 1979, P.L. 96-153, December 21, 1979.)

• Increased maximum mortgage limits insurable under Sections 207, 213, 221(d)(3) or (d)(4), 231, 232, 234, and 242, to cover costs of installation of a solar energy system or other residential energy measures.

• Added to the places in which mortgages could be insured under Section 220 neighborhoods with a strategy for improvement, conservation, or preservation, and permitted inclusion in the property of nondwelling facilities if consistent with a neighborhood strategy.

• Adopted formula for adjusting the "conforming loan limit," which is the maximum principal amount allowed on conventional mortgages eligible for purchase by FNMA and FHLMC; for 1980 the amount was set at $93,750 for a single-family residence, $120,000 for a two-family residence, $145,000 for a three-family residence, and $180,000 for a four-family residence; upward adjustments were effective January 1 of each year beginning 1981 to equal the 12-month percentage increase to the most recent October in the national average one-family house price as reported by the Federal Home Loan Bank Board's survey of major lenders; buildings with five or more units were limited to 125 percent of the FHA (Section 207) insurance ceiling; all limits could be increased by 50 percent for Alaska, Guam, and Hawaii.

• Limited use of FHA insurance for loans to install individual utility meters in multifamily projects to cases where accompanied by other energy conserving improvements or where minimum standards of energy conservation were met.

• Required prompt pass through of mortgage insurance premiums paid by mortgagors from lenders to FHA; allowed up to two-year delay in pass though if interest were paid at an FHA-specified rate. Authorized use of loan foreclosure procedures and insurance payments as for properties in the Mutual Mortgage Insurance Fund for FHA-insured rehabilitation loans where such loans are secured by first mortgages.

• Set aside $30 million of special assistance purchase authority under GNMA to assist in refinancing FHA-insured mortgages on low- and moderate-income rental projects having 100 or fewer units and located in older declining urban areas, where refinancing and moderate rehabilitation would otherwise cause excessive rent burdens on tenants.

• Conditioned all approvals to prepay or refinance FHA-insured mortgages for low- and moderate-income rental projects upon

agreement to maintain the rental property for at least five years (20 years if under GNMA special assistance) unless conversion to cooperative or condominium status is sponsored by a majority of households in the project, or maintenance of rental housing is either unnecessary to providing adequate rentals in the community or has a deleterious effect on the neighborhood.

• Mandated report by August 1, 1981 on the increased construction and operating costs of buildings due to increased HUD thermal requirements, and the competitive impact of applying or permitting exemptions from the standards; continued local standards for masonry construction until report was made; allowed local standards exemption for specific construction types in specific locations if economically justified.

• Authorized lenders and borrowers to contract for negotiated interest rates rather than the FHA-administered rates, limited to the greater of 10 percent or 50,000 of FHA- insured 203(b) mortgages a year; required a report by March 1, 1982 on points and yields under the negotiated rates compared to conventional mortgages and administered-rate FHA-insured mortgages.

• Set maximum mortgage term for FHA-insured home mortgages at a standard 35 years by removing consideration of remaining economic life of property.

• Delayed implementation of any final HUD rule or regulation until after a 30-day period (previously 20-day) following final publication.

• Altered ceiling mortgage amounts for FHA-insured mortgages in high-cost areas on an area-by-area basis; permitted the ceiling amount to be raised by up to one third above the national FHA limit of $67,500 but, for one-family homes, not to exceed 95 percent of the median one-family house price in the area as determined by HUD, for two-family residences 107 percent, for three-family residences 130 percent, and for four-family residences 150 percent of the median price; made similar changes for home mortgages on properties in urban renewal areas (Section 220(d)(3)) and raised the per-unit allowance for units in excess of four to $9,165 for such areas; allowed ceilings up to 111 percent of the national ($67,500) ceiling for condominiums.

• Mandated a study to be transmitted to Congress by March 1, 1981, on the role of FHA in assisting homeownership, new construction, capital flows into mortgage markets, moderating housing costs and continuing desirability of area-by-area mortgage ceilings. Extended GNMA authority to purchase mortgages under the Emergency Home Purchase Assistance program to October 1, 1981; added a required finding that purchases would not worsen inflationary conditions.

• Made mortgage securities eligible for purchase where the mortgages were secured by manufactured housing.

• Set a minimum interest rate relative to market rates and a maximum house price relative to market prices for housing insured under FHA 203(b) for mortgages eligible for purchase; made cooperative and condominium mortgages in rental conversion projects ineligible.

• Increased GNMA mortgage purchase authority under special assistance functions by $900 million.

• Amended FNMA's authority to deal in home improvement loans, including those related to energy conservation, to clarify that HUD has approval authority; HUD must approve any proposal or transmit to Congress an explanation for withholding approval within 75 days of the proposal submission.

• Granted FNMA authority to deal in loans secured by manufactured housing with approval of HUD; HUD must grant approval of any proposal within 75 days or explain to Congress why a proposal was not approved.

• Amended the Home Mortgage Disclosure Act of 1975 (P.L.94-200, Title III) to provide that data be reported by calendar year by all lenders, by census tract within metropolitan counties with 30,000 or more population, otherwise by county; required the Federal Financial Institutions Examination Council (FFIEC) to implement a system for making all reports in a metropolitan area available at a central depository in the area, aggregating data by census tract and producing tables showing aggregate lending patterns for categories of census tracts grouped by age of housing, income, and racial characteristics in the tracts; required HUD to provide data for nondepository lenders not otherwise subject to HMDA, in connection with mortgages insured under Titles I and II of the National Housing Act; required FFIEC to study and report on usefulness of requiring reports on small business loans, and on feasibility of establishing a unified system for enforcing fair lending implementing the Community Reinvestment Act and satisfying purposes of public disclosure under HMDA.

• Established the Temporary Mortgage Assistance Payments program for the purpose of avoiding foreclosures on FHA-insured mortgages in default where such default was due to circumstances beyond mortgagor's control and there was a reasonable prospect that mortgagor could resume full mortgage payments within three years, begin repayment of temporary assistance, and repay the mortgage in full by its maturity date or extended date if approved by HUD; allowed temporary payments up to full amount of monthly payment for the period of default plus 18 months, extendable for a second 18 months; required that assistance constitute a second lien; required HUD to acquire the mortgage where assistance payments were deemed inappropriate and authorized forbearance up to 36 months from acquisition if the same conditions as for assisted payments were met; authorized counseling for homeowners assisted under this program.

• Required reports on a number of subjects, including mutual housing, feasibility of collecting regional data on home mortgage delinquencies, and feasibility of using factory-built housing for Indian and Native Alaskan housing programs.

Planning Assistance

• Reformulated and amended Section 701 of the Housing Act of 1954 (P.L. 83-560, August 2, 1954) by requiring that grant funds be used to encourage coordination of Federal policies to achieve National Policy Objectives. (Section 701 was repealed by the Housing and Community Development Amendments of 1981, Title III of the Omnibus Budget Reconciliation Act of 1981, P.L. 97-35, August 13, 1981.)

• Defined National Policy Objectives to include plans and strategies that promote community conservation activities, particularly in areas experiencing fiscal, economic, or social distress; increase housing and employment choices for low- income and minority families, women, elderly and the handicapped; and encourage energy conservation and orderly growth and development.

• Provided that grants be awarded annually to develop strategies and action programs consistent with the National Policy Objectives to implement comprehensive plans or related plans, develop evaluation studies related to such plans, and to carry out A-95 clearinghouse review process.

• Required recipients of grant assistance to develop strategies and action programs to implement comprehensive plans that were consistent with National Policy Objectives. Required that such action programs include the following elements: (1) identification of the action needed to implement strategy statement, (2) identification of the governmental entity responsible for each element of action program, (3) a timetable for implementing elements of the action program, and (4) a pledge that governmental agencies will undertake actions outlined in the action program.

• Provided that communities with populations below 50,000 could use Section 701 assistance to prepare applications for other Federal financial assistance, with communities with populations below 25,000 receiving preference.

• Required that, in awarding grants, preference be given to areawide planning organizations that provide voting rights in proportion to the population of areas represented by members of the organization.

• Required HUD to perform annual audits and reviews, and recipients of grant assistance to submit annual performance reports to HUD. Required HUD to review comprehensive plans of States and local governments every three years.

• Required HUD to use comprehensive plans and strategies approved under Section 701 to guide funding and policy decisions of other HUD programs. Directed HUD to encourage other Federal agencies and departments to use comprehensive plans and strategies to guide their policy and funding decisions. Required HUD to submit to Congress every three years, starting January 15, 1984, a report concerning progress made in encouraging other Federal agencies to use approved plans and strategies.

• Encouraged all Federal agencies to adopt comprehensive plans as part of their planning process.

Rural Housing

• Amended Sec. 414 of the Housing and Urban Development Act of 1949 (P.L. 91- 152) to authorize the transfer of surplus real property to the Secretary of Agriculture (in addition to the Secretary of HUD) for use in providing housing for low- and moderate-income families.

• Amended FmHA low- and moderate-income rental housing programs to require that the interest rate on loans be written down to not less than 1 percent, by changing "may" to "shall" in the authorization. (Restored "shall" to "may" in the Housing and Commu-

nity Development Amendments of 1981, Title III, P.L. 97-35, August 13, 1981.)

• Removed the restrictions on prepayment of Sections 514 and 515 loans made prior to December 21, 1979, but required that tenants displaced as a result of consequent rent increases or changes in use of the property be given priority for relocation to alternative assisted housing.

Condominium and Cooperative Abuse Relief Act of 1980

• Adopted a sense of Congress that lending for conversion of rental housing to cooperative or condominium ownership should be discouraged if there would be an adverse impact on low- and moderate-income, elderly, or handicapped renters, and that tenants should receive adequate notice and the first right to purchase; however, actual legislation to this effect was left to the States and local governments.

• Adopted a number of consumer protection provisions relating to provisions in contracts between the developer and owners in conversions to a cooperative or condominium, particularly regarding operation of the property after conversion, long- term commercial leases, and compensation to the developer for legal costs in owners' actions against him.

• Provided that this title should not be construed to limit the right of a State or locality to control conversions, provided its action did not contravene the consumer protections established herein, except, that with certain exceptions, a provision of this title would not apply in a State or locality which took action to overturn it within three years of enactment of this title.

HOUSING AND COMMUNITY DEVELOPMENT AMENDMENTS OF 1981

(Title III, Omnibus Budget Reconciliation Act of 1981, Public Law 97-35, August 13, 1981)

Subtitle A—Housing and Community Development

Part 1—Community and Economic Development

• Repealed provision for grants to States for planning assistance to small cities, authorized in Section 701, Housing Act of 1954 (P.L. 83-560, August 2, 1954) and for assistance for neighborhood development, authorized in the Neighborhood Self- Help Development Act of 1978, Title VII, Housing and Community Development Act of 1978 (P.L. 95-557, October 31, 1978).

• Amended and extended the Community Development Block Grants, Urban Development Action Grant, Urban Homesteading, and Rehabilitation Loan programs.

• Replaced the Community Development Block Grant (CDBG) program's detailed three-year community development application with a Statement of Community Development Objectives and Projected Use of Funds. Transferred to States the authority to distribute and administer CDBG nonentitlement funds.

• Required that only entitlement communities (communities receiving a direct allocation of CDBG funds) develop Housing Assistance Plans (HAP) as a condition for receiving CDBG funding.

• Required that communities use HAPs to survey and assess the condition of their housing stock and the housing needs of low-income persons, and to specify annual goals to meet the housing needs of low-income residents.

• Amended the citizen participation provisions governing the CDBG program by requiring that States and entitlement communities certify that they have provided information to the public concerning the amount of funds available and range of activities that may be undertaken, and that they have provided opportunity for public comment on the proposed use of funds, including holding at least one public hearing to obtain citizen input.

• Deleted the statutory requirement that CDBG recipients submit an annual report; instead directed HUD to establish a schedule for the submission of performance reports.

• Added assistance to for-profit entities engaged in economic development and comprehensive planning to the list of eligible CDBG activities. Deleted the requirement that public service activities must be part of a large neighborhood revitalization effort involving other CDBG eligible activities. Limited the amount of CDBG funds grantees could use for CDBG public service activities to 10 percent of their total annual allocation.

• Allowed States the option of directly administering the nonentitlement portion of the CDBG program. Allocated 30 percent of CDBG funds appropriated for distribution to States to distribute to small urban and rural communities that fail to qualify for direct funding. Allowed each State exercising the option of directly administering funds to determine the method of distribution to eligible communities. Allowed each State to use no more than 2 percent of its CDBG allocation for administrative expenses. This 2 percent could not exceed 50 percent of the total administrative expenses.

• Required the Governor of each State administering CDBG funds to certify that the State: (1) engaged or will engage in community development planning; (2) provided or will provide technical assistance; (3) provided or will provide State funds equal to 10 percent of its CDBG allocation; (4) has consulted with local elected officials in nonentitlement communities on the use of funds and the method of distribution.

• Eliminated four categories of activities eligible for discretionary funding: areawide housing and community development programs, innovative CD projects, emergency community development assistance, and grants to correct formula inequities.

Urban Development Action Grants

• Required Urban Development Action Grant (UDAG) applicants to describe proposed activities and include cost estimates and general location of a proposed project, identify financial resources involved in a project and projected economic benefit. Required applicants to certify that public hearings were held, particularly for low-income residents of affected areas, and that the impact on low-income residents of the affected area was considered.

• Eliminated the requirement that a community's UDAG application be coordinated with and consistent with a community's HAP.

• Deleted requirement that HUD confer with other Federal agencies before awarding UDAG funds for business loans or industrial

development purposes. Deleted the requirement that UDAG funds be allocated in a reasonably balanced manner among neighborhood, commercial, and industrial projects.

• Required HUD to report to Congress no later than 270 days after enactment of this Act on legislative or administrative steps that could be taken to: (1) require that all CDBG grantees target assistance to small distressed areas small enough so that visible progress could be made in a reasonable time; (2) reduce the broad list of eligible activities so that funds could be focused on activities that met a grantee's most urgent needs; (3) develop income eligibility requirements for CDBG-supported rehabilitation; and (4) limit rehabilitation work to that which is needed to make housing decent, safe, sanitary, and energy efficient.

Part 2—Housing Assistance Programs

• Reauthorized the ongoing assistance programs at a substantially reduced level from previous years, with a requirement that funds be distributed on a fair-share basis, but with the provision that no more than 45 percent of funds be used to assist existing units and no more than 55 percent for new construction and substantial rehabilitation.

• Limited Secretary's retention of discretionary funds to not more than 15 percent of the amounts appropriated beginning with FY 1982, to be used only for specified special purposes.

• Standardized the definition of income for determining eligibility and rent payments in all the assisted rental housing programs administered by HUD and instructed the Farmers Home Administration to report to Congress on how its programs could be targeted to the same income group.

• Limited occupancy of units in public housing or with Section 8 subsidy by families with incomes between 50 percent and 80 percent of area median (lower- not very-low incomes) to not more than 5 percent of all units made available for rental after the Act, and to not more than 10 percent of units previously available but being rerented.

• Raised the rent payment of a family in public housing or assisted through the Section 8 program to the highest of 30 percent of adjusted income, 10 percent of gross, or the welfare payment designated for housing, with a five-year phase-in period for current tenants. Similarly, raised the minimum rent of residents in Section 236 projects to 30 percent of income. Limited increased rent resulting from this change for current tenants to 10 percent in any one year, with some exceptions.

• To reduce costs of newly constructed or substantially rehabilitated Section 8 projects, required modest design, and adopted a number of limitations on increasing rents during construction or after occupancy. Authorized HUD to provide Section 8 assistance to single-room occupancy units, without private kitchen or bathroom, if the unit of general local government and the local public housing agency approve.

• Authorized Section 8 assistance for payment of site-rent on which a resident-owned manufactured home was located, or for rent payment for both site and a rented manufactured home.

• Adopted a number of miscellaneous provisions protecting tenants, and guarding against fraud or otherwise protecting governmental interests.

• Terminated authority to enter into contracts for homeowner mortgage interest reduction payments under Section 235 at the end of FY 1983. (This termination date was extended in subsequent legislation, with program modifications to be noted. It was finally terminated in the National Affordable Housing Act of 1990, P.L. 101-625, November 28, 1990.)

• Provided that no housing assistance could be provided to any alien not lawfully admitted for permanent residence in the United States.

Part 3—Amendments to Mortgage Insurance Programs

• Increased the Government National Mortgage Association's authority to commit to purchase mortgages under its special assistance functions by $1.1 billion; limited aggregate commitments for FY 1982 to $1.973 billion of which no more than $580 million could be for mortgages on projects without Section 8 rental assistance; limited commitments to guarantee securities backed by mortgages held under its management and liquidation functions to $69.542 billion for FY 1982; limited commitments to purchase below-market mortgages under its "tandem" plan to mortgages secured by multifamily projects having firm commitments for mortgage insurance under Title II of the National Housing Act through October 1, 1982; required that new applications for multifamily mortgage insurance continue at least until January 1, 1982.

• Limited FHA commitments to insure mortgages in FY 1982 to $41 billion.

• Increased the property improvement and manufactured home loan amounts eligible for Title I FHA insurance and changed the terms of the loans, distinguishing among types of properties.

Part 4—Amendments to Flood Insurance Program

• Extended authority for the flood insurance program and amended it to prohibit insurance for new construction or substantial improvement of structures located on an undeveloped coastal barrier, to be designated by the Secretary of the Interior after study of the definition and location of such areas. Permitted Federally-insured financial institutions to make loans secured by such structures.

Part 5—Rural Housing

• Restored the write-down of interest to 1 percent for loans for low- and moderate- income rental housing to be permissive rather than required, by changing "shall" to "may."

• Required the Secretary of Agriculture to present a report by March 1, 1982 on alternatives to financing rural housing programs through the Federal Financing Bank; on making FmHA assisted housing programs consistent with those of HUD with respect to targeted income groups and required contributions from tenants; on minimizing subsidy levels; and on efforts to lower the cost of subsidized housing.

Part 6—Multifamily Mortgage Foreclosure Act of 1981

• Established a procedure for foreclosing on multifamily mortgages held by HUD pursuant to Title II of the National Housing Act or Section 312 of the Housing Act of 1964, in which a commissioner appointed by HUD conducted the foreclosure without regard to State laws and without any right of redemption for the mortgagor following the foreclosure sale.

HOUSING AND URBAN-RURAL RECOVERY ACT OF 1983

(Titles I-V, Supplemental Appropriations Act for FY 1984, and Other Purposes, Public Law 98-181, November 30, 1983)

Community and Neighborhood Development and Conservation

Community Development Block Grant Program

• Made the primary CDBG objective that of benefiting low- and moderate-income persons by requiring that 51 percent of grant funds be used for activities of benefit to such persons, and amending reporting, evaluation, and other administrative requirements to conform to this emphasis.

• Amended eligibility requirements for receipt of grants to provide transition funding for cities and urban counties losing entitlement status as a result of the 1980 census.

• Defined "buildings for the general conduct of government," for which CDBG funds may not be used, to exclude neighborhood service centers or other special purpose buildings housing provision of services in low-and moderate-income neighborhoods.

• Required increased provision of relevant information to citizens to facilitate citizen participation in preparation of plans and monitoring activities under the plan.

• Amended provisions which specified the activities eligible for assistance from CDBG grants, to change some of the terms of assistance and to expand the types which are eligible.

Urban Development Action Grants

• Increased the ability of small cities to compete for grants by expanding the number of distress factors, permitting consortia of cities and counties to apply for a grant, and setting aside funds for technical assistance grants.

• Prohibited HUD, in making grants, from discriminating among programs on the basis of the type of activity involved, whether neighborhood, commercial or industrial.

Urban Homesteading

• Lengthened the required term of residence of a homesteader to five years, and the period for bringing the building into conformity with code standards to three years.

• Required that purchasers of a homestead property be first-time owners, with priority for applicants living in substandard housing, paying over 30 percent of income for housing, and with little chance of obtaining improved housing without homesteading.

• Permitted HUD, on a demonstration basis, to convey title to multifamily properties it owns to local governments for residential

use, provided not less than 75 percent of the occupants after rehabilitation would be lower-income.

• Directed HUD to use not more than $1 million in each of FY 1984 and 1985 to assist State or local governments in purchasing one- to four-family homes for use in the homesteading program, with preference to proposals to acquire properties available in satisfaction of a public lien, such as a tax lien.

• Amended the Section 312 rehabilitation program to prohibit HUD from giving funding priority in the use of funds under any Federal assistance program other than homesteading.

Neighborhood Development Demonstration

• Established a demonstration program of support to neighborhood development activities, through matching grants of not more than $50 thousand a year to an eligible neighborhood development organization.

• Defined eligible activities as job creation; establishing or expanding neighborhood businesses; development, rehabilitation, or management of housing; developing delivery mechanisms for essential services; or neighborhood improvement activities.

• Defined an eligible organization as a nonprofit corporation at least 51 percent of whose governing body were residents of the area served, operating in an area eligible to receive urban development action grants, in existence for at least three years, conducting at least one of the eligible activities for the primary benefit of low- and moderate-income persons.

• Provided that awards be granted competitively, based on the degree of economic distress in the neighborhood; extent of benefit to low- and moderate-income persons; extent of neighborhood participation; and extent of voluntary financial contributions. The appropriate ratio of matching funds was to be determined by HUD for each recipient organization.

• Required certification from the local government that the proposed activities were consistent with its housing and community development plans, before the grant was made available.

Housing Assistance Programs

General Provisions

• Amended the requirement in the Housing and Community Development Act of 1974 (P.L. 93-383) that HUD should "take into consideration" a number of factors in allocating housing assistance funds among applicant jurisdictions, to require that the funds be allocated by a formula based on the same factors.

• Permitted rental of up to 30 percent of assisted units to non-elderly single persons, with HUD approval and if necessary to rent unoccupied units.

• Raised the limit on the proportion of re-rented units which could be leased to families with incomes between 50 percent and 80 percent of median from 10 to 25 percent.

• Added those paying more than 50 percent of income for rent to the types of families to receive preference in obtaining housing assistance.

• Specified the deductions to be made from gross income in deriving the adjusted income on which amounts of rent payments are based, in place of leaving their specification to HUD regulation.

• Removed the exceptions which had been permitted to the limitation to 10 percent in a year on rent increases resulting from the requirement that rents be 30 percent of adjusted income, and made the 30 percent payment applicable to all current rental housing assistance programs.

• Required that pet ownership be permitted in any assisted housing for the elderly, subject to reasonable regulation.

Public Housing

• Authorized use of funds which had been appropriated for development of new public housing, for modernization activities in the CIAP program or for purchase and rehabilitation of properties for public housing, if the PHA certified such use would be more effective.

• Permitted new construction of public housing, after September 30, 1983, only if the PHA could demonstrate that its cost would be less than the cost of acquisition of housing, with or without rehabilitation.

• Required that priority in development be given to housing suitable for occupancy by large families.

• Established a Public Housing Child Care Demonstration Program, which required HUD to carry out a program to determine the feasibility of using public housing facilities to provide child care services to its tenants; HUD was to authorize the use of public housing facilities for this purpose in areas where such a program did not already exist, where the local government would make CDBG funds available for necessary renovations and to support services, and where the services would permit residents to obtain or train for employment. Required HUD to submit a report after two years with respect to making the program permanent. (Program was amended by the Housing and Community Development Act of 1987, P.L. 100-242, February 5, 1988.)

• Required HUD to require PHAs to establish grievance procedures giving tenants rights to notice of grounds for adverse actions and rights to a fair hearing.

• Required public housing leases to contain reasonable conditions, to obligate PHAs to maintain a project in proper condition, to give adequate notice of expiration, and to permit termination only for serious or repeated violations of its terms or other good cause.

• *Demolition and Disposition of Public Housing*. Restricted demolition or disposition of a public housing project or part of a project, by prohibiting HUD from approving such action, with or without its financial assistance, unless HUD found:

> a. In the case of a request for demolition, that the project or part of project to be demolished was physically or otherwise obsolete, or no reasonable program of modification would restore it to useful life, or, in the case of a request for demolishing part of the project, that the partial demolition would help assure the useful life of the rest of the project;

b. In the case of a request for disposition, that retention is not in the best interests of the tenants because environmental changes adversely affect the tenants or feasible operation of the project, or because the disposition would permit acquisition, development, or rehabilitation of other properties which would be operated more effectively for low-income use and the total stock of such housing would not be diminished, or for other reasons consistent with the best interests of tenants and the PHA;

c. In the case of disposition of non-residential property, it is not needed by the project for continued operation; and

d. If disposition is approved, net proceeds would be used first for payment of development costs and retirement of outstanding obligations for that cost, and any remaining funds for provision of additional housing assistance for low-income families.

• Provided that approval could not be given unless the PHA application was developed in consultation with the affected tenants and tenant councils, and the local government has certified that the activity would be consistent with the housing assistance plan.

• Required that approval could be given only if all dislocated tenants would be provided with relocation assistance by the PHA, and were relocated to other decent, safe, sanitary and affordable housing, preferably of their choice, possibly with Section 8 assistance.

• Authorized HUD to provide financial assistance for approved activities using appropriations for annual contributions contracts for assisted housing.

Section 8 Rental Housing Assistance

• Repealed authority as of October 1, 1983, for approval of any additional contracts for Section 8 assistance for new construction or substantial rehabilitation, except for projects for the elderly and handicapped financed under Section 202.

• Prohibited attachment of Section 8 existing-housing certificates to a structure except when the owner agreed to rehabilitate it without financial assistance from housing- assistance funds.

• Permitted use of Section 8 certificates by elderly families to assist them in living in a shared dwelling unit, with special habitability standards to be issued for this purpose.

• *Vouchers*. Established an experimental program under Section 8, providing rental assistance in the form of a voucher, in which HUD paid a landlord the difference between a "rent standard" and 30 percent of the tenant's adjusted income, and the tenant paid the difference between HUD's payment and the actual rent which had been negotiated by the tenant and landlord in the private market; the tenant's payment could be more or less than 30 percent of income, depending on whether the negotiated rent was greater or lower than the rent standard. Required the unit to meet quality standards.

• Provided that the program in each locality be administered like the Section 8 certificate program, by a Public Housing Agency under a five-year contract with HUD.

• Provided that HUD determine the rent standard based on the Section 8 Fair Market Rent for the unit size in the area, with the

PHA permitted, but not required, to grant two rent increases to a landlord in the five-year period.

• Limited voucher recipients to families with incomes below 50 percent of area median, with the same preferences as in other housing assistance programs.

• Provided that vouchers be used almost entirely for assistance for families residing in units rehabilitated under a newly created Rental Rehabilitation and Development Program (see below) or families displaced by development assisted by that program.

Other Housing Programs

Section 202

• Established the maximum interest rate for loans made during FY 1983 at 9.25 percent.

• Provided that a loan could not be prepaid or transferred unless there was assurance that the project would continue to provide rental units for elderly and handicapped on equally advantageous terms for the original term of the loan.

• Required HUD, in selecting projects for loans, to assure design features necessary to meet the special needs of elderly and handicapped, and to encourage small and scattered site group homes for the nonelderly handicapped.

Housing for Recipients of Public Assistance

• Established a demonstration program to provide grants on a competitive basis to at least 20 local governments to improve the housing of lower-income families, especially recipients of assistance from the Aid to Families with Dependent Children (AFDC) program.

• Provided that applicants for grants develop a plan for governmental activities to encourage owners to bring housing occupied by lower-income families into compliance with the local housing code; to provide technical or financial assistance to such owners in these activities; to work with the State in establishing AFDC shelter allowances to support such quality housing; and to coordinate housing inspections, rehabilitation efforts, rental assistance, and social service programs to improve such housing.

• Required that grant funds be used for the purposes developed in the plan: to provide technical and financial assistance for upgrading the indicated properties; to assist non-AFDC families not receiving Section 8 assistance with temporary rental assistance; and to provide housing referrals and other housing-related services.

• Required grant recipients to provide 15 percent matching funds.

• Authorized appropriations of $10 million for FY 1984 and $15 million for FY 1985.

Section 235 Homeownership Assistance

• Provided that mortgages on three-family dwellings be eligible for Section 235 insurance, and that HUD not deny such insurance because the mortgage financed a two- or three-family dwelling or was used for rehabilitation rather than new construction.

• Reduced the contractual interest-reduction period to 10 years, subject to renewal for another 10-year period, subject to eligibility

of the homeowner and availability of funds, for contracts utilizing funds appropriated for any fiscal year beginning with FY 1984.

• Established a fund for use for the above purpose to contain moneys recaptured after sale of an assisted dwelling, or because an assisted mortgage was refinanced or terminated.

Rental Housing Rehabilitation and Development Program

• Adopted programs to make grants to use for moderate rehabilitation of privately owned rental properties and for new development or substantial rehabilitation of such properties, in Section 17 of the United States Housing Act of 1937, as amended. (Authorization repealed by the National Affordable Housing Act, P.L. 101-625, November 28, 1990, effective at end of FY 1991.)

• Authorized use of housing vouchers under Section 8(o) to support the program or provide assistance to those displaced by it.

• Authorized use of up to $615 million of housing assistance funds authorized for FYs 1984 and 1985, of which up to $150 million was for use each year in the rental rehabilitation program, and up to $200 million in FY 1984 and $115 million in FY 1985, for development grants.

Rental Rehabilitation

• Provided that grants for moderate rehabilitation be distributed among cities with populations of 50,000 or more, urban counties, and States (for use in smaller cities) on the basis of a formula, taking into account such factors as low-income rental population, overcrowding, and the physical condition of the stock, subject to various adjustments. (Repealed by the National Affordable Housing Act, P.L. 101-625, November 28, 1990.)

• Required submission of an acceptable program from the grantee, showing details of conditions, proposed activities, financial feasibility, and similar information for HUD approval. Required that grants be used to assist rehabilitation of rental properties located in neighborhoods whose median income did not exceed 80 percent of the area median, and whose units would be affordable to lower-income tenants.

• Limited grants to not more than 50 percent of rehabilitation costs and not more than $5,000 per unit, with possible exceptions by HUD, and only sufficient to correct substandard conditions, make essential improvements, and repair major systems in danger of failure.

• Required that 100 percent of funds be used for benefit of lower-income families, except that HUD could permit waiver to not less than 50 percent under certain circumstances.

• Required that owners agree not to discriminate against tenants receiving Governmental assistance, and not to convert to condominiums or cooperatives for at least 10 years; and that HUD assure an "equitable share" of funds be used for families with children, and that priority be given to projects with units in substandard condition housing very low-income families.

Housing Development Grants (HoDAG)

• Provided that grants be made to eligible areas through competition, with awards based on comparative severity of housing short-

ages, availability of other funds to reduce the Federal share, the recipient's past record in meeting housing needs, and other criteria. (Repealed by the National Affordable Housing Act, P.L. 101-625, November 28, 1990.)

• Provided that HUD establish a list of eligible areas, based on shortage of decent affordable rental units, to be determined by standards taking into account area poverty, occupancy of substandard units, vacancy rates, and other criteria, with priority to proposals providing more than the minimum number of lower-income units and in areas where waiting lists for housing assistance were relatively long or families receiving assistance required an excessive time to find units.

• Provided that grant funds could be used for grants or loans, interest reduction payments, or other assistance for new construction or substantial rehabilitation of residential rental properties available to lower-income families, with assistance amounts limited to 50 percent of total costs.

• Required owner agreement to conditions similar to those in the rental rehabilitation program, but with the requirement that at least 20 percent of the units be occupied by lower-income persons or families for at least 20 years.

• Established procedures for making requests for grants, for enforcement of requirements by the grantee, for meeting environmental and labor standards, for making reports, etc.

Other Program Amendments and Extensions

FHA Mortgage Insurance Programs

• Authorized commitments to insure mortgages under Title II of the National Housing Act of principal amounts aggregating $50.9 billion in each of FYs 1984 and 1985.

• Abolished HUD's setting of maximum interest rates for FHA-insured loans, leaving them to be set by negotiation between borrower and lender.

• Approved insurance of a number of alternative mortgage instruments, up to 10 percent of the loans insured in the previous year, including indexed mortgages, in which the monthly payment and outstanding balance is adjusted in accordance with a selected price index; adjustable rate mortgages on single-family homes, in which the effective interest rate is adjusted periodically in accordance with a national interest rate index, limited to an increase of not more than one percent annually, and not more than 5 percent over the term of the mortgage; and shared appreciation mortgages, in which the mortgagee shares in any increase in any appreciated value, in exchange for a lower interest rate, set in accordance with criteria established by HUD.

• Authorized insurance of graduated payment and, for not more than 5,000 units, shared appreciation mortgages on multifamily structures, subject to a number of conditions; and, subject to HUD approval, of mortgages not providing for complete amortization.

• Required HUD to report within a year on an evaluation of the use of home equity conversion mortgages for the elderly, including the risks, benefits, and potential for acceptance for such mortgages.

• Amended details in the operation of several of the insurance programs, including mortgages in Hawaii on leased property, mortgages on single-family residences on Indian reservations; on manufactured homes; treatment of insurance premiums in determining the size of the mortgage; maximum loan-to-value ratios; payment of claims to mortgagees without acquisition; alternative mortgage forms for multifamily loans; limitations on prepayment of multifamily mortgages; and others.

