

## Public Law 89-117

## AN ACT

August 10, 1965  
[H. R. 7984]

To assist in the provision of housing for low- and moderate-income families, to promote orderly urban development, to improve living environment in urban areas, and to extend and amend laws relating to housing, urban renewal, and community facilities.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Housing and Urban Development Act of 1965".*

Housing and  
Urban Develop-  
ment Act of 1965.

## TITLE I—SPECIAL PROVISIONS FOR DISADVANTAGED PERSONS

## FINANCIAL ASSISTANCE TO ENABLE CERTAIN PRIVATE HOUSING TO BE AVAILABLE FOR LOWER INCOME FAMILIES WHO ARE ELDERLY, HANDICAPPED, DISPLACED, VICTIMS OF A NATURAL DISASTER, OR OCCUPANTS OF SUBSTANDARD HOUSING

SEC. 101. (a) The Housing and Home Finance Administrator (hereinafter referred to as the "Administrator") is authorized to make, and contract to make, annual payments to a "housing owner" on behalf of "qualified tenants", as those terms are defined herein, in such amounts and under such circumstances as are prescribed in or pursuant to this section. In no case shall a contract provide for such payments with respect to any housing for a period exceeding forty years. The aggregate amount of the contracts to make such payments shall not exceed amounts approved in appropriation Acts, and payments pursuant to such contracts shall not exceed \$30,000,000 per annum prior to July 1, 1966, which maximum dollar amount shall be increased by \$35,000,000 on July 1, 1966, by \$40,000,000 on July 1, 1967, and by \$45,000,000 on July 1, 1968.

(b) As used in this section, the term "housing owner" means a private nonprofit corporation or other private nonprofit legal entity, a limited dividend corporation or other limited dividend legal entity, or a cooperative housing corporation, which is a mortgagor under section 221(d)(3) of the National Housing Act and which, after the enactment of this section, has been approved for mortgage insurance thereunder and has been approved for receiving the benefits of this section: *Provided*, That, except as provided in subsection (j), no payments under this section may be made with respect to any property financed with a mortgage receiving the benefits of the interest rate provided for in the proviso in section 221(d)(5) of that Act. Subject to the limitations provided in subsection (j), the term "housing owner" also has the meaning prescribed in such subsection.

(c) As used in this section, the term "qualified tenant" means any individual or family who has, pursuant to criteria and procedures established by the Administrator, been determined—

(1) to have an income below the maximum amount which can be established in the area, pursuant to the limitations prescribed in sections 2(2) and 15(7)(b)(ii) of the United States Housing Act of 1937, for occupancy in public housing dwellings; and

(2) to be one of the following—

- (A) displaced by governmental action;
- (B) sixty-two years of age or older (or, in the case of a family to have a head who is, or whose spouse is, sixty-two years of age or over);

"Housing  
owner."75 Stat. 150.  
12 USC 1715f.

Post, p. 454.

"Qualified  
tenant."Post, p. 457.  
63 Stat. 422.  
42 USC 1415

(C) physically handicapped (or, in the case of a family, to have a head who is, or whose spouse is, physically handicapped) ;

(D) occupying substandard housing ; or

(E) an occupant or former occupant of a dwelling which is (or was) situated in an area determined by the Small Business Administration, subsequent to April 1, 1965, to have been affected by a natural disaster, and which has been extensively damaged or destroyed as the result of such disaster.

The terms "qualified tenant" and "tenant" include a member of a cooperative who satisfies the foregoing requirements and who, upon resale of his membership to the cooperative, will not be reimbursed for any equity increment accumulated through payments under this section. With respect to members of a cooperative, the terms "rental" and "rental charges" mean the charges under the occupancy agreements between such members and the cooperative.

(d) The amount of the annual payment with respect to any dwelling unit shall not exceed the amount by which the fair market rental for such unit exceeds one-fourth of the tenant's income as determined by the Administrator pursuant to procedures and regulations established by him.