Flood and Crime and Riot Insurance Programs

• Extended the National Flood Insurance Program and the Federal Crime Insurance Program, but transferred the Federal Insurance Authority (FIA) from HUD to the Federal Emergency Management Agency (FEMA).

• Prohibited any increase in flood insurance rates until October 1, 1984, and required the FIA Administrator to report by then on the rate structure.

• Directed FEMA to finance a contract study of the feasibility of covering damage or loss from sinkholes under the flood insurance program, and authorized $1 million for this purpose.

• Terminated the Federal Riot Reinsurance Program as of November 30, 1983.

Regulatory and Other Programs

• Defined several terms in the Real Estate Settlement Procedures Act of 1974 (P.L. 93- 533, December 22, 1974) and clarified some requirements.

• Ended the New Communities program by repealing Title IV of the Housing and Urban Development Act of 1968 (P.L. 90-448, August 1, 1968) and Title VII, Part B of the Housing and Urban Development Act of 1970 (P.L. 91-609, December 31, 1970), except for sections necessary to permit HUD to carry on contractual obligations and liquidation activities.

• Amended the Solar Energy and Energy Conservation Bank Act (P.L. 96-294) to broaden the definitions of energy conserving improvements, to increase eligibility, which had been restricted by regulation, and to make other changes in conditions for receiving grants and in Bank procedures. Secondary Mortgage Market Programs

• Authorized GNMA to make commitments to guarantee payment of mortgage-backed securities in the amount of $68.250 billion in each of FYs 1984 and 1985.

• Terminated GNMA commitment and purchase authority for purposes of its special assistance functions.

• Terminated GNMA commitment and purchase authority under the Emergency Home Purchase Assistance program.

Rural Housing Amendments of 1983

• Brought definitions of income, adjusted income, low-income families and very low- income families in FmHA programs into conformity with those in HUD programs.

Income-Targeting and Rent Payments

• Required that not less than 40 percent nationally and 30 percent in each State of home-owner units financed under Section 502 be occupied by very low-income families.

• Required, to the extent FmHA rental assistance was available, that not more than 25 percent of previously available units and 5 percent of newly occupied units developed under the Section 515 rental program be occupied by low, not very-low, income families; if assistance from any source was available, all newly occupied units were to be rented to very low-income families.

• Limited eligibility for improvement or modernization loans or grants under Section 504 to very low-income applicants, and made the maximum amount of such loans or grants subject to FmHA determination.

• Made rent payments by families assisted by the FmHA rental assistance program the same as those required in HUD programs.

Housing Preservation Grants

• Established a new loan and grant program to provide assistance for the rehabilitation of owner-occupied and rental housing for low- and very-low income occupancy.

• Defined grantees as private nonprofit organizations, Indian tribes, and local, county and State governments, who would use grants to provide loans or grants for repairs and improvements, interest reduction payments, and in other ways reduce costs so as to keep housing affordable by low- and to the extent feasible very low-income families.

• Authorized use of Section 8 housing vouchers to minimize displacement from rehabilitated units.

• Required that funds be distributed among States by formula, based on relative size of rural population, rural poverty, and rural amounts of substandard housing, but among grantees within a State on the basis of applications describing proposed activities and conformity with a number of requirements set forth in the statute.

• Authorized appropriations of $100 million in each of FY 1984 and 1985 for this new program.

Other Amendments

• Made manufactured homes, their lots, and rental parks eligible for both Section 202 and Section 515 loans, subject to conditions relating to physical and energy standards.

• Amended details of other assistance programs, with respect to recipients and conditions of the assistance.

SECONDARY MORTGAGE MARKET ENHANCEMENT ACT OF 1984

(Public Law 98-440, October 3, 1984)

Mortgage-Related Securities

• Amended the Home Owners Loan Act of 1933 (P.L. 73-43, June 13, 1933) and other securities and banking laws to remove technical barriers to trading and investment in private, mortgage-related securities rated in the top two investment categories by a nationally recognized rating company.

• Preempted State banking investment and "Blue Sky" securities laws which presented impediments to trading and investment in these securities.

Amendments to Secondary Mortgage Market Programs

• Clarified that the permissible maximum for loan purchases by FNMA and FHLMC applied to the full original principal, even if only a participation were purchased.

• Authorized both enterprises to purchase subordinate (second) mortgages.

• Authorized FHLMC to purchase manufactured housing loans and State agency insured loans.

• Increased the ceilings on multifamily mortgage loans eligible for purchase.

HOUSING AND COMMUNITY DEVELOPMENT TECHNICAL AMENDMENTS ACT OF 1984

(Public Law 98-479, October 17, 1984)

• Adopted technical and clarifying amendments to the legislation affecting community development block grants in the Housing and Urban-Rural Recovery Act of 1983 (HURRA) (P.L. 98-181, November 30, 1983), and modified some of the qualifications for receiving CDBG grants.

• Adopted technical and clarifying amendments to the legislation affecting assisted housing programs in HURRA, and made minor programmatic amendments.

• Made cities with populations of at least 450,000 with rental vacancy rates of less than 10 percent eligible to apply for HoDAG grants, regardless of the minimum standards for eligibility in the original Act, and made technical and clarifying amendments to the Section 17 programs.

• Amended a number of provisions of housing law, including minor changes in some FHA insurance programs, expanding the powers of the National Corporation for Housing Partnerships, and requiring the Solar Energy and Energy Conservation Bank to establish within 90 days criteria for allocation of assistance and to allocate all available funds at the same time.

• Adopted technical and clarifying amendments to changes in rural housing programs made by HURRA.

STEWART B. MCKINNEY HOMELESS ASSISTANCE ACT

(Titles IV and V, Public Law 100-77, July 22, 1987)

Title IV—Housing Assistance

Comprehensive Homeless Assistance Plan

• Authorized assistance to States, metropolitan cities, or urban counties under Title IV programs, provided that otherwise eligible recipients prepare a Comprehensive Homeless Assistance Plan (CHAP), describing the need for assistance, the available facilities and services, a strategy for meeting these needs, and how the Federal assistance would be used, for review and acceptance by HUD. (Superseded by requirement for a Comprehensive Housing

Affordibility Strategy (CHAS) established in the National Affordable Housing Act, P.L. 101-625, November 28, 1990.)

• Required grantees annually to review progress made in carrying out the plan and to report results of the review to HUD.

Emergency Shelter Grants Program

• Authorized HUD to make grants, by formula, to enable States, metropolitan cities, urban counties, and nonprofit organizations to provide emergency shelter for homeless individuals.

• Provided grants could be used for renovation, rehabilitation or conversion of structures, their maintenance and operation, and provision of other essential services.

• Required grant recipients to agree that assisted buildings be used for homeless shelters for at least three years, or at least ten years if major rehabilitation or conversion was funded, and to provide equal matching funds.

• Authorized appropriation of $100 million for FY 1987 and $120 million for FY 1988.

Supportive Housing Demonstration Program

• Established a demonstration program to provide grants on a competitive basis to States, local governments, and nonprofit organizations, to develop innovative approaches for providing supportive housing for homeless persons, particularly deinstitutionalized individuals, others with mental disabilities or other handicaps, and homeless families with children.

• Defined "supportive housing" as housing and supportive services in both transitional housing, i.e., housing that facilitates movement to independent living, and permanent housing for handicapped homeless persons.

• Authorized HUD to provide assistance in the form of acquisition or rehabilitation loans of up to $200,000, grants for moderate rehabilitation, or payments for partial support for operating costs.

• Required applicants to file an application describing the project and expected assisted population, assuring that the project would be operated for at least 10 years, and meeting other HUD requirements.

• Required complete repayment of the loan if the assisted project were used for supportive housing for fewer than 10 years, with the repayment to be reduced by 10 percentage points for each year it was so used after 10 years before closing.

• Required recipients to provide equal matching funds and prohibited use of grant or matching funds to replace other public funds previously used for assistance to the handicapped or homeless.

• Authorized appropriation of $80 million for FY 1987 and $100 million for FY 1988.

Supplemental Assistance for Facilities for the Homeless

• Authorized HUD to provide additional funding for projects funded under the emergency shelter or supportive housing programs, if available funding was insufficient and no other source of funding could be found.

• Required repayment of the advance if the project provided homeless assistance for fewer than 20 years, on the same pro-rated basis as with supportive housing loans.

• Provided that not more than $10,000 of a grant could be used for outpatient health care, and that grants for that purpose be made only in consultation with the Department of Health and Human Services.

• Authorized appropriations of $25 million in each of FYs 1987 and 1988.

Single-Room Occupancy Dwellings

• Authorized use of the Section 8 Moderate Rehabilitation program for moderate rehabilitation of single-room occupancy dwellings for the homeless.

• Required that any unit assisted under this provision have a sprinkler system and hard- wired smoke detectors, as well as meeting other State and local fire and safety laws. Required contributions contracts be for 10 years, with the possibility for renewal for 10 years at HUD discretion.

• Authorized appropriations of $35 million for each of FYs 1987 and 1988.

Title V—Identification and Use of Surplus Federal Property

• Required HUD to collect information from other Federal agencies on underutilized properties, to determine their suitability for use as facilities for the homeless, and to notify the agency of its decision, and to be notified by the agency of its response to a determination that its property was suitable.

• Required that criteria for determining suitability be determined by HUD in consultation with the Secretary of Health and Human Services and the Administrator of General Services.

• Required the Secretary of Health and Human Services and the Administrator of General Services to make suitable properties available to private nonprofit organizations, local governments, and States, by means of leases of at least a year's duration.

HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1987

(Public Law 100-242, February 5, 1988)

Housing Assistance

• Authorized a PHA, or a Section 8 project with more than 2,000 units, with HUD approval to permit a family to pay for a three-year period a fixed monthly rent instead of 30 percent of income, provided the rent covered the operating cost and debt service attributable to a unit of the same size.

• Required the Comptroller General to report on the size, manner of determination and effect on tenant rent payments of utility allowances and payments.

• Required HUD to include in its annual report the characteristics of assisted families, including family size, source of income, age, race and sex of family members, and whether the head of family or spouse is a member of the armed forces.

• Amended restrictions on providing housing assistance to nonresident aliens to permit continued provision of assistance to avoid

division of a family in which the head of household or spouse is legally assisted, or to defer termination of assistance for up to three years to permit "orderly transition" to other housing.

Public Housing

• Authorized HUD to provide a capital grant for development or acquisition costs of public housing, instead of paying debt service on bonds issued for the purpose.

• Provided that public housing development could be funded only if the PHA has certified that 85 percent of its units are maintained to meet Section 8 housing quality standards, or will be so maintained when funded modernization or modernization for which a funding application has been filed is completed; that the development will replace units lost through demolition or disposition or is needed to comply with a court order; that it has family housing demand that cannot be met with Section 8 certificates or vouchers; or that HUD has approved it under a provision which gave HUD authority to use up to 20 percent of development funding for substantial reconstruction or redevelopment of existing public housing.

• Authorized public housing agencies to give priority for admittance to public housing projects for the elderly to families headed by persons between 50 and 62 years of age, if it found there was an insufficient number of applicants 62 years old or older.

• Amended the Public Housing Child Care Demonstration Program (established in the Housing and Urban-Rural Recovery Act of 1983, P.L. 98-181, November 30, 1983), to require that HUD make grants on a competitive basis to nonprofit organizations to provide child care services of the type called for in the 1983 Act, in space provided by the PHA; required HUD to report after three years on the feasibility of a permanent program. Authorized a set-aside from CDBG appropriations of $5 million for FY 1988 and $5.21 million for FY 1989.

• Required HUD to pay operating subsidies on the basis of the performance funding system, but with revisions made in consultation with PHAs to reflect increases in insurance costs, to provide for PHA's sharing in savings from more efficient use of energy, and to establish a review process for revisions to an agency's allowable expense level to correct inequities and for changed conditions.

• Amended the Comprehensive Improvement Assistance Program (CIAP) to provide different requirements for the comprehensive plan submitted by PHAs operating fewer than 500 units and those operating 500 or more units, and different purposes for which they could expend funds; to give greater flexibility to the PHAs in carrying out the plan; to enlarge the list of improvements eligible for special purpose funding; and to require HUD to complete the study of the need for modernization and to report on long-term capital needs for rehabilitation and on methods for allocating funds among the PHAs.

• Strengthened controls on demolition or disposition of public housing units by prohibiting approval of a request for such removal unless the PHA developed a plan, to be carried out within six years, to replace each unit removed with another unit provided through development of new public housing, or use of 15-year certificates or other similar State or local assistance, either project-

based or tenant-based if tenant-based assistance is found to be feasible; provided relocation assistance; and did not take any action until all tenants to be displaced were in fact relocated to suitable housing.

• *Resident Management and Homeownership*. Established procedures by which an elected resident council could set up a resident management corporation (RMC), and specified RMC composition, permissible activities and responsibilities, and rights to funding.

• Permitted HUD, on request, to waive for a RMC any regulatory requirements it determined unnecessarily increased costs or restricted income. Required HUD to report within six months on statutory waivers it determined were appropriate or necessary.

• Required HUD, to the extent budget authority was available, to provide up to $100 thousand for technical assistance to a resident council or RMC, to establish a RMC or develop its management capability, and to identify residents' social support needs and obtain such support; authorized use of $2.5 million in each of FYs 1988 and 1989 from CIAP funding for this purpose.

• Provided that a RMC which had managed a project effectively for at least three years could receive assistance to purchase the project from the PHA, if it met a number of conditions set forth in the law, including replacement of the same number of units as rental housing for the same income families as public housing tenants; payment of debt service on bonds would continue, but operating subsidies would be discontinued on the date of the purchase. Permitted resale of units by the RMC to lower-income families resident or eligible to be resident in public housing, subject to a number of restrictions.

• *Energy Efficiency*. Required HUD to carry out a demonstration program of energy efficiency, working with a technology organization that would work with public housing agencies to test a variety of energy-efficient designs in 100 separate housing units in four States, in a variety of housing types. Authorized use of $4.7 million of public housing development funds authorized for FY 1988.

• *Public Housing Comprehensive Transition Demonstration*. Established a new program which HUD was required to carry out in Charlotte, N.C., and permitted to carry out in 10 additional places, to demonstrate how effective provision of remedial education and job training would be in promoting a family's transition to private housing.

• *Required that a seven-year contract be executed with newly entering families in public housing to provide remediation services for up to two years, and counseling and other help during a subsequent five-year "transition" employment period.*

• Provided that rents could increase during the transition period as earnings increased, but required the PHA to encourage savings, including establishment of an escrow account, during the seven-year period.

• Required termination of the family's participation in the program if its income exceeded 80 percent of area median income.

• Required transition out of public housing residence by the end of the seven-year period, with the possibility of extension of the period by the PHA for good cause.

Section 8 Assistance

• Made technical amendments to ways of determining fair market rents and to contract terms with PHAs for receiving payments.

• Changed the Section 8(o) voucher program from a demonstration to a regular assistance method, permitted annual adjustment in rents (instead of twice in five years), and authorized HUD to set aside 5 percent of budget authority available for the voucher program for an adjustment pool.

• Established administrative fees to PHAs for both the certificate and voucher programs at 8.2 percent of the fair market rent for a two-bedroom unit, plus a flat fee for preliminary expenses for each new family, not to exceed $275, subject to appropriations.

• Provided for "portability" of certificates and vouchers, i.e., permitting a recipient family to use its assistance to rent a unit within the same or a contiguous metropolitan area as the one in which the approving PHA is located.

Rental Rehabilitation and HoDAG Programs

• Revised maximum per-unit grants for rehabilitation to permit higher payments for larger units, up to $8,500 for a three-or-more bedroom unit. Provided that families dislocated from housing being rehabilitated under the program or having to pay over 30 percent of income for rent, whether in relocation housing or in the rehabilitated unit, should receive Section 8 assistance.

• Made minor administrative and programmatic changes in both programs.

Housing for the Elderly and Handicapped

• Housing for the Handicapped. Established procedures to develop separate facilities for the nonelderly handicapped in a variety of arrangements, apart from units in Section 202 elderly housing, and required that not less than 15 percent of future appropriations for Section 202 be used for these facilities.

• Provided that, subject to appropriations, operating costs would be covered by means of an operating subsidy payment rather than through Section 8 payments, under a 20- year contract.

• Required occupancy by lower-income families, with rent payments as in assisted housing. Defined "nonelderly handicapped family" as a family whose head (and spouse, if any) is handicapped and under 62 years of age.

• Amended the requirement that Davis-Bacon wages be paid for construction under Section 202 to apply only to buildings designed for occupancy by 12 or more eligible families.

• *Congregate Services.* Made the program permanent by deleting the requirement that HUD report on the desirability of such a move.

• Required HUD to contract with a university or research institution to report on alternative methods of providing services to elderly persons in congregate housing.

Other Assistance Programs

• Made selection of tenants to receive rent supplement assistance subject to the same preferences as in other assistance programs.

• Authorized HUD to provide grants to counseling agencies for counseling of homeowners who, because of unemployment, are delinquent, or face the prospect of delinquency, in making mortgage payments on their principal residence; authorized appropriations of $3.5 million for each of FYs 1988 and 1989 to carry out this program.

• Strengthened requirements that a project owned by HUD or whose mortgage is held by HUD be continued in low- and moderate-income occupancy to the extent to which it is so occupied, both while under HUD's control or when sold, with right of first refusal in its purchase given to local agencies or the State housing finance agency.

• Established a demonstration program to be carried out with not more than four State housing finance agencies (HFA) to test the effectiveness of disposing of distressed multifamily properties through a cooperative arrangement in which the HFA provides an FHA-insured loan to the purchaser of the property.

• Amended the flexible subsidy program established by the Housing and Community Development Amendments of 1978 (P.L. 95-557, October 31, 1978) to add projects assisted by Section 23 and Section 202 to those eligible for flexible subsidy assistance, and to add a low-interest loan for capital improvements to the permissible uses of the fund, subject to a number of conditions and regulations, including a 20 percent matching contribution from the owner of the project.

Emergency Low Income Housing Preservation Act of 1987

• Found that achievement of national housing goals was threatened by the prospective loss of housing units from the rental, low-income assisted stock through prepayment of mortgages after 20 years, permissible under the mortgage contract in the HUD Section 221(d)(3) and Section 236 programs and FmHA Sections 514 and 515 programs, and expiration of Section 8 assistance contracts.

Prepayment of Sections 221(d)(3) and 236 Mortgages

• Adopted procedures, to be in effect for two years while a permanent program was developed, giving HUD power to control prepayment of mortgages on assisted housing.

• Required the owner wishing to prepay to submit a plan showing the intended future use of the property, and the effect on the tenants and the low-income rental stock in the community, and conform with the other procedures established in the Act.

• Prohibited HUD from approving the prepayment unless it found that it would not materially harm current tenants, that a sufficient supply of affordable housing existed in the community, that the plan had been approved by the appropriate State agency as being in accordance with a State housing strategy developed in accordance with provisions in this Act, and in other ways met the requirements of the Act.

• Authorized HUD to offer the owner a number of incentives to maintain the low- income character of the project in lieu of prepayment, to permit the owner to receive a fair return on his investment.

Section 8 Contract Termination

• Required that owners of housing receiving Section 8 assistance give one year's notice (or 90 days in the case of certificates or vouchers) of intent not to renew the contract, and required HUD to determine the legality of the failure to renew and to take any permissible action, including raising rent to the maximum Section 8 rent in the area, to prevent the termination.

Prepayment of Sections 514 and 515 Rural Housing Mortgages

• Required that borrowers who wished to prepay loans entered into before December 21, 1979, must apply to FmHA for approval.

• Required FmHA to make reasonable efforts to persuade owners to agree to maintain the low-income housing, including offering a number of specified inducements so the owner can receive a fair rate of return.

• Required owners, if still wishing to prepay, to offer the property for sale at its fair market value to a qualified public or nonprofit agency, which may be assisted in designated ways by FmHA to effect the purchase; permitted FmHA to accept transfer of up to 5,000 units each fiscal year.

• Authorized FmHA to accept prepayment if no qualified agency made an offer to purchase the property within 180 days of the owner's making the offer to sell.

Rural Housing

• Required FmHA to carry out a demonstration rural rental voucher program in FYs 1988 and 1989, to the extent approved in appropriation acts, to assist up to 7,500 units in not more than five States each year, using a payment standard like that used in the HUD voucher program under Section 8(o); provided that the program could operate in a State only if the State FmHA administrator certified, after an inventory of all housing, that there was sufficient suitable housing available for occupancy by voucher holders.

• Made restriction of housing assistance to aliens by FmHA conform to the procedures required in HUD programs.

• Changed permission for escrow accounts for insurance and tax payments for borrowers under the Section 502 homeownership program to a requirement that FmHA establish such accounts.

• Required FmHA to carry out a three-year demonstration program of guaranteeing loans under the Section 502 program made by private lenders, rather than making direct FmHA loans; provided home-purchasers must be of moderate income, below the area median.

• Directed HUD to carry out a demonstration program to determine the effectiveness of using the Section 17 rental rehabilitation program in rural areas, and a study of the availability of private residential credit in communities of under 2,500 population.

• Made a number of definitional and technical changes to various parts of the FmHA programs.

Mortgage Insurance and Secondary Mortgage Market Programs

Amendments to FHA Insurance Programs

• Gave permanent authorization to all FHA insurance programs except Section 235, instead of requiring periodic reauthorization; reauthorized Section 235 to September 30, 1989. Authorized commitments to insure mortgages aggregating $100 billion in FY 1988 and $104 billion in FY 1989.

• Limited the insurance premium for home mortgages to not more than 3.8 percent of the original obligation.

• Increased to 150 percent, from 133 percent, the amount by which insurable mortgage amounts could exceed statutory limits in high-cost areas.

• Increased the per-unit limitations on mortgage amounts in multifamily insurance programs, and the percentage amounts by which HUD could exceed these limits under certain circumstances.

• Required that investors make no less than a 25 percent downpayment to obtain home mortgage insurance, except in the rehabilitation loan program under Section 203(k). Made changes in programs authorizing alternative types of mortgages by permitting refinancing of graduated payment mortgages at the outstanding balance, rather than the initial amount, if this action reduced the monthly payment; increased the authority to insure adjustable rate home mortgages to 30 percent of the aggregate number insured in the previous year; and established a three-year demonstration program, limited to 2,500 mortgages, to determine the need for, best types of, and appropriate means of providing home equity conversion mortgages for elderly homeowners.

• Made a number of technical and corrective amendments in various programs, and amendments to lower risk and reduce losses in the insurance funds.

Amendments to Secondary Mortgage Market Programs

• Increased FNMA authority to issue commitments to insure mortgage-related securities by $150 billion in FY 1988 and $156 billion in FY 1989.

• Prohibited FHLMC from imposing an annual limitation on its mortgage purchases. Made permanent FNMA and FHLMC authority to purchase second mortgages on single-family properties.

• Prohibited imposition of fees on activities engaged in by FNMA or FHLMC, except for payment for services performed on their behalf by the Treasury or Federal Reserve System.

Community Development and Miscellaneous Programs

Community and Neighborhood Development and Preservation

• Provided that recipients of CDBG or UDAG funds have a relocation plan and provide relocation benefits to persons displaced from their homes by the funded activities, as well as one-for-one replacement of low- and moderate-income housing units demolished or made vacant by these activities; defined replacement housing to include provision of Section 8 rental assistance.

• Community Development Block Grants. Increased the percentage of CDBG funds that must be targeted to activities that prin-

cipally benefit low- and moderate-income persons from 51 percent to 60 percent.

• Amended definitions of metropolitan cities and urban counties to permit phasing in and out of funding for places which have gained or lost population.

• Expanded the list of activities eligible for CDBG funding.

• Increased and made more specific the requirements upon a grantee to have a citizen participation plan in developing the community development program.

• *Urban Development Action Grants*. Amended the process for selecting recipients of UDAG grants by eliminating the requirement that comparative economic distress be the primary criterion, adding a set of criteria relating to the effectiveness of the proposed actions in promoting economic development, and consideration of whether a place had received a grant in the previous two years, in addition to the two sets already included which related to economic distress and deterioration; provided a point system of weighing the three sets, with each receiving almost equal weight, plus an additional one or two points for places which had not received grants; required HUD to allocate 65 percent of funds on the basis of all the criteria and 35 percent on the basis of the newly added criteria.

Flood and Crime Insurance Programs

• Limited any increase in premium rates until September 30, 1989 for flood insurance programs under the National Flood Insurance Act of 1968 to a prorated annual rate of 10 percent, and for crime insurance under Part C of Title XII of the National Housing Act to not more than a prorated annual rate of 5 percent.

• Provided, under certain stated conditions, for payment under the flood insurance program for structures certified by an appropriate State or local agency to be subject to imminent collapse or subsidence because of erosion or undermining by wave action or excessive currents of water.

Miscellaneous Programs

• Established a Fair Housing Initiatives Program to make grants to State or local governments or their agencies or to private entities to assist them in carrying out activities to eliminate discriminatory housing practices, promote enforcement of fair housing laws, and educate the public concerning rights and obligations under these laws; authorized appropriations of $5 million in each of FYs 1988 and 1989.

• Required HUD and FmHA to collect data and report at least annually to Congress on the racial and ethnic characteristics of people eligible for assistance or being assisted under each community development, housing assistance, and mortgage insurance and guarantee program that each agency conducted.

• Amended the Home Mortgage Disclosure Act of 1975 (P.L. 94-200, December 31, 1975) to provide permanent authorization, and to extend coverage to mortgage banking subsidiaries of bank or savings and loan holding companies, unless they were approved by HUD for insurance under Titles I and II of the National Housing Act.

• Amended the Lead-Based Paint Poisoning Prevention Act (P.L. 91-695) to cover housing constructed prior to 1978, rather than 1950; to require that procedures established by HUD to detect poisoning hazards be based on criteria relating to the condition of the housing, not the health of the residents; to require inspection in HUD-associated housing of painted surfaces by approved techniques, with revelation of results to potential purchasers or tenants of the housing for surfaces showing levels above an approved maximum; to require specific inspection and abatement procedures in public housing, using CIAP funds; to require HUD to test abatement methods in HUD-owned single-family and multifamily housing to determine their relative reliability, cost-effectiveness and safety; and to require HUD to present various reports and proposed legislation to Congress within specified time periods.

Nehemiah Housing Opportunity Grants

• Established the Nehemiah housing program and Nehemiah Housing Fund to provide grants to nonprofit organizations to assist moderate-income families become homeowners of newly built or rehabilitated housing in lower-income areas.

• Provided that assistance be in the form of a noninterest-bearing second mortgage of not more than $15,000, repayable upon rental or transfer of the housing unit.

• Established criteria for selection of grantees by HUD, and requirements for the type and size of construction or rehabilitation projects and other conditions for receipt of a grant.

• Authorized appropriation of $25 million for FY 1988 and $100 million for FY 1989.

Enterprize Zone Development

• Provided for HUD, in consultation with other Federal agencies, to designate up to 100 areas as enterprise zones, of which at least a third shall be in nonmetropolitan places of under 50,000 population.

• Required that the proposed area be nominated by the local government and State in which it is located, be designated competitively on the basis of need, and meet a number of criteria relating to size, location, degree of poverty, unemployment, and economic decline.

• Required that the State and local governments agree to a specified course of action, such as a reduction of taxes or fees, an increased level of services, and other actions designed to reduce the burdens on businesses and workers in the zone.

• Prohibited actions to assist an enterprise in relocating from another area to the zone.

• Required HUD to coordinate all its programs carried on within the zone, and authorized it to waive or modify regulations pertaining to activities within the zone in order to further job creation and economic development, but prohibited HUD from waiving regulations against racial and other forms of discrimination, or if the waiver would violate a statutory requirement or would present a significant risk to health or safety.

INDIAN HOUSING ACT OF 1988

(Public Law 100-358, June 29, 1988)

• Amended the United States Housing Act of 1937 to establish an assisted housing program for Indians distinct from the public housing program, by providing that no amendment to the public housing law would apply to Indian housing unless explicitly so stated. Exempted Indian public housing from the provision requiring PHAs to permit pet ownership in public housing.

• Amended the definition of terms relating to assisted housing to conform with the requirements of this Act.

Mutual Self Help Homeownership Opportunity Program

• Established a new program as named above, requiring HUD, subject to appropriations, to assist Indian families on reservations to become homeowners, including owners of cooperatives.

• Required HUD to carry out this program by make grants to Indian housing authorities to develop, acquire, improve and operate housing projects the units of which were to be sold to individual families.

• Restricted families eligible for assistance by the PHA to lower-income families, except that the higher of 10 percent of the units or five dwelling units could be occupied by those with higher incomes if it could be demonstrated to HUD that they had a need for housing that could not be met otherwise; and to Indian families, except for non-Indian families living on a reservation whose presence could be shown to be essential to Indian well-being and whose housing needs could not reasonably be met otherwise.

• Required a resident family to contribute to development costs at least $1,500 value in money, labor, or in kind, and to make monthly payments equal to the higher of 15 to 30 percent of adjusted income or IHA monthly operating costs for the dwelling, excluding any public housing operating assistance received from HUD.

• Required that the family be given an opportunity to purchase its dwelling under a number of arrangements, including contributions under self-help provisions of Section 523 of the Housing Act of 1949 (P.L. 81-171, July 15, 1949).

• Required a number of supportive actions by HUD for the program and reports on its progress.

FAIR HOUSING AMENDMENTS OF 1988

(Public Law 100-430, September 13, 1988)

• Amended the Fair Housing Act of 1968 (Title VIII, P. L. 90-284, April 11, 1968) to strengthen enforcement of its provisions, by giving HUD the power to bring complaints of discriminatory action before an administrative law judge and to a civil court for enforcement, if conciliation failed; requiring the Justice Department to represent a complainant in a civil suit if HUD had found cause for action; providing fines and punitive damages in instances of discriminatory actions; and in other ways changing administrative and legal procedures.

• Added families with children and physically handicapped and mentally impaired persons to classes of persons protected against

discrimination in the purchase or leasing of a housing unit; and added to the definition of discrimination failure to permit modification of existing premises to permit occupancy by a handicapped person or to construct new multifamily buildings in designated ways which would permit such occupancy.

• Exempted housing for older persons from the prohibition of discrimination against families with children; defined housing for older persons as housing provided under a State or Federal housing program for the elderly, housing intended to be and solely occupied by persons 62 years old or older, or housing with facilities and services for the elderly of which at least 80 percent of the units are occupied by families in which at least one person is 55 years old or older.

• Added requirements for HUD reports to Congress on actions taken and progress toward fair housing under the Act, and data on characteristics of persons and households who fall under the protection of the various fair housing acts and regulations and of those who apply for the benefits of, or are assisted under, HUD programs.

STEWART B. MCKINNEY HOMELESS ASSISTANCE AMENDMENTS ACT OF 1988

(Titles IV and V, Public Law 100-628, November 7, 1988)

Title IV—Housing Assistance

• Added to eligible activities in the emergency shelter grants program efforts to prevent homelessness of persons threatened with loss of their home by a sudden loss of income. Authorized funding of technical assistance in operating or providing services in new as well as existing structures, in the Supportive Housing Demonstration Program.

• Added a requirement for an equal match from non-Federal sources of grants for acquisition and rehabilitation of structures for supportive housing.

• Modified some of the requirements for obtaining assistance and purposes for which assistance could be used in each of the types of housing programs funded under the Act.

• Required HUD to provide Congress within 12 months a report evaluating the impact of local rent control on the rate of homelessness and the supply of housing in major cities.

Title V—Surplus Property

• Added "unutilized" to "underutilized" properties to be made available for use for assistance to the homeless, and made other clarifying amendments.

FINANCIAL INSTITUTIONS REFORM, RECOVERY, AND ENFORCEMENT ACT OF 1989

(Titles V, VII, and XI, Public Law 101-73, August 9, 1989)

Title V—Financing for Thrift Resolutions

Subtitle A. Resolution Trust Corporation

• Required the RTC to market certain housing assets from receiverships to nonprofit organizations, public agencies, and qualifying households so as to maintain and increase ownership and rental opportunities for lower-income families.

• Required that single-family housing (including manufactured housing), appraised at or below the limits for Section 203(b)(2) of the National Housing Act ($67,500) with no allowance for high-cost areas, would be available for sale only to households with incomes not exceeding 115 percent of area median income, adjusted for family size, or to nonprofits or public agencies which agreed to make the property available for lower-income families (incomes not exceeding 80 percent of area median, adjusted for family size) for at least three months.

• Required that multifamily housing with appraised values not exceeding the amount for elevator-type structures under Section 221(d)(3)(iii) of the National Housing Act, with no allowance for high-cost areas, be available initially only to public agencies, nonprofit organizations, and for-profit entities with commitments to satisfy occupancy requirements that at least 35 percent of units be available to and maintained affordable by lower-income families including at least 20 percent of all units be for very low-income families (below 50 percent of area median income, adjusted for family size) for the remaining useful life of the property.

• Limited rents for very low-income families to 30 percent of the adjusted income of a family whose income equaled 50 percent of the area median, and for lower-income families to 30 percent of the adjusted income of a family with income equaling 65 percent of median for the area; disallowed evictions for purpose of meeting low-income occupancy requirements and allowed for compliance by reserving all new vacancies for lower-income households until requirements were met.