(e) (1) For purposes of carrying out the provisions of this section, the Administrator shall establish criteria and procedures for determining the eligibility of occupants and rental charges, including criteria and procedures with respect to periodic review of tenant incomes and periodic adjustment of rental charges. The Administrator shall issue, upon the request of a housing owner, certificates as to the following facts concerning the individuals and families applying for admission to, or residing in, dwellings of such owner :

(A) the income of the individual or family ; and

(B) whether the individual or family was displaced by governmental action, is elderly, is physically handicapped, or is (or was) occupying substandard housing or housing extensively damaged or destroyed as the result of a natural disaster.

(2) Procedures adopted by the Administrator hereunder shall provide for recertifications of the incomes of occupants, except the elderly, at intervals of two years (or at shorter intervals in cases where the Administrator may deem it desirable) for the purpose of adjusting rental charges and annual payments on the basis of occupants' incomes, but in no event shall rental charges adjusted under this section for any dwelling exceed the fair market rental of the dwelling.

(3) The Administrator may enter into agreements, or authorize housing owners to enter into agreements, with public or private agencies for services required in the selection of qualified tenants, including those who may be approved, on the basis of the probability of future increases in their incomes, as lessees under an option to purchase (which will give such approved qualified tenants an exclusive right to purchase at a price established or determined as provided in the option) dwellings, and in the establishment of rentals. The Administrator is authorized (without limiting his authority under any other provision of law) to delegate to any such public or private agency his authority to issue certificates pursuant to this subsection.

(4) No payments under this section may be made with respect to any property for which the costs of operation (including wages and salaries) are determined by the Administrator to be greater than similar costs of operation of similar housing in the community where the property is situated.

(f) Section 101(c) of the Housing Act of 1949 is amended by inserting "(i)" after "a mortgage under" in the first proviso and by inserting immediately before the colon at the end of such proviso the following: ", or (ii) section 221(d)(3) of the National Housing Act if payments with respect to the mortgaged property are made or are to be made under section 101 of the Housing and Urban Development Act of 1965, except that no such mortgage shall be insured, and no commitment to insure such a mortgage shall be issued, with respect to property in any community for which a workable program for community improvement was required and in effect at the time a contract for a loan or capital grant was entered into under this title, or a contract for annual contributions or capital grants was entered into pursuant to the United States Housing Act of 1937, unless there is a workable program for community improvement which meets the requirements of this subsection in effect in such community at the time of such insurance or commitment".

68 Stat. 623.  
42 USC 1451.

50 Stat. 888.  
42 USC 1430.

(g) The Administrator is authorized to make such rules and regulations, to enter into such agreements, and to adopt such procedures as he may deem necessary or desirable to carry out the provisions of this section. Nothing contained in this section shall affect the authority of (1) the Federal Housing Commissioner with respect to any housing assisted under this section and under sections 221(d)(3) and 231(c)(3) of the National Housing Act, or (2) the Housing and Home Finance Administrator with respect to any housing assisted under this section and under section 202 of the Housing Act of 1959, including the authority to prescribe occupancy requirements under other provisions of law or to determine the portion of any such housing which may be occupied by qualified tenants.

75 Stat. 150;  
73 Stat. 665.  
12 USC 1715f,  
1715v.  
73 Stat. 667.  
12 USC 1701q.

(h) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section, including, but not limited to, such sums as may be necessary to make annual payments as prescribed in this section, pay for services provided under (or pursuant to agreements entered into under) subsection (e), and provide administrative expenses.

(i) Section 114(c)(2) of the Housing Act of 1949 is amended by inserting before the colon at the end of the first proviso the following: ", or a dwelling unit assisted under section 101 of the Housing and Urban Development Act of 1965".

78 Stat. 788.  
42 USC 1465.

(j)(1) For the purpose of assisting housing under this section on an experimental basis, subject to the limitations of this subsection, the term "housing owner" (in addition to the meaning prescribed in subsection (b)) includes—

(A) a private nonprofit corporation or other private nonprofit legal entity, a limited dividend corporation or other limited dividend legal entity, or a cooperative housing corporation, which is a mortgagor under a mortgage which receives the benefits of the interest rate provided for in the proviso in section 221(d)(5) of the National Housing Act and which, after the date of the enactment of this Act, has been approved for mortgage insurance under section 221(d)(3) of the National Housing Act and has been approved for receiving the benefits of this section;

Post, p. 454.

(B) a private nonprofit corporation or other private nonprofit legal entity which is a mortgagor under a mortgage insured under section 231(c)(3) of the National Housing Act and which, after the date of the enactment of this Act, has obtained final endorsement of such mortgage for mortgage insurance and has been approved for receiving the benefits of this section; and

73 Stat. 667.  
12 USC 1701q.

(C) a private nonprofit corporation, a public body or agency, or a cooperative housing corporation, which is a borrower under section 202 of the Housing Act of 1959 and has been approved for receiving the benefits of this section: *Provided*, That, with respect to properties financed with loans under such section made on or before the date of the enactment of this Act, payments shall not be made with respect to more than 20 per centum of the dwelling units in any property so financed.

(2) Of the amounts approved in appropriation Acts pursuant to subsection (a) for payments under this section in any year, not more than 5 per centum in the aggregate shall be paid with respect to properties of housing owners as defined in paragraph (1)(A) of this subsection, and not more than 5 per centum in the aggregate shall be paid with respect to properties of housing owners as defined in paragraphs (1)(B) and (1)(C) of this subsection.

EXTENSION OF FHA SECTION 221 PROGRAMS; MODIFICATION OF INTEREST RATE; POOLING OF MORTGAGES FOR SALE

78 Stat. 779.  
12 USC 1715f.

SEC. 102. (a) The fifth sentence of section 221(f) of the National Housing Act is amended by striking out "subsection (d) (2) or (d) (4) after September 30, 1965, or under subsection (d) (3) after September 30, 1965," and inserting in lieu thereof "this section after October 1, 1969,".

75 Stat. 152.

(b) The proviso in section 221(d) (5) of such Act is amended by striking out "not less than the annual rate of interest determined" and inserting in lieu thereof "not less than the lower of (A) 3 per centum per annum, or (B) the annual rate of interest determined".

73 Stat. 661;  
75 Stat. 181.  
12 USC 1715c.

(c) The third sentence of section 212(a) of such Act is amended by striking out "described in subsection (d) (3)" and all that follows and inserting in lieu thereof "described in subsection (d) (3) or (d) (4)."

78 Stat. 800.  
12 USC 1717.

(d) Section 302(c) of such Act is amended by inserting before the last sentence thereof the following: "If there shall be included within one or more of the trusts or other agencies created pursuant to the authority of this subsection any mortgages bearing a below-market interest rate and insured under section 221(d) (3) after the date of the enactment of the Housing and Urban Development Act of 1965, there are authorized to be appropriated from time to time such amounts as may be necessary to reimburse the Association for the amount of the differential (including interest, other costs, and a fair proportion of administrative expense) between (1) the total outlay with respect to outstanding participations or other instruments which, at the time of issuance, were predicated upon or otherwise related to such below-market interest rate mortgages, and (2) the total receipts from such mortgages."

## LOW-RENT HOUSING IN PRIVATE ACCOMMODATIONS

SEC. 103. (a) The United States Housing Act of 1937 is amended by redesignating section 23 as section 24, and by adding after section 22 the following new section:

50 Stat. 899;  
63 Stat. 431.  
42 USC 1422.

## “LOW-RENT HOUSING IN PRIVATE ACCOMMODATIONS

“SEC. 23. (a) (1) For the purpose of providing a supplementary form of low-rent housing which will aid in assuring a decent place to live for every citizen and promote efficiency and economy in the program under this Act by taking full advantage of vacancies or potential vacancies in the private housing market, each public housing agency shall, to the maximum extent consistent with the achievement of the objectives of this Act, provide low-rent housing under this Act in the form of low-rent housing in private accommodations in accordance with this section where such housing in private accommodations can be provided at a cost equal to or less than housing in projects assisted under other provisions of this Act.

“(2) The provisions of this section shall not apply to any locality unless the governing body of the locality has by resolution approved the application of such provisions to such locality.