Title VII—Federal Home Loan Bank System Reforms

Part A—Federal Home Loan Bank Act Amendments

• Created the Federal Housing Finance Board (FHFB) to be an independent agency with responsibility for supervising the Federal Home Loan Banks, including ensuring that the Banks carry out their housing finance mission.

• Required FHFB to promulgate regulations establishing standards for community investment for members (qualified savings associations) of the Banks.

• Required each Federal Home Loan Bank to set up a Community Investment Program to provide funding at the Bank's cost of funds for community-oriented mortgage lending for purchase or rehabilitation of housing for families whose income did not exceed 115 percent of median income for the area, and for commercial and eco-

nomic development benefiting low- and moderate-income families and neighborhoods.

• Required each Bank to set up an affordable housing program for subsiding interest rates on advances (loans) to members who used the funds to finance homeownership for families with incomes at or below 80 percent of median for the area, or to finance purchase, construction or rehabilitation of rental housing in which at least 20 percent of units were to be occupied by and affordable for very low-income households.

• Set annual contributions by each Bank equal to the greater of $50 million or 5 percent of the preceding year's net income for 1991 through 1993, $75 million or 6 percent for 1994, and $100 million or 10 percent for 1995 and onward.

• Made provisions for redistributing or suspending the program under appropriate economic conditions, including the financial stability of the Banks.

Part B—Federal Home Loan Mortgage Corporation

• Reorganized the FHLMC and included a statement of purpose that included providing stability in the market for home mortgages and providing aid specifically to the secondary market for mortgages for low- and moderate-income families.

• Delegated general regulatory authority over FHLMC to HUD, including authority to require a reasonable portion of mortgage purchases be related to low- and moderate- income housing, but in such manner that the corporation would be able to earn a reasonable return.

Title XI—Real Estate Appraisal Reform Amendments

• Required that the various Federal financial institutions regulatory agencies promulgate standards for real estate appraisals and that all Federally-related real estate transactions be in compliance with those standards by December 31, 1991; established a State-based system of licensing or certifying appraisers to carry out such appraisals.

SUBSTANTIVE LEGISLATION IN DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND INDEPENDENT AGENCIES APPROPRIATION ACT, FY 1990

(Public Law 101-144, November 9, 1989)

• Provided that persons handicapped because of AIDS were eligible for Section 202 housing.

• Required HUD to review assistance contracts under Section 235 to determine the desirability of encouraging refinancing; required HUD to offer financial inducements to lenders and mortgagors to encourage such refinancing if such action is warranted by the possibility of sufficient reduction in assistance payments.

• Increased to 185 percent (from 150 percent) during FY 1990 the amount by which insurable mortgage amounts could exceed statutory limits in high-cost areas.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT REFORM ACT OF 1989

(Public Law 101-235, December 15, 1989)

Reforms to HUD

Ethics

• *Housing Assistance Programs*. Strengthened the provisions of Section 213 of the Community Development Act of 1974 requiring allocation of housing assistance among areas by formula based on indicators of need.

• Required publication of the allocation of funds among areas, of the availability of funding under any of the programs, of the criteria for selection among applicants, and of successful applicants.

• Required applicants for assistance of more than $200,000 to provide information about all persons with pecuniary interests in the proposed project and any related governmental assistance expected to be received; authorized HUD to impose a monetary penalty of up to $10,000 for violation of this requirement and established procedures for so doing.

• Prohibited HUD from providing more assistance than necessary to provide affordable housing, taking into consideration expected assistance from other sources.

• Prohibited advance disclosure during the selection process by any HUD officer or employee of information regarding the selection, to anyone not authorized by the Secretary to receive the information; provided a number of possible actions in the event of violation of this prohibition, including imposition of a monetary penalty of up to $10,000 for each violation and possible criminal penalties of up to five years' imprisonment.

• Limited headquarter reserves from each housing program's funding to not more than 5 percent of available funds, to be used only for unforeseen needs resulting from disasters and other emergencies and from settlement of litigation, and for housing in support of desegregation efforts.

• *CDBG Programs*. Amended the designated uses of special purpose funds in the CDBG program and redefined the term "technical assistance."

• Required HUD to publish regulations for establishing criteria for selection of grantees, the criteria to be used in making a grant, and notification of fund availability, prior to making a grant.

• *Waivers of Regulations Requirements and Handbook Provisions*. Required that all waivers be made only in writing and with specification of grounds for approval.

• Provided regulations could be waived only by the Secretary or someone of Assistant Secretary rank authorized to issue the regulation to be waived.

• Required publication in the Federal Register at least quarterly of all approved waivers of regulations, with identifying information.

• Required maintenance of information about waivers of handbook provisions in indexed form available for public inspection for at least three years.

• *Civil Money Penalties*. Authorized HUD to impose a fine on mortgagees and lenders, of not more than $5,000 for each violation

and not more than $1 million for any particular lender in a year, for violating any of an enumerated list of prohibited fraudulent practices; established procedures for imposition of penalties.

• Authorized imposition of fines of different amounts and following somewhat different procedures, on multifamily mortgagors, on Section 202 mortgagors, on GNMA issuers, and for land developers under the Interstate Land Sales Full Disclosure Act, for fraudulent practices violating requirements enumerated separately with respect to each of these programs.

• *Registration of Consultants*. Required that any person who spent money to influence a decision by HUD relating to the awarding of financial assistance or management action relating to conditions of financial assistance must keep records of such expenditures and report them to HUD.

• Required that any person being paid for such a purpose register with HUD and provide detailed information concerning his/her employment.

• Prohibited payment for such activity to be based on the amount of assistance being provided by HUD, or be contingent on success in obtaining an award, except under certain conditions where services are provided to a nonprofit entity.

• Authorized HUD to impose fines for violations of the above requirements, under procedures established in the Act.

Management Reform

• Required appointment by the Secretary of a Chief Financial Officer to develop and maintain a financial management system and oversee all Departmental financial management activities; and of a FHA Comptroller to oversee FHA financial operations.

• Amended the time periods for Congressional review of proposed regulations to expedite HUD rulemaking.

• Authorized appropriation of $25 million to be used to monitor and evaluate HUD housing and community development programs.

• Authorized HUD, despite the termination of the Section 235 insurance program, to insure mortgages used to refinance existing Section 235 mortgages, and to offer incentives to mortgagors to refinance their mortgages; excess budget authority resulting from the refinancing was to be rescinded.

• Authorized HUD to impose fines on State or local governments or agencies for violation of provisions of the urban homesteading program in the sale or use of property under the program.

• Amended the Section 8 moderate rehabilitation program to provide formula allocation of funding to localities and competitive awarding of assistance to projects, and to limit the number of units in a project.

Federal Housing Administration Reform

• Required issuance of an annual audited financial statement for each insurance fund.

• Repealed the program for insuring land development under Title X of the National Housing Act (added by Section 201, Housing and Urban Development Act of 1965, P.L. 89-117, August 10, 1965).

• Prohibited insurance of mortgages on single-family houses that were not owner- occupied, unless the mortgagor was a State or local governmental or nonprofit entity.

• Amended a number of provisions in Title I and Title II FHA insurance programs and in the Department of Housing and Urban Development Act to lessen risk to the insurance funds and to lower the possibility of fraudulent actions in obtaining insurance.

• Created a Federal Housing Administration Advisory Board to review FHA operations and advise the FHA Commissioner on policy, with 15 members, of which nine were to be appointed by the HUD Secretary, and three each by the chairman and ranking minority member of the House and Senate Housing Subcommittees, respectively. (The Board was terminated as of January 1, 1995, by the Housing and Community Development Act of 1992, P.L. 102-550, October 28, 1992.)

• Established a Mortgagee Review Board within FHA to initiate and take disciplinary action, subject to court review, against any mortgagee engaging in actions violating FHA or fair housing requirements.

Housing Preservation

• Extended the operation of the Emergency Low Income Housing Preservation Act of 1987 (ELIHPA) (Title II, P.L. 100-242, February 5, 1988), which limited prepayment of mortgages on assisted multifamily housing, to September 30, 1990.

• Clarified that restrictions on prepayment of mortgages under ELIHPA also applied to termination of insurance by a mortgagee holding the mortgage on the covered property.

• Amended ELIHPA provisions to make public entities eligible mortgagors of Section 236 housing; to expand and clarify incentives to owners to keep projects in low- income use; to provide greater protection to tenants; and to protect HUD insurance funds.

• Required HUD to study and report to Congress the physical renovation needs of the privately owned, assisted multifamily stock, and an estimate of available and needed Flexible Subsidy funds for the next three years.

• Prohibited FmHA from accepting prepayment of a loan made or insured after the enactment of this Act.

• Authorized FmHA to guarantee loans for equity takeouts for Section 515 projects to keep them in low-income use, subject to designated procedures and requirements.

Housing Program Extensions and Changes

• Extended the availability of ceiling rents in public housing to five years, from current three years.

• Authorized the sale of units in a project developed by a nonprofit cooperative with assistance from a HoDAG grant for condominium or fee simple ownership, provided a majority of the units in the project had three bedrooms, at least 80 percent of the units were initially sold to lower-income households and their housing costs would not exceed 30 percent of actual income; made provision for recapture of the grant under specified circumstances.

Rural Housing

• Required the Department of Agriculture to publish, with respect to any housing assistance program, notice of availability of assistance, procedures for applications, and criteria for selection of awardees; and to maintain for public inspection documentation of the reasons for selection of the awardee and purposes for which the award will be used.

• Required an applicant to reveal any related assistance expected to be received from any governmental agency, and the name and pecuniary interest of all interested parties.

• Required registration and regulation of all persons seeking to influence the awarding of assistance, including civil penalties for violation of these regulations.

National Commission on Severely Distressed Public Housing

• Established a National Commission on Severely Distressed Public Housing, to identify projects in such a condition, to assess the most promising strategies being followed to improve such conditions by agencies of different types throughout the country, and to develop a plan to eliminate unfit living conditions in such projects by the year 2000.

• Provided the Commission be composed of 18 members, to be appointees of HUD, the chairman and ranking minority member of the authorizing subcommittees and of the HUD appropriation subcommittees of the House and Senate, with each appointing group appointing two elected public officials, two local public officials or representatives of PHAs, one tenant representative, and one business or labor leader or academic.

• Specified the powers of the Commission, including securing needed information and help from all Federal agencies.

• Required a final report within one year.

• Authorized appropriation of $2 million for FY 1990 and $1 million for FY 1991.

National Commission on Native American, Alaska Native, and Native Hawaiian Housing

• Established a Commission as named above, to evaluate factors impeding development of affordable housing for Indians, Alaska Natives and Native Hawaiians, to evaluate strategies being pursued for development, management, and modernization of such housing, and to develop an action plan for such housing, specifying objectives achievable by HUD in cooperation with relevant parties and recommending necessary legislative, regulatory, or administrative actions.

• Provided for appointment of 12 members in a manner analogous to the Commission established in Title V, but with members appropriate to the purposes of this Commission, appointed by HUD, the chairman and ranking minority member of the same Congressional committees plus those of the Senate Select Committee on Indian Affairs.

• Authorized appropriation of $500,000 for each of FYs 1990 and 1991.

Miscellaneous

• Preempted State laws providing right of redemption to mortgagors in foreclosure actions involving Section 312 loans on vacant and abandoned properties.

• Established a set-aside for Indian tribes of one percent of appropriated funds in the Community Development Block Grant program, to be distributed on a competitive basis, administered by the HUD Office of Indian and Alaska Native Programs.

• Modified regulations applicable to the automatic annual adjustment factor in the Section 8 program.

VIII. THE 1990s—TOWARD DECENTRALIZATION

CRANSTON-GONZALEZ NATIONAL AFFORDABLE HOUSING ACT

(Public Law 101-625, November 28, 1990)

General Provisions and Policies

• Reaffirmed the national housing goal that "every American family be able to afford a decent home in a suitable environment."

• Established seven objectives of housing policy and five purposes of the Act.

• Provided that housing assistance be provided a jurisdiction only if it has submitted a comprehensive housing affordability strategy (CHAS) describing in some detail its housing needs for the next five years, the characteristics of the housing market within the jurisdiction, the proposed strategy and plans for meeting the needs, and the public and private resources and institutional structure available for carrying out the plans. Established procedures to be followed by the jurisdiction and HUD in preparation and acceptance of the CHAS.

• Required that the requesting jurisdiction certify that any request for assistance under the HOME program set up in this Act and the community development, housing assistance, and homeless assistance programs authorized in the Housing and Community Development Act of 1974 (P.L. 93-383, August 22, 1974) and Stewart B. McKinney Homeless Assistance Act (P. L. 100-77, July 22, 1987) is consistent with its CHAS strategy.

HOME Investment Partnerships Act (HOME)

• Established the HOME program to expand the supply of affordable housing, to strengthen the ability of State and local governments to achieve an adequate supply of such housing, to promote governmental-private partnerships in activities for this purpose, and to expand the capacities of nonprofit community housing development organizations.

• Authorized HUD to make housing funds available to participating State and local jurisdictions through a HOME Investment Trust Fund, established in this Act, to be used according to its CHAS for provision of affordable rental and owner-occupied housing.

• Required that appropriated funds be allocated by formula based on factors reflecting need, with 1 percent to Indian tribes, the remainder divided 60 percent among local governments and 40 percent to States, with minimums for each participating State and locality; provided a special set-aside and formula for jurisdictions proposing new construction or substantial rehabilitation.

• Provided that funds could be used for rehabilitation, new construction, or tenant- based assistance, with emphasis on rehabilita-

tion and special requirements for new construction; required matching funds of amounts varying from 25 to 50 percent, depending upon the type of program; prohibited use for administrative expenses, for public housing operating subsidies, for rental assistance for families displaced by demolition of public housing, for extension of Section 8 contracts, or for preservation of assisted housing projects.

• Defined affordable housing as rental housing available to low-income families, based on specified rent levels and income of tenants; and housing for homeownership, as housing selling for less than 95 percent of the median price in the area to first-time homebuyers.

• Required that for 18 months, 15 percent of funds made available to a jurisdiction be invested in housing developed, sponsored, or owned by community housing development organizations; authorized use of such funds for technical assistance and other aids to such organizations.

• Required HUD to provide technical, educational, and research support to participating jurisdictions and other appropriate organizations to develop capacity to identify and meet the needs for affordable housing.

• Required HUD to develop and make available to communities for their use detailed models of programs suitable for carrying out the purposes of the HOME program, including production of rental housing under various tenure arrangements, rehabilitation, sweat equity programs, and others.

• Required the Comptroller General to study and report within a year on ways to make mortgage credit available for the most efficient production of affordable housing under the HOME program, through government-assisted financing, assistance to FNMA and FHLMC, or other actions.

• Terminated the rental rehabilitation and HoDAG grants program under Section 17 of the United States Housing Act of 1937; the Section 312 rehabilitation program; the Nehemiah homeownership program established in the Housing and Community Development Act of 1987; the moderate rehabilitation program under the Existing- Housing section of the Section 8 program, except for rehabilitation for single-room occupancy under the Stewart McKinney Homeless Assistance Act; and the Urban Homesteading program established in Section 810 of the Housing and Community Development Act of 1974.

• Authorized appropriation of $1 billion for FY 1991 and $2.086 billion for FY 1992.

Homeownership

National Homeownership Trust Act

• Established a National Homeownership Trust in HUD, governed by a board of directors composed of the Secretaries of HUD and the Treasury, chairpersons of the Board of the Federal Deposit Insurance Corporation, of FNMA, and of FHLMC, chairperson of the Federal Housing Finance Board, and an individual representing consumer interests appointed by the President with the advice and consent of the Senate.

• Empowered the Trust to make assistance payments to reduce mortgage interest to not more than 6 percent and to provide downpayments for eligible homebuyers.

• Defined those eligible as first-time homebuyers with incomes not over 95 percent of median in the area, adjusted for family size, or not over 115 percent of median in areas designated for high-cost area mortgage limits under FHA insurance programs, who have been denied market-rate mortgages because of insufficient income.

• Required the homebuyer to pay not less than 1 percent of acquisition cost when receiving downpayment assistance.

• Required that assistance be repaid out of any net proceeds upon sale of the property, or, on a monthly basis, if family income rose to exceed eligibility amounts for a two- year period.

• Authorized appropriation of $250 million for FY 1991 and $521.5 million for FY 1992; provided for termination of the Trust on September 30, 1993.

FHA and Secondary Mortgage Market

• Authorized FHA commitments to insure mortgages for aggregate principal amounts of $76.791 billion in FY 1991 and $79.818 billion in FY 1992.

• Made permanent the increase to 185 percent the amount by which insurable mortgage amounts could exceed statutory limits in high-cost areas.

• Limited a mortgage to 98.75 percent of appraised value, for properties valued at $50,000 or less, or to 97.75 percent for properties with higher values, plus any mortgage insurance premium included in the mortgage.

• Changed the amount of, and method of collecting, the insurance premium for FHA mortgages on one- to four-family dwellings, after October 1, 1994, to a single premium of 2.25 percent of the principal mortgage amount, payable at the time of insurance, plus an annual premium of .5 or .55 percent, for 11 or 30 years, depending on the size of the downpayment; established transitional payments for FYs 1991 and 1992, and for FYs 1993 and 1994.

• Prohibited FHA insurance of mortgages on secondary homes, except to avoid undue hardship to the mortgagor, and in no case on vacation homes.

• Required HUD to establish a system under which selected mortgagees could process FHA-insured loans on multifamily properties, with HUD retaining authority to approve rents, appraisals, expenses, and mortgage amounts, and also maintaining the current system under which FHA staff performed all processing.

• Prohibited lenders from practicing tiered pricing, that is, charging fees that varied by more than 2 percentage points on loans made in the same area.

• Required HUD to monitor mortgagees' performance in meeting the restriction on tiered pricing, in meeting the lending needs of the community, and in making loans that result in defaults; to establish procedures for individuals to request HUD to determine if a mortgagee is in compliance with these requirements; and to report on the results of cases referred to the Mortgagee Review Board for action.

• Required HUD to take actions to ensure the actuarial soundness of the Mutual Mortgage Insurance Fund, including attaining a capital ratio of at least 1.25 percentage points within 24 months of enactment of this Act and attempting to attain 2.0 percent within 10 years; limiting distribution of refunds of insurance premiums to mortgagors who have paid off their loans; adjusting insurance premiums, after notice to Congress, if fund operational goals were not being met; and having an independent study of the fund's actuarial soundness made annually.

• Increased to 25,000, from 2,500, the number of mortgages which could be insured under the home equity conversion mortgage insurance demonstration program.

• Required HUD to submit a report on the strategy for disposing of foreclosed properties in HUD's possession, with emphasis on working with other governmental bodies, nonprofit organizations, and others in fostering purchase by low- and moderate-income families and first-time homebuyers.

• Increased the maximum limits on amounts and term of insured property improvement loans.

Homeownership and Opportunity for People Everywhere (HOPE)

HOPE for Public and Indian Housing Homeownership

• Established a program authorizing HUD to make both planning and implementation grants to promote homeownership of public and Indian housing by their tenants, in a new Title III of the United States Housing Act of 1937.

• Defined eligible applicants for grants as a public or Indian housing agency, a resident management corporation or council, a cooperative association, public or private nonprofit corporation, or a public body.

• Authorized HUD to make planning grants on a competitive basis of up to $200,000 to eligible applicants, to develop homeownership programs, including development of resident councils and management corporations, feasibility studies and preliminary architectural work, and other planning activities.

• Authorized HUD to make implementation grants on a competitive basis to carry out activities to promote a homeownership program, including administrative costs, acquisition costs (except for scattered site single-family public housing), rehabilitation, development of resident management councils and corporations, counseling and training of buyers, relocation costs, replacement housing, operating expenses up to the amount that would have been receivable under the public housing operating subsidy program, and economic development activities.

• Specified minimum requirements for a grant application and for selection criteria to be established by HUD, for both planning and implementation grants.

• Required a 25 percent match by the recipient of implementation grants.

• Established requirements for the homeownership program regulating eligibility for buyers, sales price and costs, financing, housing quality restrictions on resales, and others.

• Required that a homeownership program provide for acquisition by eligible families of at least one-half the units in a project, with sales prices of the units such that a family not have to spend more than 30 percent of adjusted income per month to complete a sale.

• Provided purchase could include fee simple ownership, including condominium ownership and cooperative ownership, including limited-equity ownership.

• Defined families eligible as purchasers as tenants of public or Indian housing, low- income families, families or individuals assisted under a program administered by HUD or FmHA, not including non-low income families assisted by mortgage insurance, with preference to current tenants and second preference to other qualified families who have completed participation in an economic self-sufficiency program.

• Exempted disposition of public housing under this program from the general limitations on disposition in Section 18 of the United States Housing Act of 1937.

• Authorized use of Section 8 five-year certificates or vouchers for replacement of units lost from public housing through sale under this program.

• Authorized appropriation of $68 million for FY 1991 and $380 million for FY 1992 for this program.

HOPE for Homeownership of Multifamily Units

• Established a program similar to HOPE for Public Housing, with modifications making it appropriate for application to multifamily rental property owned or held by HUD, financed by a loan or mortgage held or insured by HUD, determined to have serious physical or financial problems under an insurance or loan program administered by HUD, or owned or held by the FmHA, the Resolution Trust Corporation, or a State or local government.

• Defined an eligible family as a family or individual who is a tenant of the eligible property or whose income does not exceed 80 percent of the area median, adjusted for family size.

• Required that a homeownership program provide for acquisition by eligible families of the individual units, without specifying the proportion of one-half included in the HOPE for public housing program.

• Required a 33 percent match of an implementation grant.

• Exempted eligible properties covered by an approved homeownership program from the requirements of the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (Title VI, see below), or the requirements on sale of projects acquired by HUD.

• Authorized appropriation of $51 million for FY 1991 and $280 million for FY 1992 for grants under this program.

HOPE for Homeownership of Single-Family Homes

• Established a program similar to above HOPE programs, with appropriate changes for properties with one- to four-dwelling units owned by HUD, FmHA, VA, the Resolution Trust Corporation, a State or local government, or a public or Indian housing agency.

• Required a 33 percent match by the recipient of implementation grant.

• Required that all occupants participate in the homeownership program.

• Authorized $36 million for FY 1991 and $195 million for FY 1992 for grants under this program.

Housing Assistance

• Removed the limitation on numbers of single persons who could receive housing assistance, but provided they could be assisted only in efficiency or one-bedroom units.

• Increased deductions for calculating adjusted income to determine required rent payments in assisted housing, subject to appropriations for the purpose.

• Prohibited, subject to approval in an appropriation act, more than a 10 percent increase in each 12-month period in the rent paid by a family because of an increase in adjusted income resulting from employment of a previously unemployed family member.

Family Self-Sufficiency Program

• Established a program to coordinate provision of housing assistance through public housing and Section 8 certificates and vouchers with educational and training programs to promote economic independence.

• Provided that each PHA develop a plan, in consultation with tenants, local government and service agencies, for providing education, training and supportive services to recipients of housing assistance; provided that PHA participation in the program was voluntary in FYs 1991 and 1992, and required thereafter, unless the PHA could demonstrate participation was not feasible.

• Provided that tenants, on a voluntary basis, sign a contract agreeing to participate in the program and to seek employment within a five-year period; rent increases resulting from employment during the period were to be placed in escrow, available to the tenant when the contract was completed and the tenant no longer received housing assistance, for purchase of a home or other appropriate use, but subject to forfeiture to the PHA if the contract were not satisfactorily completed or housing assistance continued.

• Required that not less than 10 percent of budget authority appropriated for public housing development and Section 8 certificates and vouchers be available on a competitive basis for local self-sufficiency programs in FYs 1991 and 1992, and that all funds for incremental assistance in these programs be so used thereafter.

Foster Care Children and Family Unification

• Authorized public housing agencies to make dwelling units available to families whose lack of adequate housing made imminent the placement of a child in foster care or prevented return of a child from foster care, or to a youth who is discharged from foster care and cannot return to his family or to an adoptive family; authorized an appropriation of $35 million for each of FYs 1991 and 1992 for additional Section 8 certificates to be used for the same purpose; required that housing needs of such families be included in a locality's housing assistance plan.

Public and Indian Housing

• Increased the proportion of units available for occupancy in any year that are not subject to Federal preference selection requirements to 30 percent (from 10 percent), but required the PHA to establish local preferences for these units, in accordance with a number of specified needs.

• Increased to 15 percent, from 5 percent, the proportion of newly occupied assisted units which could be rented to families with incomes between 50 and 80 percent of median.

• Authorized a PHA to permit preference in giving assistance for families with a child in danger of being placed in foster care or unable to be discharged from foster care because of inadequate housing.

• *PHA Management*. Required HUD to establish a means of assessing the management performance of PHAs through a set of indicators based on a number of specified factors, including procedures for designating troubled agencies and those troubled with respect to modernization activities; authorized HUD, in consultation with PHAs and public officials, to identify those performing in an exemplary way.

• Required HUD to attempt to enter into an agreement with each troubled PHA to set targets and strategies for improved performance, and incentives or sanctions for effective implementation of the agreement.

• Authorized HUD, if a PHA failed to meet requirements of the agreement or terms of the Annual Contributions Contract, to petition a court for a receiver to make other arrangements for managing the project.

• Required a PHA receiving an operating subsidy to maintain financial accounts separately for each project it operated, rather than on an agency-wide basis.

• *Eviction and Termination Procedures*. Authorized a PHA to establish an expedited grievance procedure, or, if the jurisdiction required a hearing providing due process for evictions, to waive its grievance procedure, for an eviction or lease termination because of criminal activities threatening the health, safety, or enjoyment of premises of other residents or employees, or any drug-related criminal activity on or near the premises.

• Required public housing leases to specify that, in any eviction procedure, a tenant should be informed of the right to examine relevant documents prior to a hearing.

• Required public housing leases to contain a provision that made a cause for eviction any criminal activity threatening the health, safety or right of peaceful enjoyment of other tenants, or any drug-related criminal activity on or near the premises engaged in by the tenant or any member of the tenant's family or guest or other person under the tenant's control.

• *Services to Frail Elderly*. Authorized use of public housing operating subsidies to pay for a coordinator of services to frail elderly or disabled residents and up to 15 percent of the cost of services which will permit them to continue independent living.

• *Modernization Funding*. Amended the Comprehensive Improvement Assistance Program (CIAP) to provide allocation of funds by formula, based on relative need, rather than by competition.

• Authorized HUD, effective in FY 1992, subject to appropriation, to reserve up to $75 million of funds appropriated each fiscal year for CIAP to use for modernization needs resulting from disasters or emergencies.

• Provided that half the remaining funds be allocated for backlog needs and the other half for needs accrued since the last measurement of backlog needs; allocation was to be by formula based on statistically reliable data on need, for individual agencies with 500 or more units and the aggregate of agencies with fewer than 500 units, or by objectively measurable data as set forth if statistically reliable data were not available; changed the "500 unit" threshold to 250 units, effective October 1, 1992.

• Provided for flexibility in the use of funding by agencies with 500 or more units, and for allocation as special purpose modernization for smaller agencies; changed the threshold for different procedures to 250 units, effective October 1, 1992.

• Provided special provisions for agencies designated as "troubled for modernization" by HUD, which limited the amounts of formula funding each could receive, with changing amounts based on progress toward achieving nontroubled status.

• Established special provisions for operation of agencies with a vacancy rate exceeding twice the average rate or troubled agencies, under a vacancy reduction plan prepared with HUD assistance.

• *Youth Sports Programs*. Authorized HUD to make grants on a competitive basis out of funds appropriated for public and assisted housing drug elimination programs, to qualified State, local and non-profit agencies for youth sports programs in public housing projects with substantial drug problems, to provide both physical facilities and appropriate activities.

• Limited the grant with respect to any project to $125 thousand in each fiscal year, and required the grant recipient to provide matching funds from non-Federal sources equal to 50 percent of the grant amount.

• *Mixed Income New Communities Strategy Demonstration Program*. Required HUD to carry out a demonstration program in Chicago, and authorized it to apply the program in three other places selected on a competitive basis, to test the effectiveness of revitalizing urban communities through socioeconomic mixed housing.

• Required establishment of a coordinating committee with representatives of local government and others, and arrangements for provision of a variety of services and other incentives to participating tenants.

• Authorized a participating PHA to use its operating subsidy to subsidize very low- income public housing tenants in renting units in newly constructed or substantially rehabilitated privately owned structures, in which not more than a quarter of the units are occupied by such families.

• Authorized the PHA to rent a quarter of the units (or up to half in special circumstances) in a public housing project to families with incomes of 50 to 80 percent of median.

• Required each family subsidized in the privately owned units to enter into a seven- year contract, describing the supportive services, education, and other incentives to be provided and the obligations undertaken, including continuing education and employment

by family members, leading to a transition to residency in unsubsidized housing.

• Programs for Upward Mobility. Established, in addition to Family Self Sufficiency and other programs noted above, a number of programs providing grants or giving permission to PHAs to use space in public housing projects for supportive activities to promote upward mobility of residents, including family investment centers, for training and educational services; Indian early childhood development centers; and one-stop perinatal services demonstrations.

• *Studies*. Required HUD to conduct studies, with reports due within a year, assessing alternative methods of providing sufficient funds to PHAs for operation and modernization, and revised payment systems, with particular emphasis on conversion of current payments to a steady stream of capitated payments.

• Required GAO to study, and report within a year, alternative methods of developing public housing in coordination with local housing strategies and the low-income housing tax credit.

Low-Income Rental Assistance

• Permitted a PHA, for up to 10 percent of its incremental certificates, to allow a family at its own request to pay more than 30 percent of its income and the owner to receive more than the Fair Market Rent, provided the PHA determined the rental payment and rent were reasonable.

• Increased to 30 percent the proportion of project-based new tenants exempt from Federal preference rules, continued the 10 percent exemption for tenant-based assistance, but required PHAs to establish written local preferences according to a number of criteria for those exempt from Federal preference; prohibited discrimination in giving preference for tenant-based assistance against residents of public housing; and prohibited preference for three years for an individual or family evicted from assisted housing because of drug-related criminal activity, unless the evicted tenant successfully completed a rehabilitation program.

• Required PHAs to review rents for units to be occupied by recipients of vouchers for reasonableness, and permitted a PHA to disapprove the lease if it found the rent was not reasonable.

• Required HUD to report annually on the number and types of families receiving certificate and voucher assistance who pay more than 30 percent of adjusted income for rent, the market circumstances associated with such high payments, and HUD recommendations for appropriate action.

• Authorized HUD to provide voucher assistance for rental of manufactured homes or of the land on which a home is placed.

Homeownership Counseling

• Amended the counseling program established in the Housing and Community Development Act of 1987 (P.L. 100-242, February 5, 1988) and added a new section establishing a prepurchase and foreclosure counseling demonstration under which grants are to be made to qualified nonprofit organizations to provide counseling in counseling target areas to specified types of first-time homebuyers prior to purchase and to delinquent homeowners with FHA-insured mortgages to prevent foreclosures.

• Required HUD to establish three areas in at least two metropolitan areas meeting criteria of age of homes, delinquency rates, and transaction rates, and similar control areas to permit evaluation by GAO of the effectiveness of the counseling under the program. Authorized appropriations of $350,000 for FY 1991 and $365,000 in FY 1992 to carry out the demonstration.

Public and Assisted Housing Drug Elimination Act of 1990

• Amended the Public Housing Drug Elimination Act of 1988 (Chapter 2 of Subtitle C, Title V, P. L. 100-690) to provide grants to assisted housing projects as well as public housing, with appropriate revision of criteria for selection, and made a number of clarifying and procedural amendments.

Title VI—Low-Income Housing Preservation and Resident Homeownership Act of 1990 (LIHPRHA)

• Established a permanent program for preservation of assisted housing in danger of being lost from the low-rent stock through prepayment of mortgages insured under Section 221(d)(3) or Section 236, or of State or local uninsured Section 236 projects, to replace the temporary provisions of the Emergency Low Income Housing Preservation Act of 1987 (Title II, Housing and Community Development Act of 1987, P.L. 100-242, February 5, 1988).

• Permitted prepayment of mortgages under very limited circumstances.

• Protected tenants and owners through a system which provided owners who had been denied prepayment rights or who did not wish to prepay a choice between continuing operation with a number of incentives to provide a fair return on their equity or of selling to other entities who would continue such operation, with the same incentives.

• Established extensive procedures of notification, appraisals, provision of incentives, priority purchasers, and tenant protections under the several owner options.

• Established analogous additional revenue sources for assistance to owners of Section 236 projects in need of physical repairs to continue provision of low-rent housing in suitable condition.

Rural Housing

• Authorized FmHA to supplement a Section 502 loan made to finance housing in a remote rural area with a grant up to the amount by which the land and construction costs exceed the appraised value, and prohibited refusal to make or insure a loan solely on the basis of location in an excessively remote or rural area.

• Established a two-year deferred mortgage demonstration program permitting FmHA, subject to approval in appropriation acts, to use up to 10 percent of Section 502 loan funds to defer up to 25 percent of the mortgage payment due at a 1 percent interest rate for families who are eligible for 1 percent mortgages under the Section 502 homeowner loan program, but who cannot make the required payments with 20 percent of their income; made deferred payments subject to recapture.