“(3) As used in this section, the term ‘low-rent housing in private accommodations’ means dwelling units in an existing structure, leased from a private owner, which provide decent, safe, and sanitary dwelling accommodations and related facilities effectively supplementing the accommodations and facilities in low-rent housing assisted under the other provisions of this Act in a manner calculated to meet the total housing needs of the community in which they are located; and the term ‘owner’ means any person or entity having the legal right to lease or sublease property containing one or more dwelling units as described in this section.

Definitions.

“(b) Beginning as soon as practicable after the date of the enactment of this section, each public housing agency shall conduct a continuing survey and listing of the available dwelling units within the community or communities under its jurisdiction which provide decent, safe, and sanitary dwelling accommodations and related facilities and are, or may be made, suitable for use as low-rent housing in private accommodations under this section.

“(c) Each public housing agency, by notification to the owners of housing listed under subsection (b), or by publication or advertisement, or otherwise, shall from time to time make known to the public in the community or communities under its jurisdiction the anticipated need for dwelling units in such community or communities to be used as low-rent housing in private accommodations under this section, inviting the owners of such dwelling units to make available for purposes of this section one or more of such units (not exceeding 10 per centum of the units in any single structure except to the extent that the agency, because of the limited number of units in the structure or for any other reason, determines that such limit should not be applied). The public housing agency shall conduct appropriate inspections of the units offered to be made available in any residential structure by the owner thereof in response to such invitation, and if—

“(1) it finds that such units are, or may be made, suitable for use as low-rent housing in private accommodations within the meaning of subsection (a) (3), and

“(2) the rentals to be charged for such units, as negotiated and agreed to by the agency and the owner of the structure in a manner consistent with subsection (d) (2), are within the financial range of families of low income,

such agency may approve such units for use as low-rent housing in private accommodations in accordance with (and subject to the applicable limitations contained in) this section. Each public housing agency shall maintain and keep current a list of units approved by it under this subsection, including such information with respect to each such unit as it may consider necessary or appropriate.

“(d) To the extent of contracts for annual contributions entered into by the Authority with a public housing agency under section 10(e), such agency may enter into contracts with the owners of structures containing dwelling units approved under subsection (c) for the use of such units in accordance with this section. Each such contract with an owner shall provide (with respect to any unit) that—

“(1) the selection of tenants for such unit shall be the function of the owner, subject to the provisions of the contract between the Authority and the agency;

“(2) the rental and other charges to be received by the owner shall be negotiated and agreed to by the agency and the owner, and the rental and other charges to be paid by the tenant shall be determined in accordance with the standards applicable to units in low-rent housing projects assisted under the other provisions of this Act;

“(3) the agency shall have the sole right to give notice to vacate, with the owner having the right to make representations to the agency for termination of a tenancy;

“(4) maintenance and replacements (including redecoration) shall be in accordance with the standard practice for the building concerned, as established by the owner and agreed to by the agency; and

“(5) the agency and the owner shall carry out such other appropriate terms and conditions as may be mutually agreed to by them.

Each contract between a public housing agency and an owner entered into under this subsection shall be for a term of not less than twelve months nor more than thirty-six months, and shall be renewable by such agency and owner at the expiration of such term.

“(e) The annual contribution under this Act for a project of a public housing agency for low-rent housing in private accommodations under this section in lieu of any other guaranteed contribution authorized by section 10 shall not exceed the amount of the fixed annual contribution which would be established under this Act for a newly constructed project by such public housing agency designed to accommodate the comparable number, sizes, and kinds of families. The period over which payments will be made to a public housing agency for a project of low-rent housing in private accommodations under this section, and the aggregate amount of such payments, under a contract for annual contributions, shall be determined on the basis of the number of units in the community or communities under the jurisdiction of such agency which are in use (or can reasonably be expected to be placed in use) as low-rent housing in private accommodations under this section, taking into account the terms of the leases under which such units are (or will be) so used. In addition, contracts for financial assistance entered into by the Authority with a public housing agency pursuant to this section shall provide for reimbursement of reasonable and necessary expenses incurred by such agency in conducting surveys, listings, and inspections described in subsections (b) and (c).

“(f) The provisions of sections 10(h) and 15(7) of this Act, and the workable program requirement in section 10(e) of this Act and section

75 Stat. 163.  
42 USC 1410.

68 Stat. 631;  
63 Stat. 422.  
42 USC 1410,  
1415.

101(c) of the Housing Act of 1949, shall not apply to low-rent housing in private accommodations provided under this section.”

*Ante*, p. 453.

(b) The last sentence of section 2(1) of such Act is amended by striking out “Income limits for occupancy and rents” and inserting in lieu thereof “Except as otherwise provided in section 23, income limits for occupancy and rents”.

73 Stat. 680.  
42 USC 1402.

PARITY OF TREATMENT FOR THE HANDICAPPED AND ELDERLY IN PUBLIC HOUSING

SEC. 104. Section 2(2) of the United States Housing Act of 1937 is amended to read as follows:

78 Stat. 794.

“(2) The term ‘families of low income’ means families (including elderly and displaced families) who are in the lowest income group and who cannot afford to pay enough to cause private enterprise in their locality or metropolitan area to build an adequate supply of decent, safe, and sanitary dwellings for their use. The term ‘families’ includes families consisting of a single person in the case of elderly families and displaced families, and includes the remaining member of a tenant family. The term ‘elderly families’ means families whose heads (or their spouses), or whose sole members, have attained the age at which an individual may elect to receive an old-age benefit under title II of the Social Security Act, or are under a disability as defined in section 223 of that Act, or are handicapped within the meaning of section 202 of the Housing Act of 1959. The term ‘displaced families’ means families displaced by urban renewal or other governmental action, or families whose present or former dwellings are situated in areas determined by the Small Business Administration, subsequent to April 1, 1965, to have been affected by a natural disaster, and which have been extensively damaged or destroyed as the result of such disaster.”

49 Stat. 622;  
70 Stat. 815,  
42 USC 401-425.

DIRECT LOANS TO PROVIDE HOUSING FOR THE ELDERLY OR HANDICAPPED

SEC. 105. (a) Section 202(a)(4) of the Housing Act of 1959 is amended by striking out “\$350,000,000” and inserting in lieu thereof “\$500,000,000”.

78 Stat. 783,  
12 USC 1701q.

(b) Effective with respect to loans made on or after the date of the enactment of this Act, section 202(a)(3) of such Act is amended by striking out “the higher of (A) 2¾ per centum per annum, or” and inserting in lieu thereof “the lower of (A) 3 per centum per annum, or”.

73 Stat. 667.

REHABILITATION GRANTS TO HOMEOWNERS IN URBAN RENEWAL AREAS

SEC. 106. (a) Title I of the Housing Act of 1949 is amended by adding at the end thereof the following new section:

63 Stat. 414.  
42 USC 1450-1465.

“REHABILITATION GRANTS

“SEC. 115. (a) Notwithstanding any other provision of this title, the Administrator may authorize a local public agency to make grants (and the urban renewal project may include the making of such grants) as prescribed in this section. Any such grant may be made only to an individual or family, as described in subsection (b), who owns and occupies a structure in an urban renewal area, and only for the purpose of covering the cost of repairs and improvements necessary to make such structure conform to public standards for decent, safe, and sanitary housing as required by applicable codes or other requirements of the urban renewal plan for the area. Any contract for financial assistance under this title shall provide that the capital grant

otherwise payable for the project shall be increased by an amount equal to the total amount of the grants under this section and that no part of the total amount of such grants shall be required to be contributed as part of the local grant-in-aid.

“(b) A grant authorized by this section may be made to an individual or family whose income does not exceed \$3,000 a year, and such grant may be in the amount which does not exceed the lesser of (1) the actual (and approved) cost of the repairs and improvements involved, or (2) \$1,500. In case the income of the individual or family exceeds \$3,000 a year, a grant may be made under this section, subject to the limitations specified in clauses (1) and (2) of the preceding sentence, but only in an amount not to exceed that portion of the cost of the repairs and improvements which cannot be paid for with any available loan that can be amortized as part of such individual's or family's monthly housing expense without requiring such monthly housing expense to exceed 25 per centum of such individual's or family's monthly income.”