• Required FmHA, in addition to providing loans for purchase of rural housing, to guarantee up to 90 percent of a mortgage loan

made by private lenders to home purchasers with incomes below area median, of eligible houses located in places more than 25 miles from an urban or densely populated area which are not adequately served by the mortgage market; gave priority to first-time homebuyers; established loan term of up to 30 years, interest rate not higher than that of VA or comparable unguaranteed loans in area; authorized FmHA to require first-time buyer to complete homeownership counseling course.

• Required FmHA to follow State foreclosure procedures if these were more favorable to the borrower than those of FmHA.

• Required FmHA to offer to transfer its interest in a property in default located on Indian tribal or trust land to a tribal member, the tribe, or the Indian housing authority, before liquidation; and to sell only to one of these entities if the property is subsequently sold. Required FmHA to set aside not less than 7 percent from funds for Section 515 rental housing in FY 1991, and not less than 9 percent in FY 1992, for use by nonprofit entities. Housing in Underserved Areas. Required targeting of funds to 100 designated underserved high-poverty areas in each of FYs 1991 and 1992, to improve the quality of affordable housing.

• Provided that 3.5 percent of lending authority under homeownership and rental programs in FY 1991 and 5 percent in FY 1992 (with appropriate amounts of Section 521 rental assistance) be reserved for loans and grants to prepare loans under these programs in the targeted areas.

• Defined target areas as those which over a five-year period received substantially lower per-capita amount of assistance than other counties and communities in the State, with 20 percent or more of its population at or below poverty level, and 10 percent or more of its population residing in substandard housing.

• Defined grant applicants as a nonprofit organization or corporation, community housing development organization, a State or local government or its agency.

• Required preference in selecting grantees to be given to projects located in area with 28 percent of its population below the poverty level and 13 percent of its population living in substandard housing, with priority for up to 5 percent of assistance to be used in colonias, defined as communities lacking potable water supplies and adequate sewage systems located in Arizona, California, New Mexico or Texas within 150 miles of the Mexican border.

• Directed FmHA to establish an outreach program publicizing the availability of grants and loans and to promote applications for them.

• Housing for Rural Homeless and Migrant Farmworkers. Established a new program which authorized FmHA to lend, on a competitive basis, up to $400,000 ($800,000 in high-cost areas) for acquisition, rehabilitation, or construction of affordable rental housing for migrant farmworkers or homeless; grants of up to $400,000 for moderate rehabilitation of an existing structure; and payments of up to 75 percent of operating costs of such housing. Defined an applicant for such assistance as a State, political subdivision of a State, Indian tribe or private nonprofit organization.

• Provided that loans under the program be entirely repaid if the housing was used for the program purposes for less than 10 years,

with repayment reduced by 10 percent for each year it was so used after 10 years.

• Provided that the applicant for assistance provide reasonable assurance that the housing would be occupied by homeless individuals and families only on a temporary basis during the off season, and otherwise would be available to migrant farmworkers.

• Required migrant farmworkers or homeless persons residing in the assisted housing to pay the same rent as would be required under the HUD housing assistance programs.

• Required FmHA to study and report on the extent and characteristics of homelessness in rural areas, and recommend actions to alleviate the problem.

Housing for Persons with Special Needs

Supportive Housing for the Elderly

• *Section 202 Housing*. Restructured Section 202 of the Housing Act of 1959 (P.L. 86-372, September 23, 1959), with respect to projects developed after September 30, 1991, to add provision of supportive services to the purposes of the program, and to establish a new financing method for providing assistance for housing for the elderly.

• Changed the financing method for providing housing from a direct loan to a no- interest capital advance to a nonprofit organization, to be repaid only if the housing did not continue to be used for low-income elderly persons; included a number of procedural provisions relating to selection of projects to be financed, cost control, and other relevant matters.

• Replaced Section 8 assistance to residents with provision of operating assistance payments to the project, but continued to require the same rent payments from tenants as under Section 8.

• Required HUD to ensure that the assisted housing provide nutritional, housekeeping, and other services tailored to the needs of elderly residents, including frail elderly; included the managerial costs for obtaining and coordinating provision of such services in the operating assistance payments.

• Authorized appropriation for FY 1992 of $659 million for capital grants and $363 million for operating subsidies; required that 20 percent of funds be allocated for nonmetropolitan areas.

• Authorized use of properties purchased from the RTC for Section 202 housing for the elderly, and authorized RTC to sell properties for this purpose.

• Amended the National Housing Act to include elder cottage housing opportunity (ECHO) units under the term "manufactured home" for purposes of FHA insurance, and required HUD to carry out a demonstration program to determine the feasibility of using such cottages, when installed adjacent to existing single-family homes, in the Section 202 program; required that such cottages be small, free-standing, barrier- free, energy efficient, and removable.

• Authorized including in operating assistance 15 percent of costs of providing services in projects where tenants were principally frail elderly, except where the project was assisted under the congregate housing services program.

• Included transitional provisions for continuing assistance to projects developed under Section 202 prior to these amendments.

• *Congregate Housing Services*. Revised and expanded the congregate housing program, to provide assistance for frail elderly persons, persons with disabilities of any age, or temporarily disabled, residing in public housing or Federally-assisted privately owned housing. Provided for five-year, renewable contracts, made on a competitive basis, between HUD or FmHA and eligible contractors to fund retrofitting of dwelling units to meet special physical needs and provide congregate space, and to provide congregate services which meet nutritional, personal service, housekeeping, transportation and other needs, in order to prevent unnecessary institutionalization.

• Defined eligible contractors as States, Indian tribes, local government, and nonprofit organizations.

• Limited resident payments for meals and other services to amounts necessary to cover 10 percent of costs, except that payments for meals could be no more than 10 to 20 percent of income, depending upon the number of meals; required provision for waiver of payment for residents with insufficient income.

• Required that the grant cover 40 percent of the cost of providing services, 50 percent to be paid by the grantee from other funds, and 10 percent by the resident, except that any shortfall from the 10 percent resulting from the limitation on resident payments was to be paid equally from Federal and grantee funds.

• Authorized appropriations of $25 million for FY 1991 and $26.1 million for FY 1992.

• HOPE for Elderly Independence. Established a five-year demonstration program to determine the effectiveness of combining Section 8 assistance and supportive services to frail elderly persons, to enable them to continue to live independently.

• Authorized HUD to provide PHAs, selected competitively, with up to 1,500 incremental Section 8 vouchers and certificates and grants covering 40 percent of the cost of supplying necessary supportive services, as proposed in the application submitted during the competition.

• Provided that payments for costs of services be divided among the Federal grant, the grantee, and the recipient of aid, as in the Congregate Housing Services program, but with the recipient's payment limited to 20 percent of income, subject to waiver if his/her income was insufficient.

• Required that the application be prepared in consultation with the area agency on aging under Title III of the Older Americans Act of 1965, and that in reviewing the applications, HUD consult with the Department of Health and Human Services with respect to proposed supportive services.

• Required that the PHA offer to continue the recipient's Section 8 assistance after the conclusion of the demonstration, and that the application include a plan for continuing supportive services.

• Required HUD to conduct a demonstration program in one Federal region to determine the feasibility of promoting independent living by frail elderly persons by providing Section 8 certificates to such occupants of at least 75 percent of units of a building with

more than 100 units specifically designed for such occupancy, so as to achieve economies of scale in provision of services.

• Provided that HUD contract with a PHA, chosen competitively from local government applicants from places with under 50,000 population, to provide Section 8 project-based five-year certificates (subject to renewal for up to 20 years) and grants for supportive services for use in a single project.

• Authorized HUD, subject to sufficient appropriation in the housing assistance account, to use up to $34 million in FY 1991 and $35.5 million in FY 1992, for Section 8 assistance in this program, and authorized appropriation of $10 million for FY 1991 and $10.4 million for FY 1992, for supportive services.

Supportive Housing for Persons with Disabilities

• Established a program (Section 811) for providing housing assistance to persons with disabilities analogous to the amended Section 202 program providing supportive housing for the elderly, adjusted for the different needs of persons with disabilities.

• Defined "person with disabilities" as a household consisting of one or more adult persons with a physical, mental, or emotional impairment expected to be of long duration, which impedes the ability to live independently, and whose ability to so live could be improved by suitable housing.

• Provided for capital advances and rental assistance, as under Section 202, to provide assistance to private nonprofit organizations to supply new, rehabilitated, or existing housing for supportive housing to persons with disabilities, using group homes, independent living facilities, multifamily rental units, condominium or cooperative housing.

• Required provision of supportive services addressing physical and mental health needs or other special needs as necessary.

• Authorized appropriation of $271 million for capital advances for FY 1992, and $246 million for rental assistance.

Supportive Housing for the Homeless

• *Block Grant for Homeless Assistance*. Rewrote Title IV of the Stewart B. McKinney Homeless Assistance Act (P.L. 100-77, July 22, 1987) to consolidate the Emergency Shelter Grants program, the Supportive Housing Demonstration Program, and Permanent Housing for Homeless Handicapped Persons program into one housing assistance program, funded with a formula block grant; provided, however, that this change take effect only after HUD studied the feasibility of such a formula grant, and reported to Congress on alternative possible formulas. (Report was not presented, and this program revision and use of a formula for grants were repealed by the Housing and Community Development Act of 1992, P.L.102-550, October 28, 1992.) Required HUD, in consultation with other relevant governmental agencies, to prepare a strategy for eliminating by July 1, 1992, the use of unfit transient facilities in housing homeless families with children.

• *Shelter Plus Care Program*. Added a new subtitle to the McKinney Homeless Assistance Act which authorized HUD to provide rental assistance in connection with supportive services to homeless persons with disabilities, primarily those mentally ill, those

with chronic alcohol or drug problems, or with acquired immunodeficiency syndrome (AIDS), to be used in units which rent for no more than the Section 8 fair market rent, and receive assistance under the Section 8 moderate rehabilitation single- room occupancy program, or under Section 202 or Section 811 housing for the elderly or handicapped.

• Provided five-to-ten year contracts on a competitive basis to recipients, who included States, local governments, Indian tribes, public housing agencies, and nonprofit organizations.

• Required recipients to provide equal amounts in matching funds from other sources for supportive services to persons receiving rental assistance.

• Authorized appropriation of $80.4 million for FY 1991 and $167.2 million for FY 1992, for use in units under the Section 8 existing fair market rent; $24.8 million for FY 1991 and $54.2 million for FY 1992 for Section 8 moderate rehabilitation units; and $18.0 million for FY 1991 and $37.2 million for FY 1992 for Sections 202 and 811 units.

• *Amendments to Current Programs*. Amended the requirement that a jurisdiction have an acceptable Comprehensive Homeless Assistance Plan (CHAP) to be eligible for assistance under the McKinney Homeless Assistance Act to require, effective October 1, 1991, that it certify it is following an approved Comprehensive Housing Affordability Strategy, or a CHAP which was approved during the 180 days after enactment of this Act.

• Revised the contents and procedures of the CHAP required to receive a grant under the emergency shelter grants program.

• Amended financing methods, permissible activities, and procedures in the Supportive Housing Demonstration Program, and Supplemental Assistance for Facilities to Assist the Homeless Program.

• Made Indian tribes eligible for grants and loans under the various McKinney programs.

AIDS Housing Opportunity Act

• Established a program for providing grants to States and localities, to support activities undertaken by nonprofit organizations which meet housing needs of persons with AIDS.

• Required grantees to have an approved CHAS.

• Provided that 90 percent of appropriated funds be allocated among grantees on the basis of incidence of AIDS, with 75 percent going to local governments in metropolitan statistical areas with populations over 500,000 and more than 1,500 cases of AIDS, and States with more than 1,500 cases of AIDS outside of metropolitan areas and 25 percent to localities in such areas with a higher than average per-capita incidence of AIDS; the remaining 10 percent of funds was to go to States and localities not qualifying under these requirements, or qualifying but without a CHAS, or to fund special projects of national significance. Authorized use of grants to fund provision of housing information, to facilitate development of short-term shelters, to provide short-term rental assistance or mortgage payments to prevent homelessness, to provide short-term Section 8 rental assistance, to facilitate moderate rehabilitation of SROs, and to facilitate development of community residences for persons with

AIDS; required provision of services of various types in the assisted facilities.

• Established provisions for rental payments by recipients of assistance and fees for services, but no person was to be denied services because of inability to pay.

• Authorized appropriation of $75 million for FY 1991 and $156.5 million for FY 1992.

Community Development and Miscellaneous Programs

Community and Neighborhood Development and Preservation

• Required that local governments have an approved CHAS to receive CDBG funding.

• Increased the targeting of CDBG funds by raising from 60 percent to 70 percent the proportion of funds that entitlement communities must spend on activities benefiting low- and moderate-income persons.

• Specified that when using CDBG funds to provide assistance to for-profit entities carrying out an economic development project, the project should meet a number of goals relating to low- and moderate-income assistance or an urgent need.

• Added to permissible uses the promotion of homeownership by low- and moderate- income families, through subsidy of interest rates, help with down-payments and other means, to be permitted until such assistance is available through the HOME program.

• Required the States of Arizona, California, New Mexico, and Texas to use 10 percent of their CDBG funding for projects meeting the water, sewage, and housing needs of residents of colonias.

• Revised provisions applicable to the Section 108 loan guarantee program to include eligibility of nonentitlement communities, to change the allocations, to increase the loan repayment period to 20 years, and in other ways to facilitate its use.

• Increased the funding and expanded the functions of the Neighborhood Reinvestment Corporation.

• Required HUD to report by July 1, 1991, on the adequacy, effectiveness, and equity of the formula used for allocation of CDBG funds, with particular concern for the use of age and quality of housing as factors in the determination.

• Provided for grandfathering of places which would lose entitlement to funding because of the 1990 Census, added a number of civil rights clauses, and in other ways modified several terms of the CDBG program.

Disaster Relief

• Authorized an increase in funding or use of recaptured funds for Section 8 certificates and vouchers, moderate rehabilitation, Community Development Block Grants, and Farmers Home Administration programs in places declared by the President to be affected by a major disaster.

Regulatory Programs

• Servicing of Mortgages. Amended the Real Estate Settlement Procedures Act of 1974 (P.L. 93-533, December 22, 1974) to require that mortgagees notify borrowers at the time of application wheth-

er the lender expects to service the loan itself, and if so, whether servicing may be transferred later, and the past record on proportion of loans transferred.

• Required HUD to develop a model form for such disclosure.

• Required both the transferring and receiving servicers to notify borrowers in writing when a transfer is made, with information on how to obtain information by telephone regarding the transfer, and prohibited imposition of late fees during the 60-day period after transfer if payment is made to the original servicers.

• Required servicers to respond to written requests for information on the servicing of a loan, with a correction of error or explanation, subject to fine for failure to do so.

• Required servicers on settlement and annually thereafter to provide, without charge, a statement itemizing the required monthly payments into and estimated payments from any escrow account, and to notify the borrower annually of any shortage of funds in the account.

• *Manufactured Housing*. Established the National Commission on Manufactured Housing, consisting of the HUD Secretary and 16 members to be appointed by the chairman and ranking member of the Senate and House Subcommittees on Housing, to study current construction and safety requirements for manufactured housing and report on legislative and regulatory revisions needed to modernize these requirements; specified a number of aspects to be considered in determining such revisions.

• Authorized availability of $500,000 from any amounts appropriated for HUD research.

• *Energy*. Required HUD to report within a year on activities undertaken by HUD to increase energy efficiency in housing, including establishment and description of a standard measure by which to compare changes in residential energy efficiency.

• Required HUD to establish a five-year plan for activities to be undertaken and policies to be adopted to improve residential energy efficiency, with an original plan to be adopted within a year, to be updated at least every two years.

• Required HUD to form a task force composed of representatives of the HUD and FmHA mortgage programs, and FHLMC and FNMA to recommend ways of using mortgage financing to promote energy efficiency, and, together with the Department of Energy, to promulgate a uniform plan for such use.

• Authorized use of $2 million of funds appropriated for the National Homeownership Trust Demonstration to carry out a program demonstrating ways to improve energy efficiency in existing housing.

• *Seismic Safety Property Standards*. Required HUD to develop seismic safety property standards for properties assisted by HUD programs, in order to reduce the risk of loss of life and of property damage, and to report at least biennially on the subject.

• Additional Research and Development Programs

• Required HUD, using up to $500,000 of funds appropriated for research, to carry out a demonstration program testing affordable housing technologies.

• Required HUD to report within the next year a description of all research efforts being conducted or which will conclude during this period.

• Established, within the National Institute of Building Sciences, the Advanced Building Technology Council, to identify and evaluate new building technologies and to promote their use, in cooperation with Federal agencies.

• Required HUD to conduct a study on the ways in which State and local pension funds could be used to finance construction of low- and moderate-income housing.

FEDERAL DEPOSIT INSURANCE CORPORATION IMPROVEMENT ACT OF 1991

(FDICIA) (Title II, Public Law 102-242, December 19, 1991)

Subtitle D—FDIC Property Disposition

FDIC Affordable Housing Program

• Required the FDIC to market certain housing assets to which it had title to nonprofit organizations, public agencies, and qualifying households so as to maintain and increase ownership and rental opportunities for very-low, low- and moderate-income families. Such "affordable housing" property disposition was to continue for a three- year period beginning the first fiscal year for which funds were appropriated to cover losses on sales due to necessary discounts below realizable disposition value, not to exceed $30 million in any fiscal year.

Single-Family Housing

• Required that single-family housing (including manufactured housing), appraised at or below the limits for Section 203(b)(2) of the National Housing Act ($67,500) with discretionary increases for high-cost areas, be available for at least six months for sale only to households with incomes not exceeding 115 percent of area median income, adjusted for family size, or to nonprofits or public agencies which agreed to make the property available to and affordable by low-income families (incomes not exceeding 80 percent of area median, adjusted for family size) for the remaining useful life or to resell to such families who agree to occupy it as a principal residence for at least 12 months.

• Required FDIC to recapture 75 percent of profits from any sale during the first year after acquisition except for good cause (including necessary relocation of seller).

• Waived affordable housing requirement to avoid displacement of existing occupant.

Multifamily Housing

• Required that multifamily housing with appraised values not exceeding the amount for elevator-type structures under Section 221(d)(3)(ii) of the National Housing Act, with discretionary increases for high-cost areas, be available for at least 90 days only to public agencies, nonprofit organizations, and for-profit entities with commitments to satisfy occupancy requirements that at least 35 percent of units be available to and maintained affordable by

low-income families, including at least 20 percent of all units be for very low-income families (below 50 percent of area median income, adjusted for family size) for the remaining useful life of the property.

• Limited rents for very-low income families to 30 percent of the adjusted income of a family whose income equaled 50 percent of the area median, and for low-income families to 30 percent of the adjusted income of a family with income equaling 65 percent of median for the area.

• Disallowed evictions for purpose of meeting low-income occupancy requirements and allowed for compliance by reserving all new vacancies for lower-income households until requirements were met.

• Allowed assistance for sales through FDIC discounts, subsidies from HUD or FmHA, credit enhancements from FHA, GNMA, FNMA, FHLMC or other secondary market entities, or FDIC-provided enhancements in the case of tax-exempt bonds.

HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1992

(Public Law 102-550, October 28, 1992)

Housing Assistance

General Provisions

• Added to the expenditures to be deducted from gross income in calculating adjusted income for rent-paying purposes in assisted housing, subject to approval in an appropriation act.

• Made applicable to Indian housing the definitional changes relating to family size and income adopted in the National Affordable Housing Act (P.L. 101-625, November 28, 1990).

• Made a number of changes in the self-sufficiency program established in the National Affordable Housing Act to make it more flexible and more attractive to tenants, including specifying situations which permit a PHA not to participate in the program, requiring specific interim as well as final goals, requiring a grievance procedure for families to be penalized for failure to meet goals, and permitting pro rata withdrawals from the escrow account when interim goals are met.

Public and Indian Housing

• Removed the five-year limit on a PHA's charging a tenant ceiling rents instead of 30 percent of adjusted income.

• Exempted PHAs from the prohibition against not following a strict order in selecting families for residence, for those selected under the local preference system, and increased the proportion allowed to be chosen under local preference to 50 percent (from 30 percent).

• *Major Reconstruction of Obsolete Projects*. Established this program in housing legislation (previously conducted under appropriation act language) by defining the term "obsolete public housing project or building," based on physical standards and vacancy rates; and by authorizing HUD to reserve up to 20 percent of funds appropriated for public housing development for competitive awards for major reconstruction.

• Established criteria for allocation of awards in the competition and procedures to be followed in carrying out the reconstruction.

• *Management of Troubled Agencies*. Amended the procedure for dealing with agencies designated as "troubled," by requiring HUD to provide for a review of management of a designated agency by an outside team of management experts to make recommendations for improvement; by increasing participation of tenants at various stages of the process; and adding to ways in which the PHA could be replaced as manager if it was in default in its management agreement. Also made resident management corporations subject to the same provisions as public housing agencies. Made a number of minor changes in the vacancy reduction assistance program.

• *Demolition and Disposition*. Amended provisions regulating the disposition or demolition of public housing to permit, when 200 or more units were to be affected, use of five-year (rather than 15-year) certificates or other assistance as replacement housing; for such size projects, to require that at least half the replacement units be public housing or with other project-based assistance, and no more than half tenant- based Section 8 certificates; and to permit demolition without replacement if in any five-year period no more than the lesser of five units or 5 percent of the PHA's stock was demolished, provided the space was used for tenants' needs.

• Revitalization of Severely Distressed Public Housing. Established a new program providing a planning grant on a competitive basis of up to $200,000 per project, and a competitive implementation grant to develop a plan for revitalization and to carry out the plan for necessary architectural, structural, and management improvements and economic development activities to promote self-sufficiency of residents.

• Defined "severely distressed public housing" as a project requiring major reconstruction or demolition, occupied predominantly by families with severe social malfunctions, located in a distressed neighborhood, with a vacancy rate of 50 percent or more.

• Permitted applicants for a grant to be a PHA not designated as troubled, or a troubled PHA in cooperation with a nonprofit agency, other PHA, or a resident management corporation.

• Established criteria for selection of grantees, defined eligible activities, and set forth other procedures and requirements.

• Permitted HUD to waive public housing rules applying to rents, income eligibility, and other management requirements, to permit long-term viability of revitalized projects, and permitted a PHA managing a revitalized project to set up a local system of preferences for selecting tenants.

• Established an Office of Severely Distressed Public Housing within HUD to implement the program.

• *Choice in Public Housing Management*. Authorized HUD to approve not more than 25 applications from resident councils to transfer management of distressed housing projects, or buildings within projects, owned by a troubled PHA, from PHA management to alternative managers.

• Established requirements and procedures for effecting such a transfer, and other aspects of the program.

• Established systems for making grants for technical assistance to residents and a resident council and for making grants for rehabilitation and capital improvement funding.

• Provided minimum requirements for a contract between the new manager and HUD.

• Authorized reservation of up to $50 million for each of FYs 1993 and 1994 from modernization funding for use in this program.

Section 8 Assistance

• Required HUD to issue regulations within designated times for a number of program amendments adopted in the National Affordable Housing Act which HUD had not put into effect.

• *Moving to Opportunity for Fair Housing*. Established a demonstration program, to be carried out in Los Angeles and five cities named in the 1992 HUD appropriation act, to test the feasibility and relative cost of using Section 8 tenant-based assistance to assist families with children living in public housing to move out of areas with a high proportion of households living in poverty to areas with a lower concentration of such households.

• Authorized HUD to contract with nonprofit organizations to provide counseling and services in connection with the program.

• Required HUD to issue interim reports and a final report by September 30, 2004, on the housing, educational, and employment achievements of the assisted families.

• Authorized additional funding for Section 8 programs of $50 million for FY 1993 and $52.1 million for FY 1994 to carry out this program.

• *Homeownership*. Authorized use of tenant-based Section 8 assistance by a first-time homebuyer for payment of home purchase expenses, provided he/she met a number of other qualifications relating to income and employment and satisfied down- payment requirements.

Housing Counseling

• Made a number of amendments extending and expanding the provisions of the counseling program established in the Housing and Urban Development Act of 1968 (P.L. 90-448, August 1, 1968).

HOPE for Youth: Youthbuild

• Established a new program, Youthbuild, with the dual purposes of providing additional housing for homeless and low-income families, and education and preapprenticeship and apprenticeship training for very low-income youth who are high-school dropouts or otherwise in need of additional education.

• Authorized HUD to make planning and implementation grants on a competitive basis to public or private nonprofit community, housing development, youth service, or job-training agencies to carry out approved programs.

• Provided minimum requirements and selection criteria for application for each type of grant.

• Included descriptions of eligible activities to be funded, including planning and implementing necessary planning and activities for providing youth with education and job training in connection with rehabilitating or constructing housing and related facilities.

• Established requirements relating to the youth permitted to participate, and the characteristics of rental and homeownership units and of tenants and home purchasers receiving assistance under the program.

• Set aside for Youthbuild, from funds appropriated for HOPE programs for FY 1993, the greater of $40 million or 5 percent of HOPE funding.

Homeownership Programs

• *HOPE Programs*. Reauthorized and made minor amendments to the HOPE programs.

• *National Homeowner Trust Demonstration*. Amended the provisions of the National Affordable Housing Act which established this demonstration to provide assistance for purchase of homes financed with proceeds from mortgage revenue bonds, and for manufactured homes; to provide second mortgage loans with deferred payment of principal and interest; and to provide grants to public organizations to set up revolving loan funds to provide homeownership assistance to eligible first-time homebuyers.

• *Loan Guarantees for Indian Housing*. Authorized HUD to guarantee loans made by private lenders to Indian families or Indian housing authorities to construct, acquire, or rehabilitate one- to four-dwelling structures standing on trust land or land located in an Indian or Alaska Native area.

• Established the terms for the loan, standards for the housing, and procedures for guaranteeing the loan and for payments under the guarantee analogous to those in FHA programs.

• Established in the Treasury the Indian Housing Loan Guarantee Fund to provide the loan guarantees, with a limitation on outstanding aggregate commitment level subject to appropriations. Authorized appropriation of sums as necessary for FY 1993 and $50 million for FY 1994 to the Guarantee Fund for its operation.

• *Enterprise Zone Homeownership Opportunity Grants*. Authorized HUD to carry out a program under which nonprofit organizations received grants on a competitive basis to provide second mortgages to first-time homebuyers purchasing newly constructed or rehabilitated homes in an enterprise zone.

• Provided that such loans be for not more than $15,000, bear no interest, and be repayable to HUD upon disposition of the property. Limited loan recipients to families with incomes not greater than the median income in the metropolitan area for four persons, adjusted for family size.

• Authorized appropriation of $30 million for each of FYs 1993 and 1994.

Home Investment Partnerships (HOME Program)

• Eliminated the special conditions on use of HOME funds for new construction, though maintaining the requirement that jurisdictions in general give preference to rehabilitation.

• Amended the matching requirements to 25 percent for all uses except new construction, which required a 30 percent match, and permitted use of funds obtained through issuance of bonds for part of the match. Required partial or total waiver of the matching re-

quirement for jurisdictions in fiscal distress or severe fiscal distress, respectively, as defined in the Act.

• Expanded the permissible uses of the HOME funds to include administrative costs, security deposits for low-income rental housing, various types of housing for the homeless, and others.

• Made specific the inclusion of community land trusts among organizations authorized to receive educational and technical assistance.

• Added helping women living in low- and moderate-income neighborhoods rehabilitate and construct housing in those neighborhoods to the purposes of HUD's provision of educational and technical support, and added assisting such women in obtaining skills in the construction industry to eligible uses of such technical support.

• Required certification in a jurisdiction's housing strategy (CHAS) that it would follow the same antidisplacement and relocation procedures in the HOME program as in its CDBG program.

• Required the jurisdiction's CHAS to explain how its efforts to produce and preserve affordable housing would assist in its efforts to reduce the numbers of households with incomes below the poverty level.

Preservation of Low-Income Housing

• Amended the Emergency Low Income Housing Preservation Act of 1987 (as amended by the Low-Income Housing Preservation and Resident Homeownership Act of 1990, P.L. 101-625, November 28, 1990) to clarify an owner's rights to an equity return, to include residual receipts in the appraised value which forms the basis for the sale price, to eliminate the so-called "windfall profits" test, and in other ways to strengthen owners' rights.

• Similarly amended the Act to strengthen the right of tenants to obtain information about the owner's intentions and access to relevant data. Authorized HUD to provide resident-capacity grants to resident organizations and community-based nonprofit housing developers for outreach and technical assistance in training residents of projects in which the owner has filed a notice of intent; predevelopment grants, for costs of organizing a purchasing entity and for pre-purchase activities; and outreach educational projects to the same organizations and State and local governments to identify and organize residents of eligible projects.

• Authorized appropriation of $25 million for each of FYs 1993 and 1994 for the above-named grants.

Multifamily Housing Planning and Investment Strategies

• Required owners of multifamily housing assisted under Sections 202, 236, 221(d)(3), or the HOME program which is not eligible for assistance under the Low-Income Housing Preservation and Resident Homeownership Act of 1990 or the Emergency Low Income Housing Preservation Act of 1987 to submit a comprehensive needs assessment to HUD.

• Required HUD to require owners of one-third of the covered properties to submit the assessment in each of FYs 1993, 1994, and 1995, so that the inventory would be completed by the end of FY 1995.

• Required that the assessment include a description of current and reasonably foreseeable financial or other assistance needed to maintain the property in a livable and financially viable condition, an estimate of available resources, and of assistance needed from HUD programs.

• Required that the assessment for properties for the elderly also include a description of needs for supportive services, modernization, and personnel.

• Required that each owner submit copies of the assessment to residents for their comments before submission to HUD, and if relevant, a State Housing Finance Agency.

• Required HUD to review the assessments and submit annually to Congress an estimate of the funding levels required to address the needs of the properties for the elderly, specifically including costs of substantial repairs and addition of facilities such as dining rooms; the adequacy of geographical targeting of resources; and the state of local housing markets with respect to housing for the elderly in general.

• Added new criteria for selecting projects for receipt of flexible subsidy assistance and new requirements that owners must meet to receive it, including agreeing to maintain the project in low- or moderate-income use for its remaining useful life.

Mortgage Insurance and Secondary Mortgage Market

FHA Mortgage Insurance Programs

• Authorized HUD to enter into commitments to insure mortgages with an aggregate principal amount of $65.9 billion in FY 1993 and $68.7 billion in FY 1994.

• Terminated the Federal Housing Administration Advisory Board as of January 1, 1995.

• Increased the maximum permissible amount of an insured mortgage, to the lesser of 95 percent, 107 percent, 130 percent or 150 percent of the median one-family house price in the area for a one-family, two-family, three-family or four-family residence, respectively, or 75 percent of the conforming loan limit for the secondary market as of September 30, 1992; similarly increased the permissible maximum loan to finance purchase of a manufactured house and the lot on which it was placed.

• Increased the mortgage limits for multifamily projects insured under Sections 207, 213, 220, 221(d)(3), 221(d)(4), 231, and 234 by approximately 20 percent.

• Provided that the principal obligation of a home mortgage could not exceed 97 percent of the first $25,000 of the appraised value of the home, 95 percent of the appraised value between $25,000 and $125,000, and 90 percent of value in excess of $125,000.

• Amended the requirement that the fee for FHA insurance for home mortgages be 2.25 percent of the mortgage amount plus 0.55 percent annually to a requirement that the fee not exceed these amounts.

• Limited a mortgagor's claim for a distribution from the participating reserve account upon payment of the mortgage to six years from the date on which HUD sent notice to his/her last known address.

• Made mortgages on assisted living facilities for frail elderly persons eligible for insurance under Section 232.

• Required HUD to establish a pilot program in five states to promote purchase of energy-efficient single-family homes, and installation of cost-effective improvements in existing single-family homes, by permitting loan amounts to exceed the established mortgage limits by the cost of the energy-efficiency improvements, up to a designated amount; required training programs and active promotion of the pilot program. Required HUD to report within 18 months on the effectiveness of the program and to assess its potential for expansion, and also to expand the program within two years on a nationwide basis and to include new construction, unless HUD found it to be not practicable to do so.

• Amended the Multifamily Mortgage Foreclosure Act of 1981 (Part 6 of the Housing and Community Development Act of 1981, Title III, P.L. 97-35, August 13, 1981) to include all insured multifamily housing, not just that insured under Title II of the National Housing Act and the Section 312 program.

• *Studies and Reports*. Required the GAO to submit a report by September 1, 1993, evaluating the methodology used in establishing both the loan limits for single-family houses and the conforming loan limits in the secondary market and the consequences of indexing the FHA limits to the adjustments in the conforming loan limits, and recommending changes in both the methodologies and the setting of FHA mortgage limits to achieve housing policy objectives.

• Required HUD to submit an annual report on the income and racial characteristics of families served by the single-family mortgage insurance program, and the proportions of central city and rural residents; and current impediments to serving low- and moderate-income and other disadvantaged groups and underserved areas.

• Required HUD to study and report within 12 months on the use and effectiveness of home sellers' and builders' warranties of homes sold with FHA mortgages.

Secondary Mortgage Market Programs

• Authorized GNMA to issue guarantees in an aggregate amount of $88 billion in FY 1993 and $91.696 billion in FY 1994.

• Authorized GNMA to pay the difference in interest payable on an insured bond and the interest paid by a mortgagor on the mortgage backing the bond, when the interest on the mortgage has been reduced by Federal law for a mortgagor in military service.

Multifamily Housing Finance Improvement Act

• Directed FHA to carry out a demonstration program providing new forms of credit enhancement for multifamily loans, particularly the effectiveness of reinsurance and risk-sharing agreements with various public and private lending institutions in providing a more adequate supply of credit for multifamily housing.

• *Risk-Sharing Pilot Program*. Established a pilot program under which FHA was to enter into reinsurance agreements with FNMA, FHLMC, qualified financial institutions and housing finance agencies, and the Federal Housing Finance Board, with FHA to design

and test a variety of methods of risk-sharing. Authorized inclusion of all forms of loans, such as construction and bridge financing, as well as new construction and resale mortgages, limited to mortgages on not more than 15,000 units over FYs 1993 and 1994.

• Housing Finance Agency Pilot Program. Directed HUD to carry out a pilot program to test the effectiveness of risk-sharing agreements with housing finance agencies in enhancing credit for multifamily affordable housing, limited to 30,000 units over FYs 1993, 1994, and 1995. Defined affordable housing as housing occupied by very low-income families, in units with rents not higher than those established under the low-income housing tax credit program.

Reports

• Required HUD, FNMA, FHLMC, the Controller General, and the Federal Housing Finance Board each to report on the effectiveness of the pilot programs, including recommendations for ways to achieve the purposes of the programs.

National Interagency Task Force on Multifamily Housing

• Established the above-named Task Force, consisting of representatives of HUD and the various Federal agencies concerned with housing finance plus individuals appointed by the HUD Secretary representative of State and local housing finance agencies, the multifamily building industry, and the life insurance industry, and those appointed by the Chairman of the Federal Housing Finance Board representative of the financial service industry, the nonprofit housing development sector, and a nationally recognized rating agency.

• Required the Task Force to conduct a multifamily housing financial data base project, to analyze available data regarding the performance of multifamily mortgage loans, prepare a national data base on the operation and financing of multifamily housing, identify factors affecting the financing and operation of such housing, and develop standards and procedures to improve underwriting and accelerate development of a strong secondary market for loans. Required a final report within one year.

• Authorized appropriations of $6 million in FY 1993 and $6.252 million in FY 1994.

Housing for Elderly Persons and Persons with Disabilities

Supportive Housing Programs

• *Housing for the Elderly*. Provided a 70-30 percent split in funding for housing for the elderly and handicapped, rather than the previous 80-20 percent.

• Required HUD to reserve from funds available for Section 202 housing in each of FYs 1993 and 1994 sufficient funding to provide at least 100 units of elder cottage housing (ECHO) in the demonstration project established in the National Affordable Housing Act of 1990.

• Authorized owners of Section 202 projects to use residual receipts above an amount of $500 per unit for retrofitting or renovating the project, for provision of a service coordinator, or to provide supportive services.

• Amended the program to require that 15, rather than 20, percent of appropriated funds be used in nonmetropolitan areas.

• *Congregate Housing Services Program*. Required HUD to send to Congress within 15 days proposed interim regulations implementing the congregate housing program as established in the National Affordable Housing Act of 1990 (NAHA), to publish such interim regulations within 45 days for immediate effect, and to publish final regulations within 90 days of publishing the interim regulations.

• *Housing Opportunities for Persons with Aids*. Made nonprofit agencies an eligible grantee, and amended slightly the definitions, formula allocation, and other aspects of the program established in NAHA.

• Made members of the family of a person with AIDS eligible to receive assistance under the program, in addition to the persons themselves.

• Deleted the requirement that rental assistance be provided only for a short term.

• Required HUD to issue interim and final regulations to put this program into effect within the same time period as stated with respect to the Congregate Housing Services Program.

Designated Assisted Housing for Elderly and Disabled Families

• Amended the definition of family in the United States Housing Act of 1937, as amended, to separate the cojoined "elderly and disabled" into two distinct classes, "elderly" and "disabled."

• *Public Housing*. Permitted a public housing agency, subject to prior approval of an allocation plan, to designate a project or portions of a project for occupancy by only elderly or only disabled families, or both.

• Prohibited eviction of any current resident because of the designation of the project; permitted offering of inducements to move, provided the tenant's decision was completely voluntary, and permitted tenants to request a move to a differently designated type.

• Required that the allocation plan provide a description of the projects to be designated, of the current occupants, and of the estimated pool of applicants for the designated housing; and an estimate of how receipt of housing assistance might be affected by the designations.

• Provided that designation of a project for disabled be approved only if it includes a plan for provision of supportive services.

• Required, in FYs 1993 and 1994, that at least 5 percent of funds reserved for major reconstruction of obsolete projects and 5 percent of other development funds be used for projects designated for occupancy by disabled families; and other development funds be used for projects designated for the elderly only if the agency certifies that such use will assist in expanding the housing opportunities of eligible disabled persons.

• *Section 8 and Other Assisted Housing*. Permitted preference to be given to elderly families for occupancy in Section 8 New Construction or Substantially Rehabilitated projects built for the elderly, except that the higher of 10 percent of the units or the percentage occupied by non-elderly disabled families on January 1, 1992, or the date of enactment of this Act must be reserved for occupancy

by such families; provided for priorities in preferences in the cases of insufficient numbers of applicants who were elderly, non-elderly disabled, or near-elderly disabled families.

• Provided that housing for the elderly developed under Sections 202, 221(d)(3), and 236 continue to restrict occupancy under the same terms as when the projects were developed.

Standards and Obligations of Residency

• Required HUD to establish a task force on occupancy criteria in projects receiving project-based housing assistance, to review current standards and obligations on admittance and continued residence, to develop necessary and desirable criteria, and ways of providing guidance to owners to conform to the criteria.

• Required the task force to produce a preliminary report within three months and a final report within six months of enactment.

• Required HUD to establish criteria for selection of tenants for occupancy in assisted housing, with consideration given to the recommendations of the task force.

• Required owners to comply with the established criteria.

Service Coordinators for Elderly and Disabled Residents

• Required HUD, to the extent funds were made available in appropriation acts, to require owners of assisted housing to retain service coordinators to identify supportive services needed by elderly and disabled residents, and to coordinate provision of such services. Authorized use of public housing operating subsidies, Section 8 subsidies in project- based assistance, administrative fees to PHAs for tenant-based assistance, and special grants to owners in the interest-reduction subsidy programs to pay for employment of service coordinators in the various programs, and authorized additional funding to cover the added costs.

Rural Housing

• Authorized FmHA Section 502 loans for purchase of homes on land owned by a community land trust.

• Added tribal allotted or Indian trust land to remote rural areas, in specifying places in which loans could be supplemented by grants. Also added a requirement that at least five counties or communities containing such land be included among places designated as underserved areas.

• Established a rural housing voucher program analogous to the HUD voucher program, for up to 5,000 vouchers a year, subject to appropriation of funds.

• Amended provisions covering rental housing loans to provide for coordinating development and rental assistance loans, and loans and low-income tax credit allocations; amended procedures to eliminate possible abuses of the program. Authorized grants to Section 515 projects housing a sufficient number of frail elderly for employment of service coordinators, as in HUD projects.

• Amended the preservation grant program to permit grants of up to $15,000 for replacement, rather than only rehabilitation, of owner-occupied housing, if rehabilitation is not feasible and the owner cannot qualify for a Section 202 loan.

• Extended limitations on prepayment of Sections 514 and 515 loans, applicable to projects financed before December 21, 1979, to those financed before the Department of Housing and Urban Development Reform Act of 1989 (P.L. 101-235, December 15, 1989), and established an Office of Rental Preservation within FmHA, to administer the rural housing preservation programs.

Community Development

Community Development Block Grants

• Expanded the purposes of Special Purpose Grants to fund joint projects of State and local governments and institutions of higher education; to aid non-entitlement local governments adversely affected by military base closings and cuts in defense spending; and to rebuild and revitalize distressed areas of the Los Angeles metropolitan area.

• Permitted State designation of consortia of local governments in non-entitlement areas eligible to receive grants and expanded the definition of urban counties.

• Required HUD, using recaptured HoDAG funds, to implement a training program for HUD staff with responsibilities for economic development projects financed with CDBG funds; to develop guidelines to assist communities using CDBG funds for such projects in evaluating and selecting them; and required GAO to study the effectiveness of CDBG-funded activities in furthering the program's goals and to make recommendations for regulatory or legislative changes to ensure effective use of the funds and criteria for evaluation.

• Added to the permissible use of CDBG funds, to expand technical assistance to entities using the funds, provision of housing services, and assistance to establishment of microenterprises.

John Heinz Neighborhood Development Act

• Made permanent the program established as a demonstration in the Housing and Urban-Rural Recovery Act of 1983 (P.L.98-181, November 30, 1983) and renamed it the John Heinz Neighborhood Development Program.

• Increased the maximum grant in one year to a participating organization to $75,000 from $50,000, in any year in which the appropriation for the program exceeds $3 million.

• Added to entities eligible for assistance a nonprofit facility acting as a small business incubator.

• Expanded the definition of eligible organizations to include one operating in a Federal or State enterprise zone or distressed area as defined by the Bank Enterprise Act of 1991.

• Designated Federally-insured depository institutions, including banks, bank holding companies, and credit unions, as "neighborhood development funding organizations," and encouraged neighborhood development corporations to obtain funding and other support from them by including such support among the criteria for selecting grant recipients and the size of matching grants.

Community Outreach Partnership Act of 1992

• Required HUD to carry out a five-year demonstration program on the feasibility of partnerships between institutions of higher learning and communities to assist in the solution of urban problems through research and outreach.

• Authorized grants, on a competitive basis, to public and private nonprofit institutions of higher education to establish and operate Community Outreach Partnership Centers to conduct research on a wide range of urban problems, to facilitate outreach activities between such institutions, local communities, and local governments, and to aid in disseminating information on problems and their solutions.

• Required each Center to establish a community advisory committee consisting of representatives of local institutions and residents of communities to be served.

• Required HUD to establish a national advisory council consisting of 12 members appointed by HUD representing State and local governments, institutions receiving grants, experts in urban issues, and community advisory committees, to disseminate the results of research conducted in the program, act as a clearing house between grantees and other institutions of higher education, and to review and evaluate programs carried out by grant recipients. Provided the Federal grant cover not more than 50 percent of the cost of research activities and 75 percent of the outreach activities.

• Authorized a set-aside of $7.5 million for this program for each fiscal year from funds appropriated for the Community Development Block Grant program.

Computerized Database Demonstration

• Required HUD to establish a demonstration program to determine the feasibility of helping State and local governments use computer-based methods to develop and maintain an inventory of community development needs and to coordinate strategies among local governments in meeting these needs.

• Required HUD to develop and make available to States an integrated database system and computer mapping tool to store and retrieve information on nonhousing community development needs, to facilitate preparation of community development plans.

• Established a competitive grant program to States of up to $1 million for a single State, for capital costs in installing and using the database system and mapping tool developed by HUD.

• Authorized appropriation of $10 million in each of FYs 1993 and 1994 to carry out this program.

Community Investment Corporation Demonstration Act

• Authorized a demonstration program in which HUD could make loans or grants on a competitive basis to eligible depository institution holding companies and nonprofit organizations, to assist them in providing capital assistance for activities which facilitate revitalization of targeted geographic areas or provide economic opportunities for low-income persons.

• Authorized loans and grants to provide development services, technical assistance, and training programs to eligible organizations to assist them in carrying out the purposes of this program.

• Required HUD to establish an advisory board with which to consult in establishing requirements and in considering applications for the program, consisting of 13 members, including the Administrator of the Small Business Administration and representatives of various organizations with expertise in development, credit, and low-income community needs.

• Authorized appropriations of $25 million for FY 1993 and $26 million for FY 1994 for the capital assistance program; $15 million for FY 1993 and $15.6 million for FY 1994 for the development services and technical assistance programs; and $2 million for FY 1993 and $2.1 million for FY 1994 for the training program.

Emergency Assistance for Los Angeles

• Made matching funds available, from Community Development Block Grant appropriations, for nonprofit public benefit corporations established by State and local organizations in response to the riots in Los Angeles.

Regulatory and Miscellaneous Programs

• Restructured the functions of the Special Assistant for Indian and Alaska Native Programs and placed his office in the Office of the Assistant Secretary for Public and Indian Housing.

• Amended the fair housing initiatives program established in the Housing and Community Development Act of 1987 (P.L. 100-242, February 5, 1988) to require HUD to conduct, through contracts with private nonprofit fair housing enforcement agencies, a number of investigative and enforcement activities, including testing, education and outreach programs, capacity-building, and others.

• Amended the Real Estate Settlement Procedures Act of 1974 (P.L. 93-533, December 22, 1974) to make clear that its terms applied to the origination of mortgage loans, and to second mortgages and refinancing of mortgages.

• Required HUD to establish guidelines for housing credit agencies in carrying out the requirement that layered subsidies for projects using the low-income housing tax credit be no greater than necessary to permit low-income occupancy.

• Amended the provision requiring HUD-financed programs to be used to promote employment opportunities for lower-income persons residing in the appropriate jurisdiction (Section 3 of the Housing and Urban Development Act of 1968, P.L. 90- 448, August 1, 1968), to strengthen the requirement by specifying the particular programs and listing the types of persons to be given priority in employment; required HUD to report within a year on the effectiveness of the program and impediments to its implementation.

• Made a number of administrative, regulatory and programmatic amendments to a variety of HUD programs.

Residential Lead-Based Paint Hazard Reduction Act of 1992

Lead-Based Paint Hazard Reduction

• Established a program to develop a national strategy to eliminate lead-based paint (LBP) hazards in all housing as expeditiously as possible, to prevent childhood lead poisoning, and to educate the public concerning LBP hazards and ways to eliminate them.

• Authorized HUD to provide grants on a competitive basis to State or local governments with an approved comprehensive housing affordability strategy (CHAS) to undertake inspection, assessment, and abatement activities to reduce or eliminate LBP hazards in priority housing; i.e., affordable housing constructed before 1978 (except efficiency units or that for elderly and handicapped persons).

• Authorized HUD to make grants to States of up to $200,000 to establish training, certification, or accreditation programs for those acting to fulfill a CHAS requirement to include plans for detection and reduction of LBP hazards in housing policies and programs; set aside $3.0 million in each of FYs 1993 and 1994 from funds appropriated for this Act to carry out this grant program.

• Authorized appropriation of $125 million for FY 1993 and $250 million for FY 1994 to carry out this Act. Amended the Lead-Based Paint Poisoning Prevention Act (P.L. 91-695, January 13, 1971) to require periodic risk assessments and interim control measures in Federally- assisted family housing built before 1978 in accordance with a designated time schedule; reduction or abatement of hazards in units undergoing rehabilitation with Federal funding; and provision of information on the activities and remaining hazards to occupants of such housing.

• Required the abatement of LBP hazards prior to the sale of Federally- owned housing built before 1960, after January 1, 1995, and notification to prospective purchasers prior to sale of existing hazards in such housing built between 1960 and 1978.

• Required HUD, in consultation with the Environmental Protection Agency (EPA), to establish a task force with representatives from Federal agencies and private organizations and persons concerned with housing, to recommend ways of expanding resources available to evaluation and reduction of LBP hazards in privately owned housing.

• Required HUD to issue guidelines for conduct of Federally supported work in connection with activities related to LBP hazards, based on the condition of housing and presence of young children, not on the health of the occupants.

• Required owners of target housing prior to sale or lease to disclose information about known LBP hazards in the structure to potential occupants, in accordance with regulations to be issued by HUD and EPA within two years.

• Added a new Title IV to the Toxic Substances Control Act requiring EPA to issue regulations governing a number of activities concerned with LBP, including guidelines in connection with renovation and remodeling of target housing.

• Required HUD, in cooperation with other Federal agencies, to conduct research on ways of reducing the risk of lead exposure from residential structures, soil, and furnishings, and during the abatement process; set aside for this research, from appropriations for this Act, $5.0 million in each of FYs 1993 and 1994.

• Required GAO to assess the effectiveness of Federal enforcement and compliance with lead safety laws and regulations, including changes in inspections needed to identify LBP hazards in units receiving Section 8 assistance, and the availability of liability in-

surance for owners of housing with LBP hazards and persons engaged in activities related to LBP.

• Required HUD to report annually on progress in implementing the various programs authorized in this Act and the state of knowledge about lead poisoning effects and hazards in its removal; and to report biannually on expansion of HUD activities in relation to hazard evaluation and reduction, including recommendations for the infrastructure needed to eliminate the hazards.

New Towns Demonstration Program for Emergency Relief of Los Angeles

• Authorized HUD to provide assistance, subject to appropriations, to units of local government, governing boards, and eligible mortgagors, in connection with development of two new towns located in demonstration areas within the Los Angeles area designated as a Federal disaster area as a result of the civic unrest in 1992.

• Established criteria for selecting the demonstration areas relating to indices of poverty, unemployment, and general distress.

• Required organization of a governing board, consisting of at least 10 members representing residents, owners of businesses, financial institutions, and community organizations in the area, to draw up and carry out a new town plan.

• Required the program to construct or renovate at least 1,500 dwelling units, of which at least 60 percent were to be for homeownership by families with incomes not exceeding 115 percent of the area median; required that rental units be limited to families or elderly persons with incomes 60 percent of median or less than $20,000, paying no more than 30 percent of income for rent.

• Required HUD, subject to appropriations, to provide assistance of up to $50,000 per unit for the housing program, with provision for possible partial recapture.

• Made special provision for FHA insurance of mortgages on homes purchased under this program.

• Required the program to provide social and supportive services, including housing counseling, child care, educational, job training, and recreational programs, and others as appropriate; required, to the extent practicable, that residents of the area be employed in connection with activities conducted under the program.

Removal of Regulatory Barriers to Affordable Housing Act of 1992

• Defined "regulatory barriers to affordable housing" as those policies, regulations, and statutes which are required to be so identified in the Comprehensive Housing Affordability Strategy required by the National Affordable Housing Act, excluding rent control, relocation protections, and measures for creation or preservation of affordable housing.

• Authorized HUD to make grants, from funds set aside from appropriations for CDBG grants, to State and local governments to develop and implement strategies to remove regulatory barriers.

• Required HUD to establish a clearinghouse for information relating to the policies, strategies, and actions of all types undertaken by State and local governments to eliminate regulatory barriers and promote affordable housing.

• Required HUD to report within two years on successful State and local strategies for eliminating regulatory barriers, on the impact of such barriers on minority housing patterns, and on HUD's efforts to reduce barriers on affordable housing imposed by the Federal Government.

Federal Housing Enterprises Financial Safety and Soundness Act of 1992

• Established the Office of Federal Housing Enterprise Oversight, located in HUD but independent of the HUD Secretary in carrying out its mission to regulate FNMA and FHLMC on issues relating to the safety and soundness of their operations.

• Required that the Director of the Office be appointed by the President, with the advice and consent of the Senate.

• Continued HUD oversight of the enterprises' housing mission.

• Established new capital standards for the enterprises, specifying three "levels," using economic stress tests and percentage of asset amounts weighted by type of asset, to measure safe levels of capital. Set up four classifications of capital, and made enforcement provision more stringent for each next lower level into which an enterprise fell; established enforcement procedures.

• Required HUD to establish an annual goal for the number of mortgages for low- and moderate-income families to be purchased by each enterprise, considering housing needs, economic and demographic conditions, and the condition of the enterprises; required establishment of special goals for special affordable housing, and for housing in central cities, rural areas, and other underserved areas; established enforcement procedures. Required the GAO, HUD, the Treasury, and CBO independently to study and report within two years to the House and Senate Banking Committees on the desirability and feasibility of privatizing each of the enterprises.

Steward B. McKinney Homeless Assistance Amendments Act of 1992

• Required recipients of funds to involve homeless persons and families whenever possible in the assisted housing and service activities, and for all recipients except States to provide for participation of at least one homeless or former homeless individual on the board of directors or other policy-making body.

Supportive Housing Program

• Amended Title IV of the McKinney Homeless Assistance Act (P.L. 100-77 as amended) to combine Subtitle C, Supportive Housing Demonstration Program, and Subtitle D, Supplemental Assistance for Facilities to Assist the Homeless, into one Supportive Housing Program, keeping essentially the same requirements, procedures, and eligible activities, but eliminating the need for separate applications.

• Allocated, from appropriated funds for Supportive Housing, not less than 25 percent to projects designed for homeless families with children; not less than 25 percent to projects for homeless persons with disabilities; and not less than 10 percent for supportive services not otherwise provided for.

Safe Havens for Homeless Individuals Demonstration Program

• Established a new competitive demonstration grant program under Title IV, to demonstrate the desirability and feasibility of providing safe havens to certain mentally ill homeless persons.

• Defined "safe haven" as a facility providing 24-hour housing for no more than 25 homeless, mentally ill persons who were currently unwilling or unable to participate in mental health or substance abuse treatment programs.

• Authorized five-year grants, renewable for an additional five years, of not more than $400,000 in any five-year period, to nonprofit corporations, public nonprofit organizations, and State and local governments, on a 50 percent matching basis.

• Authorized use of grants to acquire and operate a facility as a safe haven, providing shelter and normal housing facilities, offering but not requiring supportive services.

• Required payment by a resident of a rental charge of no more than that which would be required in the assisted housing program, but permitted limited waiver by the grantee; authorized use of the rental fees to assist residents move to more traditional types of permanent housing.

• Required HUD to submit an evaluation report on the program not later than December 31, 1994.

• Authorized appropriation of $62 million for FY 1993 and $64.6 million for FY 1994.

Single-Room Occupancy Dwellings

• Added private nonprofit organizations to public and Indian housing agencies as eligible grantees for sponsorship of Section 8 single-room occupancy dwellings for the homeless.

• Required that applicants involve homeless individuals and families through employment or voluntary activities, in the rehabilitation and operation of facilities and provision of services, and, if a nonprofit organization, have at least one homeless or previously homeless person on its board of directors.

Shelter Plus Care

• Amended Subtitle F of Title IV of the McKinney Act to consolidate its parts into four programs: tenant-based, project-based, and sponsor-based rental assistance programs, to provide grants to recipients to provide rental assistance to tenants in units of their own choice; to owners of projects who agree to rent to eligible persons; and to private nonprofit sponsors who own or lease units made available to eligible persons; and Section 8 moderate rehabilitation assistance for single-room occupancy dwellings. Struck Part IV, Shelter Plus Care for Sections 202 and 811 rental assistance for the elderly and handicapped.

• Provided that not less than 10 percent of appropriated funds be available for each of the four programs.

FHA Single-Family Property Disposition

• Required that HUD-held properties be held for sale for at least 30 days before becoming available for lease in the program for leasing properties for use for assistance to the homeless, except that HUD could make up to 10 percent of the properties in the area

available for immediate leasing if it determined there were an insufficient number of units available for the leasing program.

Rural Homeless Housing Assistance

• Established a new grant program under which, subject to appropriations, HUD was to make competitive grants to private nonprofit entities, Indian tribes, and county and local governments in rural communities to assist in prevention of homelessness and to provide emergency shelter, permanent housing for the homeless, and supportive services.

• Required 25 percent of costs of assistance come from non-Federal funds.

• Required that at least 50 percent of the fund be awarded to organizations serving communities with populations under 10,000, with priority to communities under 5,000 population.

• Authorized appropriations of $30 million for FY 1993 and $31.260 million for FY 1994.

• Required the Secretary of Agriculture, to the extent approved in appropriation acts, to lease or sell inventory properties to nonprofit organizations and public agencies to provide transitional housing for the homeless or turnkey housing for sale to eligible families; set out the conditions on which the leasing or sales were to occur.

National Guard Facilities

• Required HUD to consult with the States and Secretary of Defense on the availability and feasibility of space in National Guard facilities for use by organizations providing shelter to homeless families and individuals.

• Required HUD to report within one year on the results of the consultations, together with recommendations for regulatory or legislative actions.

HUD Demonstration Act of 1993

(Public Law 103-120, October 27, 1993)

• Directs the Secretary of Housing and Urban Development (Secretary of HUD) to carry out an innovative homeless initiatives demonstration program through FY 1994. Authorizes FY 1994 appropriations.

• Amends the Housing and Community Development Act of 1992 to increase funding for the Moving to Opportunity for Fair Housing demonstration program.

• Authorizes the Secretary to provide assistance to the National Community Development Initiative for grants to local community development organizations for: (1) training and capacity building; (2) technical assistance; and (3) community development and housing assistance. Authorizes FY 1994 appropriations.

• Amends the Cranston-Gonzalez National Affordable Housing Act to increase the authorization of appropriations for community housing partnership activities.

• Directs the Secretary to carry out a demonstration program through FY 1998 to attract pension fund investment in affordable housing through the use of project-based rental assistance under section 8 of the United States Housing Act of 1937. Requires that

at least half of appropriated funds be used in the disposition of multifamily properties. Requires a General Accounting Office program evaluation report. Authorizes FY 1994 program appropriations.

• Amends the Cranston-Gonzalez National Affordable Housing Act to extend: (1) the termination date for the National Commission on Manufactured Housing; (2) the deadline for the Commission's final report (after an interim report); and (3) authorization of appropriations for the Commission.

• Amends the Housing Act of 1949 to: (1) extend authority for Federal agency housing subdivision approval reciprocity; (2) increase Federal Housing Administration (FHA) insured mortgage authority; and (3) increase Government National Mortgage Association (GNMA) guarantee authority.

• Sets forth an administrative fee formula for the section 8 certificate and voucher programs. Directs the Secretary to assess public housing agency costs in administering such programs. Amendments to the Housing and Community Development Act of 1992, Public Law 103-185, December 14, 1993

• Amends the Housing and Community Development Act of 1992 to permit a State to consider the amount of the heating or cooling component of a utility allowance received by a tenant in federally-assisted housing when setting benefit levels under the Low-Income Home Energy Assistance Program.

• Requires such reduction to be reasonably related to the amount of the heating or cooling component. Resolution Trust Corporation Completion Act, Public Law 103-204, December 17, 1993

• Requires the Resolution Trust Corporation (RTC) to institute specified management reforms, including: (1) establishment of a comprehensive business plan; (2) marketing of real property assets on an individual basis for a certain period before disposing of them on a portfolio basis or including them in a multiasset sales initiative (except in specified circumstances); and (3) specified procedures for RTC disposition of real-estate related assets, among other things.

• Requires the RTC to: (1) grant preference to certain offers from minority individuals or business entities when considering offers to acquire an insured depository institution located in a predominantly minority neighborhood; (2) apply competitive bidding procedures in awarding contracts that are no less stringent than those in effect on the date of enactment of this Act; (3) restrict the use of outside counsel to specified conditions; (4) ensure that each of its regional offices contains a client responsiveness unit responsible to its ombudsman; and (5) implement a process for non-defaulting business and commercial borrowers to appeal any of its decisions (when acting as a conservator) which would adversely affect their credit transactions.

• Amends the Federal Home Loan Bank Act (FHLBA) to increase, subject to appropriations, the maximum dollar limits for condominium and single family properties eligible for the RTC affordable housing program.

• Amends the Federal Deposit Insurance Act (FDIA) to include within the FDIC affordable housing program properties acquired by

the FDIC in its capacity as sole owner of certain subsidiaries of a depository institution under conservatorship or receivership.

• Amends the FHLBA and the FDIA to direct the RTC and the FDIC to notify clearinghouses within a reasonable time that they have acquired title to residential property ineligible for the affordable housing program.

• Establishes the Affordable Housing Advisory Board to advise the Thrift Depositor Protection Oversight Board and the Board of Directors of the FDIC on affordable housing policies and operations. Terminates such Board on September 30, 1998. Terminates the National Housing Advisory Board 90 days after enactment of this Act.

• Amends the FHLBA and the FDIA to direct the RTC and the FDIC to provide information on the availability of seller financing to minority- and women-owned businesses and nonprofit organizations engaged in providing affordable housing.

• Amends the FHLBA and the FDIA to direct the RTC and the FDIC to enter into an agreement setting forth a plan for the orderly unification of their respective activities, authorities, and responsibilities to achieve an effective and comprehensive affordable housing program management structure. Prescribes agreement guidelines. Transfers remaining authorities and responsibilities to the FDIC on October 1, 1995. Limits the liability of the RTC and the FDIC with respect to the disposition of assets for which they have respectively been appointed conservator or receiver.

• Amends the FHLBA and the FDIA to authorize the RTC and the FDIC, respectively, to offer the right of first refusal to purchase single family property to the household residing in it.

• Amends the FHLBA and the FDIA to direct the RTC and FDIC, when selling real property, to give preference, among purchase offers that will result in the same net present value proceeds, to those that would use the property to provide housing for the homeless.

• Amends the FHLBA and the FDIA to direct the RTC and the FDIC to grant sales preferences to public agencies and nonprofit organizations for affordable housing or homeless shelter programs when selling certain commercial real properties.

• Amends the FHLBA to direct member banks to: (1) implement a housing opportunities hotline program to provide information regarding opportunities to purchase single-family properties held by Federal agencies located in the member bank's district; and (2) establish a toll-free telephone line to disseminate such information.

• Requires the Comptroller General to study and report to the Congress on: (1) the effectiveness of the RTC Affordable Housing Program in providing affordable very low-, low-, and moderate-income housing; and (2) feasibility of establishing a single Federal agency to consolidate real property disposition activities now conducted separately by the RTC, the FDIC, and certain other Federal agencies. Multifamily Housing Property Disposition Reform Act of 1994, Public Law 103-233, April 11, 1994 Multifamily Property Disposition Reform

• Amends the Housing and Community Development Amendments of 1978 to revise provisions regarding the management and disposition of HUD-held multifamily properties and mortgages.

• Authorizes the Secretary to dispose of a HUD project on a competitive or other basis to a purchaser determined by the Secretary to be capable of its management.

• Provides for the payment of project-based assistance under section 8 of the United States Housing Act of 1937 for subsidized or formerly subsidized projects receiving mortgage-related or rental assistance. Authorizes the Secretary to make alternative assistance available (such as use and rent restrictions or section 8 assistance only to very low-income persons) for certain unsubsidized projects under specified circumstances.

• Requires the Secretary, with respect to unsubsidized projects, to provide project-based or tenant-based rental programs prior to purchase.

• Authorizes the Secretary to enter into an annual contribution contract with a public housing agency to provide section 8 assistance on behalf of all low-income families in a purchased project if sufficient affordable housing is locally available.

• Authorizes alternative disposition assistance, including: (1) discounted sales price; (2) use and rent restrictions; (3) up-front grants; (4) tenant-based assistance; (5) rebuilding assistance; or (6) alternative uses and uses under other housing programs.

• Provides protections for unassisted very low-income tenants and displaced tenants.

• Provides for 15-year rental assistance contracts, with shorter contracts permitted under specified conditions.

• Grants a right of first purchase refusal to local and State entities.

• Authorizes the sale of mortgages covering unsubsidized projects.

• Authorizes the Secretary to provide: (1) short-term loans to facilitate the sale of multifamily housing projects to nonprofit organizations or public agencies, subject to specified conditions; and (2) tenant-based assistance to very low-income families that do not otherwise qualify for project-based rental assistance.

• Amends the Housing and Community Development Act of 1987 to eliminate the State agency multifamily property disposition demonstration program.

• Amends the Housing and Community Development Act of 1992 with respect to the comprehensive needs assessment which owners of covered multifamily housing properties, including those for the elderly, must submit to the Secretary.

• Requires preparation of the assessment by an entity that has no identity of interest with the owner.

• Revises the schedule for submission of all such assessments by the end of FY 1997.

• Requires the Secretary to allow 30 days for completion or revision of incomplete or inadequate assessments.

• Authorizes the Secretary to allocate, non-competitively, operating assistance, capital improvement assistance, and loan management assistance on the basis of such assessments.

• Amends the Housing and Community Development Amendments of 1978 with respect to the flexible subsidy program to repeal mandatory: (1) utility cost considerations in rental approvals; and (2) minimum owner contributions to capital improvements, and

related requirements. Revises the selection criteria for capital improvement assistance.

• Directs the Secretary, as soon as practicable, to implement a streamlined refinancing program to prevent the default of FHA-insured mortgages covering multifamily housing projects.

• Requires the Comptroller General to report to specified congressional committees: (1) on the adequacy of loan loss reserves in the General Insurance and Special Risk Insurance Funds, presenting recommendations for the Secretary to prevent such losses; and (2) on the roles and performance of the nursing home, hospital, and retirement service center insurance programs as they relate to the General Insurance Fund.

• Amends the National Housing Act to require the Secretary to undertake annual reviews of the actuarial soundness of each of the insurance programs constituting the General and the Special Risk Insurance Funds.

• Authorizes the Secretary to permit the mortgagor of a multifamily housing project subject to an insured mortgage, in order to prevent its imminent default, to use the project for purposes not contemplated by or permitted under the regulatory agreement, if such uses meet certain criteria. Requires displaced tenant protection of alternate housing and rental assistance.

• Amends the Department of Housing and Urban Development Act to repeal the Secretary's: (1) mandate to reduce the interest rate on a mortgage held by the Secretary to a certain minimum rate if necessary to avoid foreclosure; and (2) authority to increase a reduced rate once the mortgagor's income or ability to pay interest has increased.