(b) Any contract with a local public agency which was executed under title I of the Housing Act of 1949 before the date of enactment of this Act may be amended to provide for grants authorized by section 115 of the Housing Act of 1949.

MORTGAGE RELIEF FOR HOMEOWNERS WHO ARE UNEMPLOYED AS THE  
RESULT OF THE CLOSING OF A FEDERAL INSTALLATION

SEC. 107. (a) For the purposes of this section—

(1) The term “mortgage” means a mortgage which (A) is insured under the National Housing Act, or (B) secures a home loan guaranteed or insured under the Servicemen's Readjustment Act of 1944 or chapter 37 of title 38, United States Code.

(2) The term “Federal mortgage agency” means—

(A) the Federal Housing Commissioner when used in connection with mortgages insured under the National Housing Act, and

(B) the Administrator of Veterans' Affairs when used in connection with mortgages securing home loans guaranteed or insured under the Servicemen's Readjustment Act of 1944 or chapter 37 of title 38, United States Code.

(3) The term “distressed mortgagor” means an individual who—

(A) is unemployed, although willing to work, as the result of the closing (in whole or in part) of a Federal installation, and

(B) is the owner-occupant of a dwelling upon which there is a mortgage securing a loan which is in default because of the inability of such individual to make payments of principal and/or interest under such mortgage.

(1) Any distressed mortgagor, for the purpose of avoiding foreclosure of his mortgage, may apply to the appropriate Federal mortgage agency for a determination that suspension of his obligation to make payments of principal and/or interest under such mortgage during a temporary period is necessary in order to avoid such foreclosure.

(2) Upon receipt of an application made under this subsection by a distressed mortgagor, the Federal mortgage agency shall issue to such mortgagor a certificate of moratorium if it determines, after consultation with the interested mortgagee, that—

(A) the mortgagor is not in default with respect to any condition or covenant of the mortgage other than that requiring the payment of installments of principal and/or interest under the mortgage, and

63 Stat. 414,  
42 USC 1450-  
1465.

48 Stat. 1246.  
12 USC 1701.  
58 Stat. 284;  
72 Stat. 1203,  
1273.  
38 USC 1801-  
1825.

Certificate of  
moratorium.

(B) such action is the only available means whereby a foreclosure of such mortgage can be avoided.

(3) Prior to the issuance to any distressed mortgagor of a certificate of moratorium under paragraph (2), the Federal mortgage agency shall require such mortgagor to enter into a binding agreement under which he will be required to make payments to such agency, after the expiration of such certificate, in an aggregate amount equal to the amount paid by such agency on behalf of such mortgagor as provided in subsection (c). The manner and time in which such payments shall be made shall be determined by the Federal mortgage agency having due regard to the purposes sought to be achieved by this section.

(4) Any certificate of moratorium issued under this subsection shall expire on whichever of the following dates is the earliest—

(A) one year from the date on which such certificate is issued;

(B) thirty days after the date on which the mortgagor to whom such certificate is issued ceases to be a distressed mortgagor as defined in subsection (a); or

(C) the date on which such mortgagor becomes in default with respect to any condition or covenant in his mortgage other than that requiring the payment by him of installments of principal and/or interest under the mortgage.

(c) (1) Whenever a Federal mortgage agency issues a certificate of moratorium to any distressed mortgagor with respect to any mortgage, it shall transmit to the mortgagee a copy of such certificate, together with a notice stating that, while such certificate is in effect, such agency will assume the obligation of such mortgagor to make payments of principal, and, if so specified in the certificate, of interest, under the mortgage.

(2) Payments made by any Federal mortgage agency pursuant to a certificate of moratorium issued under this section with respect to the mortgage of any distressed mortgagor shall include, in addition to the payments referred to in paragraph (1), an amount equal to the unpaid principal and interest charges which had accrued under such mortgage prior to the issuance of such certificate and subsequent to the date on which such mortgagor became a distressed mortgagor as defined in subsection (a).