• Amends the National Housing Act to authorize appropriations for the General and the Special Risk Insurance Funds for FY 1994 and 1995. Home Investment Partnerships Program

• Amends the Cranston-Gonzalez National Affordable Housing Act to make State agencies eligible to participate in the HOME investment partnerships program (program).

• Eliminates from the program the first-time homebuyer requirement and simplifies resale provisions.

• Requires each jurisdiction participating in the program to contribute at least 25 percent of the funds drawn from their HOME Investment Trust Funds in each fiscal year for contributions to affordable housing under the program.

• Eliminates from the program the separate (Comptroller General) audit requirement.

• Amends the Housing and Community Development Act of 1974 to permit the use of community development block grant (CDBG) funds for program expenses.

• Suspends program requirements (with exceptions) for certified disaster area use. HOPE Homeownership Program

• Reduces the HOPE single-family ownership program recipient matching requirement from 33 percent to 25 percent. Community Development Block Grants

• Amends the Housing and Community Development Act of 1974 to authorize the Secretary to make grants to enhance the security of guaranteed property acquisition loans or to improve project via-

bility. Permits recaptured urban development action grant (UDAG) funds to be used for such grants.

• Amends the Housing and Community Development Act of 1974 to establish a UDAG retention program.

• Amends the Housing and Community Development Act to authorize the guarantee of section 108 loan-backed obligations.

• Suspends CDBG requirements (with exceptions) for certified disaster area use. Technical Amendments

• Amends the United States Housing Act of 1937 to state that adjustments to a public housing agency's operating subsidy shall reflect actual changes in rental income collections resulting from anticipated fraud recoveries.

• Amends the United States Housing Act of 1937 to permit public housing agencies owning and operating less than 500 units to establish and maintain a system of accounting for rental collections and costs on an agency-wide basis rather than on a project-by-project basis.

• Revises environmental review provisions for the lead-based paint hazard reduction program under the Housing and Community Development Act of 1992 and for assisted housing programs under title I of the United States Housing Act of 1937.

• Amends the United States Housing Act of 1937 to authorize the Secretary, in lieu of the environmental protection procedures otherwise applicable, to provide for the release of funds for projects or activities, upon the request of a public housing agency, if the State or local government assumes all of the responsibilities for environmental review, decision-making, and action under the National Environmental Policy Act of 1969 and related law which would otherwise apply to the Secretary.

• Amends the National Housing Act to revise specified multifamily mortgage limits.

• Amends the Housing and Community Development Act of 1992 to revise the: (1) multifamily housing risk sharing program; and (2) housing finance agency pilot program.

• Authorizes subsidy layering review by a housing credit agency certification of appropriate assistance limits.

RIEGLE COMMUNITY DEVELOPMENT AND REGULATORY IMPROVEMENT ACT OF 1994

(Public Law 103-325, September 23, 1994)

Community Development Banking and Financial Institutions Act

• Establishes the Community Development Financial Institutions Fund (the Fund) as a wholly owned government corporation to promote economic revitalization and community development through an investment and assistance program for community development financial institutions. Vests Fund management in an Administrator.

• Establishes the Community Development Advisory Board to advise on Fund policies, but not on the granting or denial of any particular application. Prescribes selection criteria for community development partnerships and institutions.

• Mandates Fund assistance for a geographically diverse group of applicants from metropolitan, nonmetropolitan, and rural areas.

Makes exceptions to non-Federal matching funds requirements in the case of an applicant with severe constraints on available source of matching funds.

• Provides for a Fund training program to assist the financial services industry to undertake community development activities. Authorizes the Fund to provide capitalization assistance to enhance the liquidity of community development financial institutions.

• Sets forth incentives within the parameters of the Bank Enterprise of 1991 for depository institutions to engage in community development banking through private investments in targeted activities in qualified distressed communities.

• Mandates that a community development financial institution receiving Fund assistance compile and maintain specified user profile data. Prescribes guidelines for coordinated recordkeeping and oversight by the Fund and the appropriate Federal banking agency.

• Directs the Fund to study and report to the President and the Congress on lending and investment practices on Indian reservations and other land held in trust by the United States. Instructs the Comptroller General to submit to the President and the Congress an evaluation of Fund structure, governance, and performance. Establishes an Inspector General for the Fund and authorizes appropriations for it.

• Amends the Federal Credit Union Act to authorize the National Credit Union Administration Board (NCUAB) to invest idle moneys from the Community Development Credit Union Revolving Loan Fund into Treasury securities, and to use the interest earned for technical assistance to community development credit unions.

Home Ownership and Equity Protection

• Amends the Truth in Lending Act to set forth disclosure requirements for certain (closed-end) consumer credit transactions secured by a consumer's principal dwelling (other than a residential mortgage transaction, a reverse mortgage transaction, or a transaction under an open end credit plan) which meet specified criteria with respect to: (1) the annual percentage rate; and (2) points and fees which exceed certain limits. Prohibits such mortgages from containing: (1) prepayment penalties; (2) balloon payments; (3) negative amortization; and (4) prepaid payments. Prohibits a creditor from extending credit without regard to a consumer's repayment ability. Imposes a civil penalty for violations of this Act.

• Amends the Truth in Lending Act to require a creditor to conspicuously disclose specified lending data to a consumer in connection with reverse mortgage transactions.

• Directs the Board of Governors of the Federal Reserve System (the Board) to: (1) study and report to the Congress on the adequacy of Federal consumer protections in connection with an open end credit transaction secured by the consumer's principal dwelling; (2) report to the Congress on whether, for purposes of such transactions, a more appropriate interest rate index exists than the yield on Treasury securities; and (3) conduct periodic public hearings on the home equity loan market and the adequacy of existing consumer protection laws to protect low-income consumers.

Paperwork Reduction and Regulatory Improvement

• Amends the Real Estate Settlement Procedures Act (RESPA) of 1974 to exempt from its purview certain business, commercial, agricultural, and governmental credit transactions.

• Amends the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 to direct the Appraisal Subcommittee to encourage the States to develop reciprocity agreements allowing certified appraisers to perform appraisals in sister States.

• Amends the Home Owners' Loan Act to accelerate the effective date for interaffiliate transactions by well-capitalized savings associations.

• Amends Federal banking law and the Home Owners' Loan Act to: (1) authorize national banks and Federal savings associations to purchase shares in a bankers' bank in cases where some of the other investors are depository institution holding companies; and (2) permit bankers' banks to provide services to such holding companies, and to provide correspondent banking services upon request.

• Requires reports to the Congress by the Secretary of the Treasury regarding inconveniences in the process by which credit is made available for consumers and small businesses.

• Amends the Fair Credit Reporting Act to require a consumer reporting agency to disclose to the consumer details of checks upon which an adverse characterization of the consumer is based.

• Directs the Board to submit recommendations to the Congress whether it would benefit consumers to have the option of waiving or modifying their rights of rescission with respect to debt consolidation or refinancing (without new advances).

• Amends RESPA to provide that creditors are in compliance with its mortgage transaction disclosure requirements if they submit a statement that the person making the loan has previously assigned, sold, or transferred the servicing of federally related mortgage loans (thus simplifying current disclosure requirements).

• Amends the Securities Exchange Act of 1934 to include commercial real estate within the definition of "mortgage related security" (thus conferring upon such securities the benefits of the Secondary Mortgage Market Enhancement Act of 1984 and permitting depository institutions to purchase such securities subject to Federal regulatory oversight). Permits the States to "opt-out" of this Federal definition of mortgage related security upon enactment of specific legislation to the contrary. National Flood Insurance Reform

• Defines specified terms under the Flood Disaster Protection Act of 1973 and the National Flood Insurance Act of 1968. Compliance and Increased Participation

• Amends the Robert T. Stafford Disaster Relief and Emergency Assistance Act to prohibit any waiver of its flood insurance purchase requirements for recipients of disaster assistance for flood-damaged structures.

• Amends the Flood Disaster Protection Act of 1973 to prohibit Federal agency lenders and government-sponsored enterprises for housing from entering into, or extending, any loan secured by improved real estate located in identified special flood hazard areas unless the property is adequately covered by flood insurance for the

term of the loan. Exempts certain small loans from such flood insurance purchase requirements.

• Mandates that, with respect to loans secured by improved real estate or a mobile home, each: (1) Federal entity for lending regulation require specified lending institutions to establish escrow accounts for any flood insurance premiums; (2) Federal agency lender require and provide for escrow and payment of flood insurance premiums and fees; and (3) lender or servicer of such loans notify borrowers of such flood insurance purchase requirements. Requires such entities, upon borrower inaction, to purchase flood insurance on behalf of the borrower.

• Establishes civil penalties for regulated lending institutions with a pattern or practice of failure to require flood insurance or to notify borrowers of flood insurance purchase requirements. Authorizes lender fees for determining the applicability of such requirements.

• Amends the National Flood Insurance Act of 1968 to modify the special flood hazard notice requirements incumbent upon regulated lending institutions and Federal agency lenders.

• Sets a deadline by which the Director of the Federal Emergency Management Agency (FEMA) must develop a standard flood hazard determination form in connection with loans for residential properties located in special flood hazard areas.

• Amends the Federal Deposit Insurance Act, the Federal Credit Union Act, and the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 to require the respective Federal regulatory agencies to report to the Congress on the compliance of lending institutions under their purview with the National Flood Insurance Program.

• Amends the Federal Financial Institutions Examinations Council Act of 1978 to direct the Financial Examinations Council to assist Federal entities for lending regulation to develop uniform flood insurance standards and requirements.

Ratings and Incentives for Community Floodplain Management Programs

• Amends the National Flood Insurance Act of 1968 to establish a voluntary community rating system and premium rate incentives for community floodplain management in the form of credits on premium rates. Provides for program funding.

Mitigation of Flood Risks

• Amends the National Flood Insurance Act of 1968 to: (1) repeal the Flooded Property Purchase and Loan Program; (2) terminate the erosion-threatened structures program; (3) set forth a flood mitigation assistance program under which the FEMA Director must provide planning assistance grants to States and communities to implement flood damage mitigation activities; (4) establish the National Flood Mitigation Fund to finance such mitigation assistance program; and (5) mandate that the national flood insurance program enable the purchase of insurance to cover the cost of compliance with land use and control measures for specified damage- or loss-prone properties. Task Forces

• Establishes a two-year interagency Flood Insurance Task Force to: (1) make recommendations regarding standardized flood insurance enforcement procedures; (2) study and report on compliance assistance and compliance models; (3) develop recommendations for enforcement and compliance procedures; and (4) study the reasonableness of flood hazard determination fees.

• Establishes a two-year Task Force on Natural and Beneficial Functions of the Floodplain to study: (1) floodplain functions that reduce flood-related losses; and (2) develop recommendations on how to reduce flood losses by protecting the natural and beneficial functions of the floodplain.

Miscellaneous Provisions

• Amends the National Flood Insurance Act of 1968 to extend from September 30, 1995, to September 30, 1996: (1) the national flood insurance program; and (2) the authorities for its emergency implementation. Sets forth an annual limitation on chargeable risk premium rate increases for flood insurance on properties within any single risk classification.

• Amends the Housing and Community Development Act of 1987 to repeal the limitation on premium rate increases with respect to the National Flood Insurance Program.

• Increases the maximum flood insurance coverage amounts for residential and nonresidential property and its contents. Prescribes guidelines under which the FEMA Director is required to assess the need to update and revise floodplain areas and flood-risk zones at least every five years.

• Establishes the Technical Mapping Advisory Council to advise the FEMA Director on flood insurance rate maps.

• Instructs the FEMA Director to study and report to the Congress on: (1) the impact of erosion hazards upon the national flood insurance program; (2) a cost-benefit analysis of mapping erosion hazard areas; (3) the economic effects of charging actuarially based premium rates under the national flood insurance program for certain structures not constructed or substantially improved after a specified date; and (4) the appropriateness of existing requirements regarding the effective date and time of coverage under flood insurance contracts obtained through the national flood insurance program.

• Permits certain required land use and control measures to provide for the repair and restoration to predamaged conditions of specified damage- or loss-prone agricultural structures. Declares such structures ineligible for Federal disaster relief assistance. Requires the FEMA Director to report biennially on the effects of implementation of this Act upon the national flood insurance program.

• Prohibits granting Federal disaster relief assistance in a flood disaster area to certain persons obligated to obtain flood insurance but who have failed to do so.

• Department of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, 1995, Public Law 103-327, September 28, 1994

• Effective for FY 1995, amends section 8 of the United States Housing Act of 1937 by permitting the Secretary of HUD to adjust

the maximum monthly rent for a unit in a new construction, substantially rehabilitated, or moderate rehabilitation project above the level of the fair market rent for that unit, only to the extent that the owner of the project can demonstrate that the adjusted rent would not exceed the rent of an unassisted unit of the same quality, size, type and age in the same market area. Limitations are also placed on the maximum rent adjustment allowable for any unit occupied by the same family at the time of the last annual rent adjustment.

• Effective for FY 1995, amends section 6 and section 8 of the United States Housing Act of 1937 to give preference for occupancy in public housing or section 8 projects to families that include one or more employed adult members.

• Effective for FY 1995, amends section 8 of the United States Housing Act of 1937 to permit the Secretary of HUD to pay all or part of the refinancing up-front costs of any project constructed or rehabilitated under the section 8 program, and having a mortgage refinanced under section 223(a)(7) or section 223(f) of the Housing Act, in order to lower the debt service payments of the project owner. These costs may be assumed by the Secretary only to the extent that they will be repaid from the reduced assistance payments that result from the refinancing.

RIEGLE-NEAL INTERSTATE BANKING AND BRANCHING EFFICIENCY ACT OF 1994

(Public Law 103-328, September 29, 1994)

Interstate Banking and Branching

• Provides that the requirements of the Community Reinvestment Act of 1977 continue to apply to branches under its purview which have been acquired by a foreign bank.

• Amends the Community Reinvestment Act of 1977 to include within its purview evaluations of the interstate branches of regulated financial institutions.

TRUTH IN LENDING ACT AMENDMENTS OF 1995

(Public Law 104-29, September 30, 1995)

• Amends the Truth in Lending Act (TILA) to exclude from the determination of finance charge for any consumer credit transaction fees imposed by third party closing agents, including settlement agents, attorneys, escrow and title companies, that are neither required nor retained by the creditor (thereby exempting such fees from TILA disclosure requirements).

• Modifies the determination of finance charge to include borrower-paid mortgage broker fees.

• Exempts from the required computation of finance charge: (1) certain taxes on security instruments or evidences of indebtedness if they are a prerequisite for recordation; (2) fees for loan document preparation; and (3) appraisal fees related to pest infestations and flood hazard inspections.

• Instructs the Board of Governors of the Federal Reserve System to report to the Congress on statutory or regulatory changes necessary to: (1) ensure that finance charges more accurately reflect

the cost of credit; and (2) address abusive refinancing practices intended to avoid rescission.

• Permits finance charge disclosures to vary within specified accuracy tolerance limits for certain consumer credit transactions secured by real property or a dwelling.

• Sets disclosure accuracy guidelines for per diem interest rate disclosures on consumer credit transactions.

• Shields a creditor or assignee, except in certain kinds of actions, from liability in connection with disclosures of: (1) certain fees, taxes, and charges; and (2) finance charges that fall within certain statutory tolerance limits.

• Restricts rescission liability arising from the form of written notice used by the creditor.

• Provides for damages ranging from $200 to $2,000 for an individual consumer credit transaction not under an open end credit plan that is secured by real property or a dwelling.

• Modifies assignee liability guidelines to: (1) apply them to consumer credit transactions secured by real property; and (2) provide that a violation is apparent on the face of the disclosure statement if the disclosure does not use the format required by law.

• States that the servicer of a consumer obligation arising from a consumer credit transaction shall not be treated as an assignee of an obligation unless the servicer owns it.

• Identifies circumstances under which a consumer has a right to rescind a consumer credit transaction after the initiation of any judicial or nonjudicial foreclosure process on the consumer's primary dwelling securing the debt.

HOUSING OPPORTUNITY PROGRAM EXTENSION ACT OF 1996

(Public Law 104-120, March 28, 1996)

• Extends through FY 1996 section 8 (United States Housing Act of 1937) contract assistance authority for one-year renewals at current rent levels.

• Directs the Secretary of HUD to use specified funds for low-income housing preservation in accordance with certain provisions of H.R. 2099, as passed the House.

• Extends the home ownership program as an eligible community block grant program through FY 1996.

• Amends the Housing and Community Development Act of 1974 to increase the aggregate loan guarantee limit.

• Amends the Housing Act of 1949 to extend through FY 1996 the provisions of such Act relating to underserved areas set-asides, rural multifamily rental housing assistance, and rural rental housing funds for nonprofit entities.

• Enacts into law specified provisions of H.R. 1691, as passed the House, relating to: (1) authorization of loan guarantees through FY 1996 for low and moderate income rural multifamily rental housing; (2) limits on unpaid principal and interest guarantees, and on loan terms (up to 40 years); (3) borrower, housing, and lender eligibility; (4) foreclosure; (5) loan refinancing; (6) geographical targeting; (7) annual loan guarantee ceilings; and (8) program termination after September 30, 1996.

• Amends the National Housing Act to extend the Federal Housing Administration home equity conversion mortgage program through FY 2000. Increases program mortgages to 50,000. Permits mortgages to be made for certain owner-occupied multifamily dwellings.

• Amends the Federal National Mortgage Association Charter Act to extend the Government National Mortgage Association (GNMA) guaranteed mortgage backed securities program through FY 1996.

• Amends the Housing and Community Development Act of 1992 to extend the risk-sharing and housing finance agency pilot programs through FY 1996.

• Amends the United States Housing Act of 1937 with regard to public housing security to: (1) extend security authority to "off" premises; (2) make criminal records of adult applicants or tenants available for screening or eviction purposes; and (3) make a tenant evicted for drug-related activity ineligible for housing assistance for three years unless such person successfully completes an approved rehabilitation program. Amends the United States Housing Act of 1937 to prohibit or terminate occupancy in assisted housing and housing for the elderly and disabled to alcohol and drug abusers.

• Amends the United States Housing Act of 1937 to revise provisions permitting public housing agency (PHA) designation of housing for occupancy by only elderly families, only disabled families, or elderly and disabled families. Prohibits eviction of current tenants from designated projects. Requires PHA assistance to relocated tenants. Sets forth designation plan and HUD approval provisions. Authorizes FY 1996 appropriations.

• Authorizes the Secretary to make grants to Habitat for Humanity International (headquartered in Americus, Georgia) and other national or regional organizations or consortia for construction of new, safe, and sanitary dwellings in the United States, including land acquisitions and infrastructure improvement.

• Authorizes the Secretary to use specified assisted housing funds for FY 1996 for: (1) self-help housing assistance under section 11 of this Act; (2) the national cities in schools community development program; and (3) capacity building through national community development initiative.

• States that this Act and its provisions shall be construed to have become effective on October 1, 1995.

DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT AND INDEPENDENT AGENCIES APPROPRIATIONS ACT, 1997

(Public Law 104-204, September 26, 1996)

• Extends the duration of specified provisions relating to: (1) public housing funding flexibility, under the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996; (2) one-for-one replacement of public and Indian housing, under specified Federal law; (3) public and assisted housing rents, income adjustments, and preferences, under the Balanced Budget Downpayment Act and the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996; (4) applica-

bility of such extensions to Indian housing authorities; (5) streamlining of section 8 tenant-based assistance, under the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996; (6) section 8 fair market rentals and delay in reissuance, under the Balanced Budget Downpayment Act; and (7) section 8 rent adjustments, under the United States Housing Act of 1937.

• Directs the HUD Secretary to establish fees for the cost of administering the certificate, voucher, and moderate rehabilitation programs, and other specified matters.

• Extends the single family assignment program through FY 1997.

• Requires that specified funds be available for activities relating to promotion and implementation of homeownership in targeted geographic areas.

• Reduces by $2 million in uncommitted authorization balances the limitation on the maximum payments that may be required in any fiscal year by all contracts with respect to rental and cooperative housing for lower income families.

• Requires that: (1) 50 percent of the amounts of budget authority (or of the cash amounts associated with such budget authority) that are recaptured from certain projects under the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 be rescinded (or, in the case of cash, remitted to the Treasury); and (2) the remaining amounts be used by State housing finance agencies or local governments or housing agencies with projects approved by the HUD Secretary.

• Provides for specified section 8 contract renewal authority (with respect to certain expiring contracts for project-based assistance under the United States Housing Act of 1937).

• Directs the HUD Secretary to administer a demonstration program with respect to multifamily projects: (1) whose owners agree to participate; (2) with section 8 rents, in the aggregate, in excess of 120 percent of the fair market rent of the market area in which the project is located; and (3) the mortgages of which are insured under the National Housing Act. Makes appropriations for such program, in addition to amounts made available from a similar program (hereby repealed) under the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, 1996.

• Amends the Cranston-Gonzalez National Affordable Housing Act to authorize the HUD Secretary to waive certain conditions on the use of funds with respect to Hawaiian home lands set aside under the Hawaiian Homes Commission Act, 1920.

• Authorizes the HUD Secretary to transfer certain assisted housing amounts to the Prevention of Resident Displacement account and the Housing Opportunities for Persons with AIDS (HOPWA) account.

• Directs the HUD Secretary to maintain all current requirements under specified regulations with respect to policies and procedures for the promulgation and issuance of rules, including the use of public participation in the rulemaking process.

• Amends the Housing and Community Development Act of 1974 to revise community development block grants requirements.

• Prohibits the use of any amounts made available under this Act during FY 1997 to investigate or prosecute under the Fair Housing Act any otherwise lawful activity engaged in by one or more persons, including the filing or maintaining of a nonfrivolous legal action, whose sole purpose is achieving or preventing action by a government official or entity, or a court of competent jurisdiction.

• Extends through FY 1998 certain authorities and limitations on the use of community development assistance for specified public services under the Housing and Community Development Act of 1974.

• Revises certain requirements for the program of rental and cooperative housing for lower income families under the National Housing Act.

• Authorizes certain corporations and agencies of HUD to make commitments without regard to fiscal year limitations as necessary to carry out provisions under the Government Corporation Control Act. Allows any collections by such corporations and agencies to be used for new loan or mortgage purchase commitments to the extent provided under this Act, with specified exceptions.

• Amends the National Housing Act with respect to Federal Housing Administration (FHA) mortgage insurance premiums to limit the premium payment to two percent of the original insured principal mortgage obligation for a first-time homebuyer who completes a program of counseling on homeownership responsibilities and financial management.

• Amends the National Housing Act to require the HUD Secretary, with respect to downpayments on FHA-insured loans, to consider as cash or its equivalent any amounts borrowed from a family members, subject to certain conditions.

• Amends the National Housing Act, with respect to mortgage insurance, to provide for calculation of downpayment (or insurable principal amount) mortgages originated in the States of Alaska or Hawaii.

• Amends the National Housing Act to authorize the HUD Secretary to delegate, to one or more mortgagees approved under the direct endorsement program, the authority to insure mortgages involving property upon which there is located a dwelling designed principally for occupancy by one to four families.

• Directs the Comptroller General to audit the operations of the Office of Federal Housing Enterprise Oversight to ensure that: (1) the office resources and contract authority are adequate; and (2) are being used appropriately to ensure that the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) are adequately capitalized and operating safely.

NATIVE AMERICAN HOUSING ASSISTANCE AND SELF-DETERMINATION ACT OF 1996

(Public Law 104-330, October 26, 1996)

Block Grants and Grant Requirements

• Authorizes the Secretary of HUD, for each fiscal year, to make grants to a recipient on behalf of Indian tribes to carry out affordable housing activities. Prohibits the making of any grant on behalf

of an Indian tribe unless the governing body of the locality within which any affordable housing to be assisted with grant amounts will be situated has entered into an agreement with the tribe recipient providing for local cooperation as required pursuant to this Act.

• Allows a grant recipient for an Indian tribe to receive a block grant only if the affordable housing assisted with grant amounts under this Act is exempt from all real and personal property taxes levied or imposed by any State, tribal, local, or other political subdivision, and the recipient makes annual user fee payments to compensate such governments for the costs of providing governmental services or payments in lieu of taxes to such taxing authority. Sets forth a rule concerning the effect of the failure of a grant recipient to exempt affordable housing from taxation.

• Limits grant amounts to be used only for affordable housing activities consistent with an approved Indian housing plan.

• Requires that an Indian tribe submit to the Secretary for each fiscal year an Indian housing plan for the tribe containing a mission statement, goals and objectives, and an overview of the activities planned.

• Allows a tribally designated housing entity to prepare and submit an Indian housing plan on behalf of an Indian tribe, but only if such plan contains a specified certification by the recognized tribal government of the grant beneficiary that such tribe has had an opportunity to review the plan or has authorized the submission of the plan by the housing authority.

• Authorizes the Secretary to establish separate requirements for plans for small Indian tribes and small tribally designated housing entities.

• Permits a recipient to retain program income under certain conditions.

• Allows the Secretary to release amounts for particular projects to tribes assuming all of the responsibility for environmental review pursuant to certain Federal laws.

• States that all regulations shall be issued according to a negotiated rulemaking procedure. Directs that the Secretary shall establish a negotiated rulemaking committee for the development of proposed regulations. Conditions that the Secretary shall adapt the negotiated rulemaking procedures under Federal law to the unique government-to-government relationship between the tribes and the United States, and ensure that the committee membership include only representatives of the Federal Government and of geographically diverse small, medium, and large Indian tribes. Prohibits the Secretary from precluding the participation of tribally designated housing entities should tribes elect to be represented by such entities. Affordable Housing Activities

• Sets forth the national objectives concerning affordable housing activities for Indian tribes. Limits assistance to low-income Indian families on Indian reservations and other Indian areas, with the exception of assistance for home ownership or loan guarantee activities. Directs that the Secretary shall establish limits on the amount of assistance for non-low-income families. Permits a recipient to provide housing or housing assistance provided through af-

fordable housing activities for non-Indian families on Indian reservations or other Indian areas under certain conditions.

• Allows, through the Indian housing plan for an Indian tribe, preference to be given to Indian families who are members of such tribe or to other Indian families for housing or housing assistance provided through affordable housing activities.

• Defines eligible affordable housing activities, including crime prevention and safety activities.

• Permits the recipient for an Indian tribe to use grant amounts for affordable housing activities through certain investments, including leveraging of private investments.

• Sets forth a low-income requirement and provides for income targeting for affordable housing, except upon a foreclosure or other transfer (in lieu of foreclosure).

• Requires that the National Crime Information Center, police departments, and other law enforcement agencies shall provide information upon request to Indian tribes or tribally designated housing entities regarding the criminal conviction records of adult applicants or tenants for the purposes of applicant screening, lease enforcement, and eviction.

Allocation of Grant Amounts

• Authorizes the Secretary to establish by regulation, not later than the expiration of the 12-month period beginning on the date of enactment, a grant allocation formula to be based on factors that reflect the need of the Indian tribes and the Indian areas of the tribes for assistance for affordable housing. Sets forth requirements for full and partial funding in any fiscal year for the operation and modernization of public housing. Compliance, Audits, and Reports

• Sets forth provisions concerning remedies for noncompliance, including referral for civil action in lieu of, or in addition to, any action authorized by the Secretary.

• Directs that each recipient through binding contractual agreements with owners and otherwise, shall: (1) ensure long-term compliance, including through on-site inspection of housing; and (2) submit a report to the Secretary describing the conclusions of each review.

• Authorizes the Secretary to make, not less than annually, necessary or appropriate reviews and audits of recipients of assistance under this Act. Conditions that such reviews include, insofar as practicable, on-site visits by HUD employees.

• Provides for GAO audits of financial transactions of grant amounts.

• Mandates a certain report to the Congress by the Secretary.

Termination of Assistance for Indian Tribes Under Incorporated Programs

• Repeals title II (Assisted Housing for Indians and Alaska Natives) of the United States Housing Act of 1937. Repeals provisions within titles I (General Program of Assisted Housing) and III (Hope for Public and Indian Housing Homeownership) of the United States Housing Act of 1937 relating to Indian housing assistance. Repeals the Indian Public Housing Early Childhood Development Demonstration Program.

• Terminates housing and rental assistance for Indian tribes, after FY 1997, under the United States Housing Act of 1937.

• Terminates housing assistance in FY 1998 for Indian tribes under the: (1) Youthbuild program; (2) HOME program; (3) emergency shelter grants program; (4) rural homelessness grant program; and (5) Innovative Homeless Initiatives Demonstration Program. Federal Guarantees for Financing for Tribal Housing Activities

• Authorizes the Secretary to make loan guarantees for the purposes of financing affordable housing activities and conditions that a guarantee may be used in obtaining financing only if the Indian tribe or housing entity has made efforts to obtain such financing elsewhere. Authorizes the Secretary to make grants to an Indian tribe to cover up to 30 percent of the net interest costs.

• Limits the aggregate principal amount the Secretary may guarantee for FY 1997 through 2001. Other Housing Assistance for Native Americans

• Amends the Housing and Community Development Act of 1992 to add Indian tribes to the current definition of eligible borrowers. Specifies that the authority to provide loan guarantees for Indian housing to those who could not otherwise acquire financing because of the unique legal status of Indian lands (currently, trust lands) shall include the authority to provide such guarantees because of the lack of access to private financial markets.

• Sets forth a requirement that the loan guarantees for eligible housing shall be used for housing under the jurisdiction of an Indian tribe for which an Indian housing plan has been submitted and approved.

• Revises the requirement respecting the option of a lender to obtain payment under a guarantee upon default without seeking foreclosure (or in any case in which a foreclosure proceeding initiated continues for more than one year).

• Modifies provisions respecting limitations on liquidation to change current reference to tribal allotted or trust land to restricted Indian land, and to permit the mortgagee or the Secretary (previously, only the Secretary) to pursue such liquidation. Extends, for FY 1997 through 2001, the Secretary's authority to guarantee loans for Indian housing of up to an aggregate limit.

• Revises the following definitions: (1) Indian area; (2) Indian housing authority; and (3) tribe or Indian tribe.

• Revises principal obligation loan guarantee limit provisions for Indian housing to prohibit a principal obligation from exceeding 97.75 percent of the appraised value of the property as of the date the loan is accepted for guarantee, or 98.75 percent, if the value of the property is $50,000 or less.

• Provides that the authority of the Secretary to enter into commitments to guarantee loans for Indian housing shall be effective for any fiscal year in amounts provided in appropriations Acts without regard to the fiscal year for which such amounts were appropriated. (Previously, was effective in amounts provided in appropriations Acts for such fiscal year.)

• Amends the Federal National Mortgage Association Charter Act to include loans guaranteed under section 184 of the Housing and

Community Development Act of 1992 under the authority of the Government National Mortgage Association.

• Allows Indian owners, subject to the approval of the affected Indian tribe and the Secretary of the Interior, to lease for a 50-year term any restricted Indian lands for residential housing purposes.

• Authorizes appropriations for a national organization representing Native American housing interests for training and technical assistance to Indian housing authorities of such sums as may be necessary for FY 1997 through 2001.

• Amends the Public and Assisted Housing Drug Elimination Act of 1990 to replace the term "Indian Housing Authorities" with "tribally designated housing entity".

DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT AND INDEPENDENT AGENCIES APPROPRIATIONS ACT, 1998

(Public Law 105-65, October 27, 1997)

• Extends certain provisions regarding contributions for low-income housing projects and the demolition, disposition, or conversion to home ownership of public housing.

• Amends the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 to extend provisions regarding the streamlining of section 8 tenant-based assistance.

• Amends the United States Housing Act of 1937 to extend specified provisions regarding section 8 rent adjustments through FY 1998.

• Amends the Balanced Budget Downpayment Act to extend provisions regarding: (1) public and assisted housing minimum rents, income adjustments, and preferences; and (2) delays in the reissuance of section 8 vouchers and certificates.

• Amends the National Housing Act to authorize HUD to make partial guaranteed mortgage loan payments for health care facilities.

• Amends the Cranston-Gonzalez National Affordable Housing Act to provide for allocations for affordable housing to local jurisdictions that receive initial formula allocations of less than $500,000.

• Requires the Secretary of HUD to make a grant for any State that: (1) received an allocation for FY 1997 under the AIDS Housing Opportunity Act; (2) is not otherwise eligible for such allocation for FY 1998 because the State does not have the required number of AIDS cases; and (3) would meet such requirement if the cases in the metropolitan statistical area (MSA) for any city within the State (which was not eligible in FY 1997 but is eligible for FY 1998) were considered to be cases outside of such MSAs.

• Amends the National Flood Insurance Act of 1968 to extend through FY 1998: (1) a certain ceiling on obligations issued under the national flood insurance program; (2) the authority for new flood insurance contracts; and (3) the authorization of appropriations for certain studies.

• Requires the Director of FEMA to promulgate a methodology for collection of fees applicable to persons subject to FEMA's radio-

logical emergency preparedness regulations. Permits collection of such fees only during FY 1998.

• Authorizes certain corporations and agencies of HUD to make commitments without regard to fiscal year limitations as necessary to carry out provisions under the Government Corporation Control Act. Allows any collections by such corporations and agencies to be used for new loan or mortgage purchase commitments to the extent provided under this Act, with specified exceptions.

Multifamily Assisted Housing Reform and Affordability Act of 1997: FHA-Insured Multifamily Housing Mortgage and Housing Assistance Restructuring

• Directs the Secretary of HUD to enter into agreements with participating administrative entities (with preference given to State or local housing finance agencies) to develop and implement mortgage restructuring and rental assistance plans for FHA-insured multifamily housing mortgages in order to: (1) reduce expiring section 8 contracts costs; (2) address troubled projects; and (3) correct management and ownership deficiencies.

• Includes two-tiered mortgage restructuring among plan incentives.

• Terminates program authority as of a specified date.

• Sets forth authorities regarding renewal of certain section 8 contracts.

Miscellaneous Provisions

• Amends the National Housing Act to authorize the Secretary to make grants for the capital costs of rehabilitation to owners of specified insured or section 8 projects, subject to certain conditions.

• Requires the Comptroller General to report to the Congress on section 8 assistance for multifamily housing projects, including an analysis of how State and local housing finance agencies have benefited from rental assistance and the effectiveness of project oversight. Enforcement Provisions

• Directs the Secretary to issue implementing regulations.

• Amends the Social Security Act to make permanent provisions authorizing disclosure by States of certain income and unemployment records of housing assistance participants or applicants to HUD. Makes a conforming amendment to Internal Revenue Code provisions relating to tax return information of such individuals.

• FHA Single Family and Multifamily Housing—Amends the National Housing Act to expand HUD authorities with respect to: (1) lender sanctions; (2) equity skimming; and (3) civil money penalties.

• FHA Multifamily Provisions—Amends the National Housing Act and the Housing Act of 1937 to expand multifamily housing-related civil money penalties.

• Amends the Housing and Community Development Act of 1987 to extend the double damages remedy. Office of Multifamily Housing Assistance Restructuring

• Establishes the Office of Multifamily Housing Assistance Restructuring within HUD.

• Terminates subtitle A (except for section 8 contract renewal provisions) and this subtitle on October 1, 2001. Homeowners Protection Act of 1998, Public Law 105-216, July 29, 1998

• Prescribes guidelines for mandatory termination of private mortgage insurance (PMI) for a residential mortgage when the principal balance is first scheduled to reach or actually reaches 80 percent of the original value of the property securing the mortgage loan, including: (1) a mortgagor's written cancellation request; (2) automatic termination; (3) final termination; (4) no further payments; and (5) return of unearned premiums. Cites exceptions for high risk loans.

• Requires the Comptroller General to detail for the Congress the volume and characteristics of residential mortgages and residential mortgage transactions that are exempt from the borrower cancellation and automatic termination requirements of this Act.

• Prescribes disclosure requirements for PMI amortization schedules, including for: (1) new mortgages at the time of transaction; (2) high-risk mortgages; (3) mortgage transactions entered into prior to enactment of this Act; (4) annual written updates; (5) PMI cancellation or termination; and (6) lender paid mortgage insurance.

• Prohibits fees for such disclosures.

• Subjects any servicer, mortgagee, or mortgage insurer in violation of this Act to civil liability for damages incurred by each mortgagor to whom the violation relates.

• Preempts: (1) State law governing PMI (except protected State laws that are not inconsistent with this Act); and (2) servicing agreements entered into by Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or any private investor or note holder.

• Declares that a protected State law shall not be construed as inconsistent with this Act if it requires: (1) termination of PMI or other mortgage guaranty insurance at an earlier date or when a lower mortgage loan principal balance is achieved; or (2) disclosure of information that provides more information than required by this Act, or more often or at a date earlier than required by this Act.

• Prescribes enforcement guidelines for Federal banking agencies.

• States that this Act does not preclude an agreement between a mortgagor and mortgage holder to cancel or terminate a requirement for PMI in connection with a residential mortgage transaction before the cancellation or termination date established by this Act for the mortgage.

• Abolishes the Thrift Depositor Protection Oversight Board. Provides for the continuation of Resolution Funding Corporation orders, resolutions, determinations, and regulations. Transfers to the Secretary of the Treasury the authority of the Thrift Depositor Protection Oversight Board, and the duties of the Resolution Funding Corporation.

• Amends the Resolution Trust Corporation Completion Act to remove the Chairperson of the Thrift Depositor Protection Oversight Board from mandatory membership on the Affordable Housing Advisory Board. Repeals the directive that such Board conduct its meetings where substantial residential property assets of the Fed-

eral Deposit Insurance Corporation or the Resolution Trust Corporation are located.

DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT AND INDEPENDENT AGENCIES APPROPRIATIONS ACT, 1999

(Public Law 105-276, October 21, 1998)

• Amends the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 to extend a provision regarding authorized uses of assistance, including the improvement or replacement of housing, by public housing agencies.

• Amends the Federal Home Loan Mortgage Corporation Act to authorize the Federal Home Loan Mortgage Corporation to purchase a mortgage secured by a property comprised of multifamily dwelling units where the principal balance of the mortgage exceeds 80 percent of the value of the property if the mortgage is subject to certain default loss protection.

• Amends the Housing and Community Development Act of 1974 to make Brownfields an eligible activity under the community development block grant program.

• Extends the authority of HUD flexibility to make rehabilitation grants and loans in disposing of HUD-owned and HUD-held properties.

• Requires the Secretary of HUD to make a grant for any State that: (1) received an allocation in a prior fiscal year under the AIDS Housing Opportunity Act; and (2) is not otherwise eligible for such allocation for FY 1999 because the areas in the State outside of the metropolitan statistical areas that qualify do not have the required number of AIDS cases.

• Amends the AIDS Housing Opportunity Act by making changes in the HOPWA funding formula to correct anomalies that result in loss of funds for a State when the incidence of AIDS in a large city within that State increases. This provision applies to funds allocated only for FY 1999.

• Amends the Department of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act of 1996 to permit public housing agencies to draw down capital grant funds on a construction-related schedule and to deposit the funds in an escrow account to serve as collateral for bonds for construction and rehabilitation.

• Amends the United States Housing Act of 1937 to set the monthly assistance payment for families being admitted to the voucher program who remain in the same unit or complex where rent does not exceed the payment standard at the amount by which rent exceeds the greater of 30 percent of the family's monthly adjusted income or ten percent of the family's monthly income.

• Authorizes the Secretary of HUD to revise the performance funding system used for making annual payments for operation of low-income housing to take into account equity among public housing agencies and include incentives for sound management.

• Amends the Housing and Community Development Act of 1992 to extend the Secretary of HUD's authority to enter into certain

risk-sharing agreements to determine Federal credit enhancements for loans for affordable multifamily housing. Increases the number of units to which those agreements may apply in FY 1999.

• Amends the National Housing Act to: (1) extend certain conditions on obtaining FHA mortgage insurance with regard to calculations of downpayment and makes such calculations applicable to all mortgages (currently, those originating in Alaska and Hawaii); and (2) raise the limit on the amount of principal obligations involved in order to be eligible for such insurance.

• Deems the term "States" to include Indian tribes and Guam, the Northern Mariana Islands, the Virgin Islands, and American Samoa for purposes of eligibility for funding under community development block grant provisions of the 1998 Supplemental Appropriations and Rescissions Act.

• Authorizes eligible low-income housing project owners to: (1) prepay mortgages on such projects; and (2) request voluntary termination of a mortgage insurance contract with respect to such a project, notwithstanding certain requirements under the National Housing Act. Permits mortgage prepayment or contract termination only if: (1) such prepayment or termination is consistent with the terms of the mortgage on, or insurance contract for, the project; (2) the owner agrees not to increase rent charges for any project dwelling during the 60-day period beginning on the prepayment or termination; and (3) the owner provides notice of intent to prepay or terminate within a certain time period, with specified exceptions

• Amends the Public and Assisted Housing Drug Elimination Act of 1990 to make Indian tribes eligible to receive grants for elimination of drug-related crime in public housing.

• Authorizes HUD to provide information to, and buy information from, nationwide, multifamily housing loan and property data services.

• Amends the National Housing Act to authorize the Secretary of HUD to conduct certain multifamily mortgage auctions through December 31, 2002.

• Requires the Secretary of HUD to report annually to the Congress on a plan to address each material weakness, reportable condition, and noncompliance with an applicable law or regulation identified in the FHA's most recent audited financial statement.

• Amends the National Housing Act by requiring disclosure to consumers about the cost of FHA-insured mortgages as compared to commercially-insured mortgages.

• Amends the National Housing Act of permit owners of certain section 236 projects to retain some of the excess rents collected, rather than deposit the amounts into the Secretary's reserve fund.

• Amends the National Housing Act by increasing the FHA single-family loan limits, allowing uniformity within metropolitan statistical areas.

• Amends the United States Housing Act of 1937 to require public housing agencies to establish standards for occupancy in public housing dwellings and assistance under section 8 that: (1) permanently prohibit occupancy by, and section 8 assistance for, persons who have been convicted of producing methamphetamine on the premises in violation of Federal or State law; and (2) immediately

and permanently terminate the tenancy of, and such assistance for, such persons.

Quality Housing and Work Responsibility Act of 1998

• Declares that housing policy should promote decent and affordable housing through public and private sector efforts.

• Requires, with specified exceptions, tenant membership on public housing agency (PHA) board of directors.

• Amends the Housing Act of 1937 (Act) to define specified terms.

• Establishes, with hardship exceptions, minimum rents of not more than $50 per month for specified tenants.

• Revises adjusted income determinations.

• Disallows, for 12 months with a subsequent phase-in, from public housing rent determinations income earned by a family member previously unemployed for at least one year.

• Authorizes PHAs not conducting a family self-sufficiency program to do so. Terminates the program expansion requirement.

• Prohibits use of HUD funds to indemnify contractors against judgments associated with intellectual property infringement.

• Requires PHAs to submit annual and five-year plans to the Secretary. Requires annual plans to contain provisions concerning: (1) local housing needs; (2) PHA financial resources; (3) admissions policies; (4) rent determinations; (5) operations and management; (6) grievance procedures; (7) capital improvements; (8) demolition and disposition; (9) designation of housing for elderly and disabled families; (10) public housing conversion; (11) home ownership; (12) economic self-sufficiency and cooperation with welfare and other agencies; (13) safety and crime prevention; (14) pets; and (15) annual certification and audits. Authorizes streamlined plans for PHAs that: (1) are high performing; (2) have less than 250 units and are not designated as troubled; and (3) do not own or operate public housing.

• Requires: (1) plan submission to HUD within 75 days of the start of a PHA's fiscal year; and (2) General Accounting Office audit and review of a representative plan sampling.

• Requires public housing tenants (other than the elderly, disabled, employed, or otherwise work-exempt) to participate at least eight hours monthly in a community service or self- sufficiency program.

• Prohibits low-income family concentration and provides for mixed-income housing.

• Eliminates Federal preferences for public housing admissions. Expresses the sense of the Congress that PHAs should consider preferences for victims of domestic violence.

• Authorizes PHAs to form consortia and joint ventures and operate subsidiaries. Eliminates certain energy conservation requirements.

• Authorizes the Secretary to permit PHAs to mortgage or otherwise grant a security interest in public housing projects.

• Directs the Secretary to develop a mental health services plan for public housing residents.

Public Housing: Operating and Capital Assistance

• Amends the Act to consolidate public housing assistance (other than section 8 assistance) into a Capital Fund and an Operating Fund. (Establishes such Funds.) Directs the Secretary to establish assistance formulae.

• Authorizes: (1) PHAs to use not more than 20 percent of capital funds for operations as of FY 2000; and (2) full spending flexibility for PHAs with less than 250 units. Limits, with exceptions, fund use for new construction. Obligates emergency reserve funding.

• Revises the definition of "development costs" with respect to public housing.

• Sets forth additional sanctions for improper PHA fund use.

• Repeals modernization fund authority. Admissions and Occupancy Requirements

• Amends the Act to permit tenants to annually choose either a flat or income-based rent.

• Authorizes PHAs to: (1) permit tenancy for police officers and over-income families not otherwise eligible; (2) establish site-based waiting lists; and (3) permit reasonable pet ownership. Management, Homeownership, and Demolition and Disposition

• Amends the Act to repeal the contract requirement that excess funds be used to reduce subsequent annual contributions.

• Provides that public housing contracts shall require PHAs to maintain housing quality standards. Directs the Secretary to establish quality standards.

• Revises public housing demolition and disposition provisions. Requires a PHA to certify: (1) in the case of a demolition, that the project is obsolete and not cost effective to rehabilitate; and (2) in the case of a disposition, project retention is not in the best interests of the tenants or the PHA. Authorizes HUD disapproval of a demolition or disposition application under specified circumstances. Provides for resident organization purchase opportunity in a proposed disposition. Eliminates the one-for-one replacement requirement. Authorizes replacement units to be built on the demolition site only if fewer than the original number of demolished units are built.

• Provides for direct provision of operating and capital assistance to resident management corporations that assume primary housing management responsibility.

• Authorizes PHAs to convert public housing to vouchers. Sets forth related assessment and plan requirements. Eliminates family investment center authority.

• Authorizes upon tenant request, and sets forth the conditions for, transfer of a distressed housing project from a PHA to a specified management entity.

• Authorizes the Secretary to make grants through September 30, 2002, to certain PHAs for improving severely distressed public housing. Sets forth eligible activity and related provisions.

• Authorizes PHAs to develop homeownership programs to sell public housing units to: (1) residents or other low-income buyers; or (2) entities for resale to such buyers. Provides for: (1) resident right of first refusal; and (2) rental and relocation assistance to nonpurchasing tenants. Sets forth resale limitations.

• Requires the conversion of specified distressed public housing to tenant-based assistance. Sets forth conversion requirements.

• Authorizes the Secretary to make matching grants to PHAs or resident organizations for supportive services and resident empowerment activities to assist resident economic self-sufficiency.

• Authorizes PHAs to own or operate mixed-finance projects. Section 8 Rental and Homeownership Assistance

• Amends the Act to merge the section 8 voucher and certificate programs into a single voucher program. Sets forth program provisions, including: (1) a payment standard and discretionary set-aside; (2) monthly assistance amounts; (3) tenant rent contribution and rent cap; (4) family contribution, including local preferences; (5) annual family income review; (6) one-year (or less if PHA-approved) lease provisions; (7) PHA unit inspections; (8) vacated units; (9) reasonable market rents; (10) manufactured housing eligibility; (11) homeownership option; and (12) witness relocation participation.

• Amends the definition of "public housing agency" for section 8 purposes to include: (1) consortia of PHAs; (2) other public or private nonprofit entities administering tenant-based assistance pursuant to a contract with the Secretary or a PHA; or (3) a PHA serving more than one local jurisdiction.

• Revises fee provisions.

• Authorizes section 8 tenant eligibility for law enforcement and security personnel not otherwise eligible.

• Revises and makes permanent tenant notification and endless lease provisions.

• Makes conforming amendments with respect to such voucher program to the: (1) Cranston-Gonzalez National Affordable Housing Act (grants for community residences and services); (2) Housing and Community Development Act of 1987 (displaced resident assistance); (3) Housing Act of 1949 (rural housing preservation grants); (4) Housing and Community Development Act of 1992 (fair housing demonstration); and (5) Housing and Community Development Amendments of 1978 (troubled multifamily housing assistance).

• Requires section 8 contracts to permit law enforcement access to project common areas.

• Provides for voucher portability.

• Provides for a section 8 home ownership option. Authorizes the Secretary to carry out a home ownership demonstration program.

• Directs the Secretary to carry out a manufactured housing demonstration program for FY 1999 through 2001.

• Authorizes section 8 FY 1999 through 2003 appropriations for: (1) incremental dwelling units; (2) relocation units for demolished housing; (3) resident relocation; (4) conversion of family self-sufficiency housing to section 8 housing; (5) family unification plan; (6) witness relocation; (7) nonelderly disabled families; and (8) housing vouchers for the homeless and portability changes of residence.

• Authorizes appropriations for disabled family assistance. Home Rule Flexible Grant Demonstration

• Amends the Act to direct the Secretary to carry out a five-year home rule flexible grant demonstration program that authorizes local jurisdictions to receive and combine housing assistance and

enter into performance contracts to: (1) provide housing assistance that facilitates employment transition of low-income families, (2) provide permanent housing for the homeless; and (3) increase low-income family home ownership. Accountability and Oversight of Public Housing Agencies

• Directs the Secretary to provide for a study of alternative methods for evaluating PHAs and other providers of Federal housing assistance.

• Amends the Act to revise public housing management assessment criteria.

• Revises HUD powers concerning troubled PHAs to permit the Secretary to: (1) take possession of a troubled PHA, including any of its projects or functions, or provide for alternative management, including section 8 housing; and (2) grant such PHA a two- part probationary period to demonstrate satisfactory improvement, and , upon inability to make such improvement, either take over the PHA or appoint a receiver to do so.

• Amends the Cranston-Gonzalez Affordable Housing Act to require the comprehensive housing affordability strategy (CHAS) for a State or unit of general local government in which a troubled PHA is located to include a performance improvement plan for such PHA. Safety and Security in Public and Assisted Housing

• Amends the Act to include felonies among the activities for which an expedited eviction grievance procedure shall apply.

• Sets forth provisions concerning the availability of tenant screening and eviction information. Provides for limited use confidentiality.

• Authorizes: (1) a PHA or owner of assisted housing to require adult household members to sign a release permitting access to certain law enforcement information; and (2) a PHA to require household members to sign a release permitting access to drug abuse treatment information.

• Makes a person evicted from federally assisted housing because of drug-related activity ineligible for such housing for three years unless he or she successfully completes a drug rehabilitation program.

• Requires a PHA or owner of federally assisted housing to establish admission and eviction standards for a person: (1) using a controlled substance; or (2) reasonably believed to be using a controlled substance or abusing alcohol in a way that would interfere with other tenants' safety, health, or peaceful enjoyment of the premises.

• Prohibits public housing admission for any household with a member who is subject to lifetime registration under a State sex offender registration program. Directs PHAs to conduct related applicant information checks. Repeals and Related Provisions

• Directs the Secretary to annually report on the impact of this Act upon resident demographics, PHA viability, and rent policies.

• Eliminates specified programs and studies under the following Acts: (1) Cranston-Gonzalez National Affordable Housing Act (public housing rent waivers for police, Indian housing childhood development, public housing one-stop perinatal services demonstration, public housing mixed-income new communities demonstration, public housing energy efficiency demonstration, and public and as-

sisted housing youth sports programs); (2) Housing and Community Development Act of 1987 (public housing comprehensive transition demonstration); (3) Housing and Community Development Act of 1992 (fair housing report); (4) Housing and Community Development Amendments of 1981 (payment for development managers); (5) Housing and Urban-Rural Recovery Act of 1983 (public housing childhood development); (6) Housing and Community Development Act of 1992 (Omaha home ownership demonstration); (7) National Housing Act and the Emergency Home Finance Act of 1970 (multifamily financing); and (8) Housing and Community Development Act of 1974 (special projects for elderly or handicapped families).

• Expresses the sense of the Congress that, to the greatest extent possible, equipment and services purchased under this Act should be American made.

• Directs the Comptroller General to conduct a study of housing assistance program costs.

• *Public and Assisted Housing Drug Elimination Program Amendments of 1998*—Amends the Anti-Drug Abuse Act of 1988 to make public housing drug elimination grants available: (1) to recipients of assistance under the Native Americans Housing Assistance and Self- Determination Act of 1996 (currently available to tribally designated housing entities); (2) to PHA consortia; (3) for violent crime elimination; and (4) for sports programs.

• Authorizes: (1) FY 1999 through 2003 appropriations; and (2) set-asides for PHAs with serious crime problems, federally assisted low- income housing, and program oversight.

• Directs the Secretary to review drug elimination program security contracts with respect to hiring discrimination, emergency contracting procedures, and contract effectiveness.

• Amends the Housing and Community Development Act of 1974 to prohibit assistance to be used for employment relocation.

• Prohibits the Secretary from establishing a national occupancy standard.

• Directs the Secretary , for at least ten metropolitan or urban county jurisdictions, to provide certain income eligibility exceptions for community block grant and HOME investment partnership purposes.

• Directs the Inspector General of HUD to report on HUD-owned single family and multifamily home occupancy and conditions.

• Amends the Housing and Community Development Act of 1980, as amended by the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, with respect to the use of assisted housing by aliens.

• Amends the National Housing Act to increase (to 150,000) the aggregate number of mortgages under the senior home owners equity conversion mortgage demonstration program. Obligates specified funding for FY 2000 through 2003 for equity conversion counseling and consumer education. Requires disclosure of costs which are necessary for such mortgage and those which are related but not required to obtain the mortgage.

• Amends the Housing and Urban Development Act of 1968 to: (1) extend emergency home ownership counseling authority through FY 2000; and (2) require notification of delinquency on veterans home loans.

• Makes specified technical changes to the Native American Housing Assistance and Self-Determination Act of 1996, the United States Housing Act of 1937, the Housing and Community Development Act of 1992, the Cranston-Gonzalez National Affordable Housing Act, and the Balanced Budget Downpayment Act.

• Amends the Native American Housing Assistance and Self- Determination Act of 1996 concerning: (1) the definition of "Indian area"; (2) block grant tax exemption; (3) civil rights applicability; (4) low-income requirements; (5) tenant selection; (6) environmental review under the Indian housing loan guarantee program; (7) public availability of information; and (8) local cooperation agreements.

• Transfers specified recaptured funds to the National Cities in Schools Community Development Program account.

• Amends the Housing and Community Development Amendments of 1978 to provide for tenant participation in multifamily housing projects.

• Amends the Manufactured Housing Construction and Safety Standards Act of 1974 to exempt self-propelled recreational vehicles from the definition of "manufactured home."

• Amends the Cranston-Gonzalez National Affordable Act concerning home ownership low-income and affordable housing determinations under the HOME investment partnerships program.

• Amends the Housing Act of 1949 to make permanent: (1) set-aside authority for targeted rural underserved areas and colonias, and for rural rental housing funds; (2) loan authority for housing and related facilities for elderly persons and families; (3) set-aside authority for nonprofit entities; and (4) loan guarantee authority for multifamily rental housing (prohibits guarantee denial due to tax-exempt financing).

• Makes a nonprofit limited partnership in which the general partner is a nonprofit entity an eligible farm labor housing insured lender.

• Authorizes conversion of rental assistance payments to operating subsidies for migrant farmworker projects.

• Amends the National Flood Insurance Act of 1968 to extend flood insurance and emergency implementation authorities through FY 2001.

• Amends the Housing Opportunity Program Extension Act of 1996 to authorize FY 1999 and 2000 appropriations for self-help housing providers. Provides for consortia awards through a national grant competition. Eliminates the Habitat for Humanity International as a named grant recipient.

• Amends the National Housing Act concerning special mortgage insurance assistance to: (1) increase the limit on covered principal obligations; (2) increase the allowable percentage of rent to income; (3) limit principal obligations to not more than 90 percent of the property's value; and (4) subject obligations to a capped premium fee.

• Authorizes the Secretary to approve otherwise qualified HOPE VI applications without regard to the demolition requirement. FHA Property Disposition Reform

• Amends the National Housing Act to revise single family claims procedures.

• Authorizes the Secretary to pay insurance benefits upon: (1) mortgage assignment; (2) property title conveyance; (3) at fair market price preforeclosure sale; or (4) at fair market price foreclosure. Authorizes the Secretary to: (1) permit the mortgagee to transfer title to HUD directly from the mortgagor; (2) pay for loss mitigation; (3) permit the assigning mortgagee to continue servicing the mortgage; and (4) sell acquired real and personal property.

• Sets forth provisions with respect to: (1) claims procedures; (2) insurance benefits; and (3) premium termination.

• Directs the Secretary to carry out a program of disposition of HUD-held single family properties in revitalization areas. Requires for such designation that an area: (1) be a very low-income area; (2) have a high concentration of eligible properties; or (3) have a low home ownership rate.

• Provides purchaser preference (including discounts) for nonprofit entities and local governments.

• Sets forth purchase and sale agreement provisions.

1999 Emergency Supplemental Appropriations Act

(Public Law 106-31, May 21, 1999)

• Increases the limitation on commitments to guarantee loans with respect to the Federal Housing Administration-Mutual Mortgage Insurance Program Account and the Government National Mortgage Association's Guarantees of Mortgage-Backed Securities Loan Guarantee Program Account.

• Revises and makes technical corrections to various Acts, including the Stewart B. McKinney Homeless Assistance Act.

Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, 2000

(Public Law 106-74, October 20, 1999)

• Amends the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1999 to extend certain provisions regarding grants to otherwise ineligible States for housing for persons with AIDS.

• Amends the United States Housing Act of 1937 to authorize the Secretary of HUD to establish income ceilings, with respect to eligibility for public housing or project-based section 8 assistance, that are higher or lower than 30 percent of the area median income based on findings that such variations are necessary because of unusually high or low family incomes.

• Establishes the Millennial Housing Commission to study and report to specified congressional committees on: (1) the importance of housing, particularly affordable housing, to U.S. infrastructure; (2) possible methods for increasing the role of the private sector in providing affordable housing; and (3) whether existing HUD programs work in conjunction with one another to provide better housing opportunities for families, neighborhoods, and communities and how such programs can be improved with respect to such purpose.

• Terminates the Commission on June 30, 2002.

• Amends provisions of the National Housing Act regarding payments of claims on defaulted mortgages with respect to multifamily housing units and health facilities to allow full (in addition to partial) payment of claims under one or more mortgage insurance contracts in connection with certain mortgage restructurings.

• Amends the United States Housing Act of 1937 to direct owners responsible for determining a participant's eligibility or level of benefits to require families receiving certain HUD family income matching information to disclose such information. Includes families who receive such information and dwell in units receiving certain project-based assistance within the list of families subject to the disclosure requirement.

• Amends the Department of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1998, to permit t Secretary of HUD to use risk-shared financing for any mortgage restructuring, rehabilitation refinancing or debt refinancing included as part of a mortgage restructuring and rental assistance sufficiency plan, if the terms and conditions are considered to be the best available financing in terms of financial savings to the FHA insurance funds, and will result in reduced risk of loss to the Federal Government.

• Requires the Secretary of HUD to transfer the administration of the Small Cities component of the Community Development Block Grants program for all funds allocated for the State of New York under a specified provision of the Housing and Community Development Act of 1974 to the State of New York, to be administered by the Governor.

• Extends the availability of certain grants made available under an economic development initiative pursuant to the Housing and Community Development Act of 1974 through FY 2000.

• Amends the United States Housing Act of 1937 to authorize the Secretary of HUD to reuse any budget authority recaptured on account of expiration of a housing assistance payments contract. Removes: (1) a condition that applies such authority only to contracts other than those for tenant-based assistance; and (2) a provision that makes such authority effective only for actions initiated by the Secretary on or before September 30, 1995.

Preserving Affordable Housing for Senior Citizens and Families into the 21st Century Act

• Amends the Housing Act of 1959 to authorize FY 2000 appropriations for supportive housing for the elderly.

• Amends the Cranston-Gonzalez National Affordable Housing Act to authorize FY 2000 appropriations for supportive housing for persons with disabilities.

• Authorizes FY 2000 appropriations for: (1) grants for service coordinators for elderly and disabled residents of certain federally assisted multifamily housing; and (2) contracts for congregate services for certain federally assisted housing.

• Authorizes FY 2000 appropriations for renewal of grants made in prior fiscal years for service coordinators and congregate services for the elderly and disabled in public housing.

• Expanding Housing Opportunities for the Elderly and Persons With Disabilities

• Requires the Secretary of HUD to analyze, and report to Congress on, the net sponsors of projects assisted under section 202 (supportive services for the elderly) of the Housing Act of 1959 (as in effect prior to enactment of the Cranston-Gonzalez National Affordable Housing Act) together with a reduction in the amount of Section 8 or other rental assistance provided to such a project.

• Amends the Housing Act of 1959 to authorize the Secretary to make grants for capital repairs of elderly housing projects or their conversion to assisted living facilities. Sets forth project eligibility and selection criteria, including inclusion of up to three unused or underused commercial properties. Authorizes FY 2000 appropriations.

• Amends the United States Housing Act of 1937 to authorize a recipient of section to rental costs.

• Amends the Housing Act of 1959 to make multifamily projects that have converted elderly housing units to assisted living facilities eligible for section 8 project based assistance in the same manner as if they had not made such conversions. Sets forth rent calculation provisions.

• Amends the Cranston-Gonzalez National Affordable Housing Act to provide that not more than 25 percent of fiscal year project rental assistance or capital advances for supportive housing for persons with disabilities may go to projects with more than 24 units.

• Directs the Secretary to conduct a study and report to Congress with respect to: (1) prior assistance provided to such projects; and (2) per-unit costs and benefits of specified project sizes assisted under the supportive housing for persons with disabilities program and the section 202 program under the Housing Act of 1959.

• Establishes the Commission on Affordable Housing and Health Care Facility Needs in the 21st Century. Directs the Commission to conduct a study and report to specified congressional committees on senior citizens' future affordable housing, assisted living, and health facility needs, and public and private sector capacities to meet such needs. Terminates the Commission as of June 30, 2002.

• Renewal of Expiring Rental Assistance Contracts and Protection of Residents

• Amends the Multifamily Assisted Housing Reform and Affordability Act of 1997, with respect to expiring project-based section 8 contracts, to base renewal rates upon comparable market rates. Provides for exception renewal rates based on: (1) the lower of adjusted existing rents or budget-based rents for certain projects exempt from mortgage restructuring; and (2) the lesser of adjusted existing rents, fair market rents, or comparable market rents for certain projects under the moderate rehabilitation program.

• Provides enhanced section 8 vouchers for residents of covered projects with expiring contracts. Authorizes FY 2000 through 2004 appropriations.

• Provides for continuation of expiring section 8 contract benefits to owners under specified conditions.

• Prohibits State or local limits on allowable project renewal distributions to owners, with exceptions.

• Amends the National Housing Act with respect to the rental and cooperative housing program to authorize: (1) interest reduc-

tion payments for project mortgage refinancing; and (2) project owners to retain excess income. Revises basic and market rent provisions.

• Amends the National Housing Act to permit multifamily project rehabilitation loans to be made from recaptured interest rate reduction payments.

• Amends the Multifamily Assisted Housing Reform and Affordability Act of 1997 to permit technical assistance for preservation of low-income housing for which project-based rental assistance is provided at below market rent levels and may not be renewed.

• Amends the Housing Act of 1937 to make section 8 renewals available for up to one year or any number of years, subject to appropriations.

• Amends the Housing and Community Development Amendments of 1978 to make residents of any project receiving flexible subsidy program assistance eligible for enhanced voucher assistance.

• Amends the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997 to extend grant and loan authority for management and disposition of multifamily properties and mortgages through FY 2000. Includes property construction among eligible activities.

• Amends section 8 of the United States Housing Act of 1937 to provide for enhanced voucher assistance for certain families in projects where mortgages have been prepaid, mortgage insurance contracts have been terminated section 8 rental assistance contracts have expired or been terminated, or the transaction under which the project is preserved as affordable housing results in tenants being eligible for such assistance.

• Amends the Multifamily Assisted Housing Reform and Affordability Act of 1997 to provide for Section 8 enhanced voucher assistance for certain tenants in housing where Section 8 assistance is not renewed.

• Amends the Low-Income Housing Preservation and Resident Homeownership Act of 1990 to provide for section 8 enhanced voucher assistance for certain tenants in housing where mortgages have been prepaid or insurance contracts have been terminated.

GRAMM-LEACH-BLILEY ACT

(Public Law 106-102, November 12, 1999)

State Regulation of Insurance

• Prohibits national banks and subsidiaries from selling or underwriting title insurance, except for certain grandfathered banks and subsidiaries already doing so. Permits a national bank and its subsidiary to sell title insurance as agent in a State which permits its State banks to do so, subject to the same conditions.

Federal Home Loan Bank System Modernization Act of 1999

• Amends the Federal Home Loan Bank Act (FHLBA) to expand Federal Home Loan Bank (FHLB) membership parameters to make a Federal savings association's membership in the FHLB system voluntary instead of mandatory.

• Expands parameters governing long-term advances to: (1) include advances to any community financial institution for small farms, and small agri-businesses; (2) state that FHLB cash and deposits are eligible collateral for securing a bank's interest in a loan or advance; and (3) repeal the 30 percent capital cap on the aggregate amount of outstanding advances that are secured by real estate related collateral. States that, in the case of any community financial institution, the collateral that is eligible for an FHLB loan includes secured loans for small business, agriculture, or securities representing a whole interest in secured loans.

• Authorizes an FHLB to renew certain advances on its own determination without concurrence by the Federal Housing Finance Board (FHFB). Requires an FHLB member with an advance secured by insufficient eligible collateral to reduce its level of outstanding advances according to a schedule determined by the FHLB (currently, by the FHFB). Authorizes such Board to: (1) review the collateral standards applicable to each FHLB for designated classes of collateral; and (2) require an increase in such standards for safety and soundness purposes.

• Revises eligibility criteria to permit certain community financial institutions to gain FHLB membership regardless of the percentage of total assets represented by residential mortgage loans.

• Amends the FHLBA to restructure the management of the FHLB boards of directors pertaining to: (1) residency requirements; (2) staggered terms of office; (3) election of chairpersons; and (4) compensation limitations and expenses.

• Repeals the mandates for: (1) a procedure for informal review of certain supervisory decisions; and (2) the Housing Opportunity Hotline program.

• Repeals: (1) the prohibition against an FHLB's acquisition of a bank building by purchase or over ten-year lease; (2) the requirement for FHFB approval of personnel decisions as well as the exercise of corporate powers by any FHLB; and (3) the authorization for an FHLB president to be a member of the FHLB board.

• Empowers the FHFB to: (1) charge an FHLB or any executive officer or director with violation of law or regulation in connection with the granting of any application or other request by the bank, or any written agreement between the bank and the FHFB; (2) take affirmative action to correct conditions resulting from violations or practices; (3) limit FHLB activities; and (4) address any insufficiencies in capital levels resulting from application of statutory requirements of FHLB membership.

• Repeals FHFB jurisdiction to approve the granting by an FHLB of a member's application to secure an advance.

• Revises guidelines governing reserves and dividends to permit dividend payments out of previously retained earnings or current net earnings (currently, only out of net earnings). Repeals the requirement for: (1) FHFB approval for such dividend payments; and (2) investment of FHLB reserves exclusively in U.S. obligations or certain other Federal Government-related securities.

• States that FHLB payments to the Resolution Funding Corporation to cover interest payments on obligations shall be a specified percentage of net earnings (currently an aggregate sum certain).

• Revamps FHLB capital structure parameters to direct: (1) the Finance Board to issue uniform capital standards regulations governing FHLB leverage limitation and risk-based capital requirements; and (2) each FHLB board of directors to submit for FHFB approval a capital structure plan determined to be best suited for the bank's condition and operation as well as for the interests of its shareholders. Prescribes plan contents.

Community Reinvestment

• Amends the Federal Deposit Insurance Act (FDIA) to require full public disclosure and an annual status report of any agreement entered into pursuant to or in connection with the Community Reinvestment Act (CRA), between an insured depository institution, its affiliate, and any non-governmental party, that involves depository institution resources (including full text disclosure to the appropriate Federal banking regulatory agency). Imposes sanctions for violation of such mandate by a non-depository institution.

• Amends the CRA to set forth a graduated schedule of decreasing CRA examinations of certain small-sized banks commensurate with their record of meeting CRA "community credit needs". Emphasizes retention of the CRA examination schedule for regulated financial institutions in connection with deposit facility applications.

• Directs the Board of Governors of the Federal Reserve System to conduct a comprehensive study of the CRA and report to Congress and the public on CRA default, delinquency, and profitability data.

• Instructs the Secretary of the Treasury to study and report to Congress on the extent to which adequate services are being provided as intended by the CRA.

FHA Downpayment Simplification Extension Act of 2000

(Public Law, 106-281, October 6, 2000)

• Amends the National Housing Act to extend certain downpayment provisions of the Federal Housing Administration single family housing mortgage insurance program to include mortgages closed on or before October 30, 2000.

Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, 2001

(Public Law 106-377, October 27, 2000)

• Requires the Secretary of HUD, from amounts made available under this title for FY 2001 for housing opportunities for persons with AIDS, to make a grant for any State that: (1) received an allocation in a prior fiscal year due to having a specified number of AIDS cases outside of a metropolitan statistical area (MSA) with a population exceeding 500,000; and (2) is not otherwise eligible for a FY 2001 allocation because the areas outside the MSAs that qualify for funding in FY 2001 do not have the number of AIDS cases required.

• Amends the Department of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997, by giving HUD the authority to dispose of HUD-held mortgages.

• Amends the United States Housing Act of 1937 by permitting the Secretary of HUD to set maximum payment standards for enhanced vouchers at any level deemed a "reasonable limit."

• Bars the use of funds appropriated by any Act by the Secretary of HUD to prohibit any entity that is responsible for convening and managing a continuum of care process in a community for purposes of the Stewart B. McKinney Homeless Assistance Act from participating in such capacity unless the Secretary has published in the Federal Register a description of all circumstances that would be grounds for, and the procedures for, such prohibition.

• Requires any grant or assistance made pursuant to this title to be made in accordance with HUD accountability provisions of the Department of Housing and Urban Development Reform Act of 1989 on a competitive basis.

• Amends the Stewart B. McKinney Homeless Assistance Act to permit covered programs to use the environmental assumption authority contained in the Multifamily Housing Property Disposition Reform Act of 1994.

• Amends the Native American Housing Assistance and Self-Determination Act of 1996 to make housing assistance under such Act available for law enforcement officers on reservations or in other Indian areas if the presence of such officers may deter crime.

• Prohibits the use of funds appropriated in any Act by the Secretary of HUD to provide any assistance to benefit a facility which sells predominantly cigarettes or other tobacco products (such sales representing more than 35 percent of the annual, total in-store, non-fuel sales).

• Bars the use of funds to implement the June 2000 agreement between the Commonwealth of Puerto Rico, the Puerto Rico Public Housing Administration, and HUD related to the allocation of operating subsidies for such Housing Administration unless the Housing Administration and HUD submit by December 31, 2000, a schedule of benchmarks and measurable goals to the Appropriations Committees designed to address issues of mismanagement and safeguards against fraud and abuse.

• Amends the United States Housing Act of 1937 to provide for onsite computer access and training resources for public housing residents.

• Authorizes computer centers in and around public housing, through a Neighborhood Networks initiative and related activities, to be established, operated, and assisted by the use of: (1) public housing capital and operating funds, and certain technical assistance; and (2) demolition, site revitalization, replacement housing, and tenant-based assistance grants for projects.

• Amends the National Housing Act to extend through FY 2001 the authority for all project owners to retain excess income under the rental and cooperative housing program.

• Amends the Housing and Community Development Act of 1974 to modify the definition of "urban county" for purposes of the community development block grant program and to authorize an

urban county that was so classified for FY 1999, at its option, to remain classified as such for purposes of such Act.

• Amends the United States Housing Act of 1937 to make recipients under the Native American Housing Assistance and Self-Determination Act of 1996 eligible for certain supportive services and empowerment activities currently offered to public housing residents.

• Extends the availability of certain grants made available under an economic development initiative pursuant to the Housing and Community Development Act of 1974 through FY 2001.

• Amends the Stewart B. McKinney Homeless Assistance Act to permit the use of assistance for the costs of implementing management information systems for collecting unduplicated counts of homeless people and analyzing patterns of use of assistance under such Act.

• Amends the Housing and Community Development Act of 1992 to authorize loan guarantees for Indian housing to be used to refinance standard housing on Indian trust lands or in Alaska Native areas.

• Amends the United States Housing Act of 1937 to include within the definition of "eligibility event," for purposes of eligibility for enhanced section 8 voucher assistance, any termination or expiration of a contract for rental assistance during fiscal years after 1996 prior to the effective date of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2001.

• Amends the Stewart B. McKinney Homeless Assistance Act to prohibit grants for housing assistance for any governmental entity unless such entity agrees to develop and implement policies for the discharge of persons from publicly funded institutions to prevent such discharge from immediately resulting in homelessness.

• Amends the Preserving Affordable Housing for Senior Citizens and Families into the 21st Century Act to redesignate the Commission on Affordable Housing and Health Care Facility Needs in the 21st Century as the Commission on Affordable Housing and Health Care Facility Needs for Seniors in the 21st Century.

• Amends the Stewart B. McKinney Homeless Assistance Act to terminate the Interagency Council on the Homeless on October 1, 2005 (previously, October 1, 1994).

• Amends the United States Housing Act of 1937 to revise provisions regarding section 8 public housing agency (PHA) project-based assistance. Allows a PHA to use amounts provided under an annual contributions contract to enter into a housing assistance payment contract with respect to an existing, newly constructed, or rehabilitated structure subject to specified requirements, including those for: (1) income mixing; (2) resident choice; (3) contract terms and extensions; (4) rent calculations; and (5) tenant selection.

• Requires the Secretary of HUD, in managing and disposing of any multifamily property that is held by the Secretary and occupied primarily by elderly or disabled families, to maintain any Section 8 rental assistance payments that are attached to any dwelling units in the property.

• Makes section 8 family unification assistance available for up to 18 months for eligible youths between the ages of 18 and 21 who

have left foster care at age 16 or older.mends the Housing and Community Development Act of 1992 to make permanent an FHA multifamily mortgage credit demonstration program.

General Provisions

• Prohibits the obligation or expenditure of any of the funds provided in title II of this Act for technical assistance, training, or management improvements unless HUD provides a description of each proposed activity and a detailed budget estimate of costs as part of the budget justifications to the Appropriations Committees.

AMERICAN HOMEOWNERSHIP AND ECONOMIC OPPORTUNITY ACT OF 2000

(Public Law 106-569, December 27, 2000)

Housing Affordability Barrier Removal Act of 2000

• Amends the Housing and Community Development Act of 1992 to authorize FY 2001 through 2005 appropriations for (consolidated) State and local grants for regulatory barrier removal. Makes consortia of local governments eligible grantees. Requires grant use in coordination with the local comprehensive affordability strategy under the Cranston-Gonzalez National Affordable Housing Act.

• Amends the Housing and Community Development Act of 1992 to state that the regulatory barriers clearinghouse shall be established within the Office of Policy Development of the Department of Housing and Urban Development under the direction of the Assistant Secretary for Policy Development and Research.

Homeownership for Working Families

• Authorizes the Secretary to insure refinancing of home equity conversions for elderly home owners. Provides for: (1) specified transaction disclosures; (2) waiver of counseling under specified conditions; (3) fee limitations; (4) single premium reduction; and (5) an actuarial study to determine insurance premium adequacy.

• Includes housing cooperatives in the demonstration program of insurance of home equity conversion mortgages for elderly home owners. Directs the Secretary to waive up-front premiums for mortgages used for costs of long-term care insurance or health care.

• Amends the Housing Opportunity Program Extension Act of 1996 to authorize FY 2001 appropriations for self-help housing providers. Makes certain nongrant fund advances by an organization eligible for reimbursement. Revises fund recapture provisions.

Section 8 Homeownership Option

• Amends the United States Housing Act of 1937 to provide a single grant home ownership downpayment option (in lieu of monthly payments) under the section 8 housing assistance program.

• Authorizes a public housing agency providing tenant-based section 8 housing assistance to provide assistance for a qualifying disabled family that purchases a home which will be owned and occupied by one or more members of such family. Sets forth program provisions.

• Authorizes FY 2001 appropriations (with a 50 percent matching requirement) for home ownership programs under the section 8 home ownership demonstration program.

Private Mortgage Insurance Technical Corrections and Clarification Act

• Amends the Homeowners Protection Act of 1998 with respect to the definition of "cancellation date" to replace "amortization schedules" with, and define, "amortization schedule then in effect" for purposes of adjustable rate mortgages.

• Includes balloon mortgages within the definition of "adjustable rate mortgages."

• States that if a residential mortgage loan is modified (with mortgagor-mortgagee agreement) the cancellation date, termination date, or final agreement shall be recalculated to reflect such modifications.

• Extends mortgage insurance cancellation rights beyond the cancellation date for a qualifying borrower who is current on required payments.

• Revises the automatic termination date with respect to a mortgagor who is not current on payments as of the mortgage termination date.

• States that the cancellation or termination of private mortgage insurance shall not affect the rights of any mortgagee, servicer, or insurer to enforce any accrued obligation for premium payments.

• Revises and defines specified terms.

Native American Housing

• Establishes the Lands Title Report Commission to facilitate home loan mortgages on Indian trust lands. Terminates the Commission one year after its initial meeting.

• Amends the Housing and Community Development Act of 1992 to make permanent the Indian housing loan guarantee authority.

• Amends the Native American Housing Assistance and Self-Determination Act of 1996 to: (1) restrict the Secretary's authority to waive housing plan requirements to not more than 90 days; (2) permit the Secretary to waive local cooperation requirements upon a good faith showing and agreement to make certain payments in lieu of taxes; (3) permit assistance to Indian families that are not low-income upon a showing of need; (4) eliminate separate housing plan requirements for small tribes; (5) permit the Secretary to waive certain environmental review requirements under specified conditions; (6) permit reservation housing assistance for specified full-time Federal, State, county, or tribal law enforcement officers; (7) revise audit, review, and hearing provisions; (8) prescribe a funding formula for housing authorities operating fewer than 250 units based on an average of FY 1992 through 1997 allocations; and (9) repeal the requirement regarding the certification of compliance with subsidy layering requirements.

Hawaiian Homelands Homeownership Act of 2000

• Amends the Native American Housing Assistance and Self-Determination Act of 1996 to add a new Title VIII, Housing Assistance for Native Hawaiians. Directs the Secretary to make block

grants to carry out affordable housing activities for Native Hawaiian families on or near Hawaiian Home Lands. Authorizes the Secretary to make grants to the Department of Hawaiian Home Lands (defined as the agency or department of Hawaii responsible for administration of the Hawaiian Homes Commission Act, 1920) only if the Director of the Department has submitted a housing plan that meets requirements under this Act, unless otherwise waived by the Secretary. Sets forth plan terms, conditions, and requirements, including a condition that, to the extent practicable, the Department use private nonprofit organizations in the planning and development of such housing. Provides for plan review by the Secretary.

• Sets forth provisions regarding the treatment of program income, project labor standards, and environmental review under the National Environmental Policy Act of 1969.

• Limits assistance for affordable housing activities under the program to low-income Native Hawaiian families, with specified exceptions for: (1) certain home ownership activities; and (2) assistance to non-Native Hawaiians if the presence of the family in the housing involved is essential to the well-being of Native Hawaiian families and the housing need cannot be met without assistance.

• Describes eligible affordable housing activities. Sets forth program requirements, including the development of policies governing rents, home buyer payments, eligibility, management, leases, and tenant selection. Sets the maximum monthly rent or home buyer payment at 30 percent of the monthly adjusted family income.

• Directs the Secretary, in instances of substantial Department noncompliance, to terminate, reduce, or limit payments. Authorizes the Secretary, in addition to such actions, to refer the matter to the Attorney General for civil action.

• Sets forth review, auditing, and reporting requirements for the Secretary and the Director. Provides for discretionary audits by the Comptroller General. Authorizes appropriations through FY 2005.

• Amends the Housing and Community Development Act of 1992 to authorize the Secretary to guarantee up to $100 million in loans from approved lenders in each of FY 2001 through 2005 to provide access to sources of private financing to Native Hawaiian families who could otherwise not acquire housing financing because of the unique legal status of the Hawaiian Home Lands or as a result of a lack of access to private financial markets. Authorizes loan guarantees of up to 100 percent of unpaid interest and principal. Provides that a loan will be used to construct, acquire, or rehabilitate not more than four-family dwellings that are standard housing and located on Hawaiian Home Lands for which an approved housing plan to provide affordable home ownership housing applies.

• Sets forth eligible lender categories.

• Limits loans to 30-year terms. Permits the Secretary to guarantee a loan only upon determining that there is a reasonable prospect of repayment. Establishes a loan guarantee fee. Authorizes loan transfer and assumption, subject to governmental supervision.

• Provides for lender disqualification for specified violations, and civil monetary penalties for intentional violations. Establishes a Hawaiian Housing Guarantee Fund for the purpose of providing

loan guarantees under this Act. Authorizes appropriations through FY 2005.

• Directs the Secretary to establish safety and quality standards for housing financed under these provisions.

Manufactured Housing Improvement Act of 2000

• Amends the National Manufactured Housing Construction and Safety Standards Act of 1974 to define specified terms.

• Directs the Secretary to establish manufactured home construction and safety standards in accordance with the consensus standards development process (provided for by this Act).

• Directs the Secretary to contract with: (1) a temporary administering organization to appoint the initial members of the consensus committee and administer the consensus standards development and related procedural and enforcement processes; and (2) a subsequent administering organization for the development of Federal standards and related procedural and enforcement regulations.

• Establishes the consensus committee which shall provide the Secretary with periodic recommendations respecting Federal manufactured housing construction and safety standards and related procedural and enforcement regulations. States that committee members shall represent producer, consumer, and general interest and public official interests. Sets forth related administrative provisions.

• Eliminates the National Manufactured Home Advisory Council.

• Requires manufacturers to provide approved design and installation instructions with each manufactured home.

• Requires, within specified deadlines: (1) the consensus committee to develop and submit to the Secretary proposed model manufactured home installation standards; and (2) the Secretary to develop model standards. Requires an opportunity for public comment prior to such standards' issuance. Prohibits a State or manufacturer, during the five-year period beginning with the enactment of this Act, from establishing manufactured home installation standards that provide less protection than existing standards. Directs the Secretary, not later than the expiration of such five-year period, to implement in a State that has not adopted a similar program a program which provides for: (1) installation standards and designs and instructions that meet or exceed model standards; (2) installer training and licensing; and (3) installation inspection.

• Directs the Secretary to submit cost information to the consensus committee.

• Includes among research and testing activities: (1) encouraging government-sponsored housing entities to implement secondary market securitization programs for manufactured home loans; and (2) reviewing the programs for Federal Housing Administration manufactured home loans.

• Makes it a prohibited act to fail to comply with the Secretary's installation standards in any State that has not adopted a State installation program.

• Authorizes the Secretary to collect manufacturer fees, and sets forth their permitted and prohibited uses. Establishes in the Treasury a Manufactured Housing Fees Trust Fund.

• Requires inspection and monitoring work to be carried out by independent contractors.

• Requires the Secretary to continue funding States with approved plans at levels not less than those existing immediately prior to enactment of this Act.

• Directs the Secretary to establish a dispute resolution program within five years of the enactment of this Act.

• Eliminates the manufactured housing annual reporting requirement.

• Sets forth effective date provisions.

• Sets forth savings provisions, including certain contract duration provisions.

Rural Housing Ownership

• Amends the Housing Act of 1949 to direct the Secretary to provide guarantees for rural housing loan refinancing.

• Increases from $2,500 to $7,500 the amount of a rural housing repair loan that needs to be evidenced only by a promissory note.

• Makes limited partnerships eligible for farm labor housing loans.

• Sets forth project accounting and recordkeeping requirements.

• Extends the rural designation of certain areas until the 2010 census.

• Makes Indian tribes (as defined by this Act) eligible for the multifamily rental housing loan guarantee program.

• Establishes civil and criminal penalties for rural housing program equity skimming. Authorizes the Secretary to impose civil monetary penalties and prohibit renewal or extension of loan or assistance agreements for program violations.

• Amends Federal criminal law to include such equity skimming under money laundering provisions.

Affordable Housing for Seniors and Families Act

• Directs the Secretary: (1) to approve prepayment of indebtedness, including refinancing under specified conditions, provided the project sponsor continues to operate the project on terms at least as advantageous to tenants as required under the original agreement; and (2) upon refinancing, to use at least 50 percent of the resultant savings in a manner that is advantageous to the tenants.

Housing for the Elderly

• Amends the Housing Act of 1959, with respect to supportive services for the elderly, to make for-profit limited partnerships eligible program participants.

• Permits owners to use mixed funding sources for amenities and other design features.

• Expands acquisition authority.

• Authorizes project reserves to be used to reduce the number of dwelling units by retrofitting unmarketable units.

• States that no provision of law shall be construed to prohibit commercial operations in a project location that benefits project residents.

Housing for Persons with Disabilities

• Amends the Housing Act of 1959 to make certain for-profit limited partnerships eligible recipients under the supportive housing for persons with disabilities program.

• Amends the Cranston-Gonzalez National Affordable Housing Act with respect to the supportive housing for persons with disabilities program to permit owners to use mixed funding sources for amenities and other design features.

• Provides that tenant-based assistance may be provided through a qualifying public housing agency or a private nonprofit organization. Limits tenant-based assistance to 25 percent of fiscal year program assistance.

• Authorizes project reserves to be used to reduce the number of dwelling units by retrofitting unmarketable units.

• States that no provision of law shall be construed to prohibit commercial operations in a project location that benefits project residents.

Other Provisions

• Amends the Housing and Community Development Act of 1992 to permit service coordinator services to be provided to low-income or elderly persons living in the vicinity of specified federally assisted housing.

• Includes telemarketing fraud protection among the services provided to elderly residents of federally assisted housing and under the supportive housing program. Directs the Secretary, in coordination with the Secretary of Health and Human Services, to establish related service coordinator guidelines.

Preservation of Affordable Stock

• Amends the National Housing Act, as amended by the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2001, respecting rental and cooperative housing for lower-income families, to eliminate certain restrictions on owner retention of excess charges, including retention and use of certain previously collected excess charges.

Other Related Housing Provisions

• Amends the National Housing Act to extend the insurance-eligible loan term for manufactured home lots to 20 years and 32 days.

• Amends the United States Housing Act of 1937, as amended by the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 2001, respecting enhanced section 8 voucher assistance, to: (1) include within the definition of "eligibility event" any termination or expiration of a contract for rental assistance during any fiscal year after 1994; and (2) provide that a maximum payment adversely affecting assisted families shall not be considered reasonable.

• Permits section 8 assistance to "grand-families."

Federal Reporting Act of 2000

• Makes a specified provision of the Federal Reports Elimination and Sunset Act of 1995 (reporting requirements included on a list

prepared by the Clerk of the House of Representatives for the first session of the 103rd Congress) inapplicable to certain specified Acts (Sec. 1103) Sets forth specified report coordination requirements respecting: (1) the Federal Deposit Insurance Corporation; (2) the Board of Governors of the Federal Reserve System; (3) the Comptroller of the Treasury; (4) the Export-Import Bank; (5) the Department of Housing and Urban Development; and (6) the Federal Housing Administration.

Financial Regulatory Relief and Economic Efficiency Act of 2000

• Amends the Home Owners' Loan Act (HOLA) to: (1) repeal savings association liquid asset requirements; and (2) permit a savings and loan holding company, with the prior approval by the Director of the Office of Thrift Supervision, to acquire more than five percent of the voting shares of a non-subsidiary savings association or non-subsidiary savings and loan holding company.

• Amends the Federal Deposit Insurance Corporation Improvement Act of 1991 to increase from 90 percent to 100 percent of fair market value the permissible valuation of readily marketable purchased mortgage servicing rights that may be included in calculating an insured depository institution's tangible capital, risk-based capital, or leverage limit, if the Federal regulatory agencies jointly find that such an increase will not adversely affect the deposit insurance funds or the safety and soundness of insured depository institutions.

IX. THE 21ST CENTURY—NEW CHALLENGES IN A NEW MILLENNIUM

DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT AND INDEPENDENT AGENCIES APPROPRIATIONS ACT, 2002

(Public Law 107-73, November 26, 2001)

• Prohibits funds under this Act from being used during FY 2002 to investigate or prosecute under the Fair Housing Act any otherwise lawful activities aimed at achieving or preventing government or court action.

• Directs the Secretary of HUD to make housing for persons with AIDS grants to any State that qualified in FY 2001 but does not qualify in FY 2002 due to decreased AIDS cases in non-metropolitan areas of the State.

• Amends the Housing and Urban Development Act of 1968 to eliminate the housing counseling grant termination date.

• Amends the National Housing Act to authorize the Federal Housing Administration to insure certain adjustable mortgages.

• Directs the Secretary to review early defaults and claims, and authorizes termination of poor performing mortgagees.

• Requires HUD to grant awards on a competitive basis.

• Directs the Secretary to maintain section 8 assistance on properties occupied by elderly or disabled families.

• Amends the National Housing Act to increase multifamily loan limits.

• Amends the National Housing Act respecting Hawaiian Home Lands to: (1) revise the definition of "Native Hawaiian"; and (2) provide that possession of a lease of Hawaiian home lands shall be sufficient to certify mortgage eligibility.

General Provisions

• Prohibits funds made available under this Act from being used to implement or enforce the community service requirement under the United States Housing Act of 1937 except for residents of HOPE VI projects.

HOMELESS VETERANS COMPREHENSIVE ASSISTANCE ACT OF 2001

(Public Law 107-95, December 21, 2001)

• Amends the McKinney-Vento Homeless Assistance Act to require the Interagency Council on the Homeless to meet no less often than annually.

• Amends the United States Housing Act of 1937 to direct the Secretary of HUD to set aside specified amounts for FY 2003 through 2006 for providing, through a supported housing program

administered in conjunction with the Department, rental housing assistance to homeless veterans with chronic mental illness or substance abuse disorders.

2002 Supplemental Appropriations Act for Further Recovery From and Response to Terrorist Attacks on the United States

(Public Law 107-206, August 2, 2002)

- Increases the total loan guarantee limitation for the mutual mortgage insurance program account.
- Makes amounts available for the cost of guaranteed loans under both the special risk and general insurance funds also available to subsidize total loan principal.
- Directs the Secretary of HUD to enter into new contracts under the Asset Control Area Demonstration Program.
- Requires the Secretary to report quarterly to Congress on the status of any FHA- insured multifamily housing project that is in default for longer than 60 days.

Continuing Appropriations for Fiscal Year 2003, and for other purposes

(Public Law 107-240, October 11, 2002)

- Authorizes the payment of demolition, site revitalization, replacement housing, and tenant-based assistance grants for projects under the United States Housing Act of 1937.

Native American Housing Assistance and Self-Determination Reauthorization Act of 2002

(Public Law 107-292, November 13, 2002)

- Amends the Native American Housing Assistance and Self-Determination Act of 1996 to reauthorize through FY 2007: (1) block grants; (2) Federal loan guarantees (aggregate fiscal year limitation and credit subsidy); (3) training and technical assistance; and (4) the Indian Housing Loan Guarantee Fund.
- Includes planning among permitted block grant activities.
- Requires a recipient to use program income for housing related activities (previously, only for affordable housing activities).
- Subjects regulations pursuant to any amendments to such Act to negotiated rulemaking procedures.
- Extends Federal loan guarantees to encompass housing-related community development activity. Repeals the requirement that an Indian tribe or its housing entity seek alternative financing before using guaranteed loan funds.
- Directs the Secretary of HUD to study and report to Congress on the feasibility of demonstration projects for possible community development demonstration projects and for self-determination in the design and implementation of Federal housing funding.
- Requires the Secretary to study and report to Congress on the extent of black mold infestation of Native American housing in the United States.

FHA DOWNPAYMENT SIMPLIFICATION ACT OF 2002

(Public Law 107-326, December 4, 2002)

• Amends the National Housing Act to make the existing Federal Home Administration (FHA) single-family downpayment provisions permanent. (Such provisions were to expire at the end of 2002.)

• Requires an original lender, in conjunction with a FDA insured loan, to provide a prospective borrower with a one-page analysis of other mortgage products for which he or she would qualify, including information about: (1) rates, insurance premiums, and other costs and fees; and (2) mortgage insurance premium termination.

• Amends the Higher Education Amendments of 1998 to repeal the Government National Mortgage Association (GNMA) three-percent guarantee fee increase scheduled to take effect in FY 2005.

• Amends the National Housing Act to provide for indexing of multi-family mortgage limits for FHA mortgage insurance programs.

NATIONAL FLOOD INSURANCE PROGRAM REAUTHORIZATION ACT OF 2003

(Public Law 108-3, January 13, 2003)

• Amends the National Flood Insurance Act of 1968 to extend through December 31, 2003: (1) the authority under which the Director of the Federal Emergency Management Agency may issue notes and other obligations to the Secretary of the Treasury for the purpose of carrying out the national flood insurance program; (2) the authority to enter into new flood insurance contracts; (3) requirements for carrying out emergency implementation of the flood insurance program; and (4) the authorization of appropriations for carrying out studies under the Act.

HOSPITAL MORTGAGE INSURANCE ACT OF 2003

(Public Law 108-91, October 3, 2003)

• Amends Section 242 of the National Housing Act to revise hospital need and feasibility standards for purposes of hospital mortgage insurance eligibility.

• Directs the Secretary of Housing and Urban Development to: (1) require satisfactory evidence that the hospital will be located in a State or political subdivision with reasonable minimum licensing and operating standards; and (2) establish the means for determining hospital need and feasibility, including following State procedures in States that have such official procedures.

• Through July 31, 2006, exempts critical access hospitals from the requirement that not more than 50 percent of the total patient days during any year are customarily assignable to the categories of chronic convalescent and rest, drug and alcoholic, epileptic, mentally deficient, mental, nervous and mental, and tuberculosis.

• Directs the Secretary to report to Congress the effects that the exemption for critical access hospitals has on the provision of mortgage insurance for hospitals and on the General Insurance Fund.

TORNADO SHELTERS ACT

(Public Law 108-146, December 3, 2003)

• Amends the Housing and Community Development Act of 1974 to permit the use of community development block grants for construction or improvement of tornado safe shelters for residents of a manufactured housing park.

• Requires an eligible shelter to: (1) be located in a neighborhood or park that contains at least 20 units, consists predominately of low and moderate income people, and be in a State where a tornado has occurred within the current or last three years; (2) comply with tornado appropriate safety and construction standards; (3) be large enough to accommodate all members of a park; and (4) be located in a neighborhood or park that has a warning siren.

• Authorizes $5 million in appropriations for tornado shelters in FY2004.

NATIONAL FLOOD INSURANCE PROGRAM REAUTHORIZATION ACT OF 2004

(Public Law 108-171, December 6, 2003)

• Amends the National Flood Insurance Act of 1968 to extend through December 31, 2004: (1) the authority under which the Director of the Federal Emergency Management Agency may issue notes and other obligations to the Secretary of the Treasury for the purpose of carrying out the national flood insurance program; (2) the authority to enter into new flood insurance contracts; (3) requirements for carrying out emergency implementation of the flood insurance program; and (4) the authorization of appropriations for carrying out studies under the Act.

AMERICAN DREAM DOWNPAYMENT ACT

(Public Law 108-186, December 16, 2003)

• Title I is cited as the "American Dream Downpayment Act." It amends the Cranston-Gonzalez National Affordable Housing Act to: (1) authorize the Secretary of Housing and Urban Development (the Secretary) to make grants to State and local participating jurisdictions for downpayment assistance and related home repair to low-income, first-time home buyers; (2) limit family assistance to the greater of 6 percent of the purchase price or $10,000; (3) require a participating jurisdiction to include intended grant uses in its fiscal year comprehensive housing affordability strategy under such Act; (4) set forth State and local jurisdiction allocation formulas;(5) permit fund reallocation; (6) require the Comptroller General to report the impact of such grants on a State-by-State basis; (7) terminate grant authority after December 31, 2007; (8) make the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 inapplicable to downpayment under the Act; and (9) authorize appropriations of $200 million for each of FY2004 through FY2007.

• Title II is cited as the "Living Equitably: Grandparents Aiding Children and Youth Act of 2003," or the "LEGACY Act of 2003." It directs the Secretary to: (1) carry out a five-year demonstration

program in connection with the Section 202 supportive housing program to provide assistance to private nonprofit organizations for expanding the supply of intergenerational dwelling units for intergenerational families (families headed by an elderly person); (2) report on such program's effectiveness; and ensure that HUD personnel are adequately trained to serve the targeted families. The Act authorizes $10 million in appropriations for the demonstration program. The Secretary and the Director of the Bureau of the Census are directed to conduct a joint study of the housing needs of such families.

• Title III amends the National Housing Act to provide that the initial interest rate adjustment on hybrid adjustable rate single-family mortgages is limited to one percentage point only if the interest rate is fixed for three years or less. Section 302 is cited as the "FHA Multifamily Loan Limit Adjustment Act of 2003." The National Housing Act is amended to permit the Secretary to increase the statutory mortgage limits under the FHA multifamily loan insurance programs by up to 140 percent in any geographic area where the Secretary finds that cost levels require such increases, and by up to 170 percent on a project-by-project basis in high-cost areas. The mortgage limits are increased for the FHA Section 207 and Section 213 programs.

• Title IV is cited as the HOPE VI Program Reauthorization and Small Community Mainstreet Rejuvenation and Housing Act of 2003. The United States Housing Act of 1937 is amended to: (1) revise criteria for HOPE VI grants, including addition of criteria regarding tenant displacement, existing tenant occupancy priority, and timeliness of project completion; (2) revise the definition of "severely distressed public housing" to include areas lacking sufficient affordable housing, transportation, supportive services, economic opportunity, schools, civic and religious institutions, and public services; (3) direct the Comptroller General to submit a report to Congress regarding the extent of severely distressed elderly and non-elderly disabled public housing, and recommended improvements to that housing through the HOPE VI program or other means; (4) authorize appropriations through FY 2006; (5) extend the program authority through September 30, 2006; (6) provide that the program's purposes include assisting smaller communities to provide affordable low-income housing in connection with main street revitalization or redevelopment projects; (7) authorize main street grants of up to $1 million in a fiscal year to smaller communities for affordable low-income housing in a commercial area in connection with an eligible project; (8) require that the purpose of a project is the revitalization or redevelopment of a historic or traditional commercial area, that it involves the participation by the government, private entities, and the community, and that the project complies with historic preservation guidelines; and (9) direct the Secretary, for each fiscal year, to set aside up to 5 percent of HOPE VI appropriations for main street housing grants.

• Title V amends the Housing and Community Development Act of 1974 to: (1) define "insular area" as each of Guam, the Virgin Islands, American Samoa, and the Commonwealth of the Northern Mariana Islands; (2) make such areas eligible for community development grants; and (3) direct the Secretary, for each fiscal year, to

reserve $7 million in community development grants for insular areas.