(3) While any certificate of moratorium issued under this section is in effect with respect to the mortgage of any distressed mortgagor, no further payments of principal, and, if so specified in the certificate, of interest, under the mortgage shall be required of such mortgagor, and no action (legal or otherwise) shall be taken or maintained by the mortgagee to enforce or collect such payments. Upon the expiration of such certificate, the mortgagor shall again be liable for the payment of all amounts due under the mortgage in accordance with its terms.

(4) Each Federal mortgage agency shall give prompt notice in writing to the interested mortgagor and mortgagee of the expiration of any certificate of moratorium issued by it under this section.

(d) The Federal mortgage agencies are authorized to issue such individual and joint regulations as may be necessary to carry out this section and to insure the uniform administration thereof.

(e) There shall be in the Treasury (1) a fund which shall be available to the Federal Housing Commissioner for the purpose of extending financial assistance in behalf of distressed mortgagors as provided in subsection (c), and (2) a fund which shall be available to the Administrator of Veterans' Affairs for the same purpose. The capital of each such fund shall consist of such sums as may, from time to time, be appropriated thereto, and any sums so appropriated shall remain available until expended. Receipts arising from the pro-

grams of assistance under subsection (c) shall be credited to the fund from which such assistance was extended. Moneys in either of such funds not needed for current operations, as determined by the Federal Housing Commissioner, or the Administrator of Veterans' Affairs, as the case may be, shall be invested in bonds or other obligations of the United States, or paid into the Treasury as miscellaneous receipts.

72 Stat. 1212.

(f) Section 1816 of title 38, United States Code, is amended by inserting "(a)" before the text of such section, and by adding at the end thereof a new subsection as follows:

78 Stat. 380.

"(b) With respect to any loan made under section 1811 which has not been sold as provided in subsection (g) of such section, if the Administrator finds, after there has been a default in the payment of any installment of principal or interest owing on such loan, that the default was due to the fact that the veteran who is obligated under the loan has become unemployed as the result of the closing (in whole or in part) of a Federal installation, he shall (1) extend the time for curing the default to such time as he determines is necessary and desirable to enable such veteran to complete payments on such loan, including an extension of time beyond the stated maturity thereof, or (2) modify the terms of such loan for the purpose of changing the amortization provisions thereof by recasting, over the remaining term of the loan, or over such longer period as he may determine, the total unpaid amount then due with the modification to become effective currently or upon the termination of an agreed-upon extension of the period for curing the default."

ACQUISITION OF CERTAIN PROPERTIES SITUATED AT OR NEAR MILITARY BASES WHICH HAVE BEEN ORDERED TO BE CLOSED

SEC. 108. (a) The Secretary of Defense is authorized to acquire title to any property, improved with a one- or two-family dwelling, which is situated at or near a military base or installation which the Department of Defense has, subsequent to November 1, 1964, ordered to be closed in whole or in part, if he determines—

- (1) that the owner of such property is, or has been, employed or performing military service, at such base or installation;
- (2) that the closing of such base or installation, in whole or in part, has required or will require the termination of such owner's employment or service at such base or installation; and
- (3) that as the result of the actual or pending closing of such base or installation there is no present market for the sale of such property upon reasonable terms and conditions.

(b) The purchase price of any property which is situated at or near a military base or installation and is acquired under this section shall be equal to an amount determined by the Secretary of Defense to be the average price at which properties, similar in size, construction, condition, and location to that of the property to be acquired, were sold during a representative period, as determined by the Secretary, prior to the announcement of the intention of the Department of Defense to close all or part of such base or installation.

(c) The title to any property acquired under this section shall be free and clear of any outstanding liens or encumbrances and shall conform to such requirements as the Secretary of Defense shall by regulation require. Such regulations shall also prescribe the terms and conditions under which payments may be made under this section, and decisions by the Secretary regarding such payments, and the terms and conditions under which the same are approved or disapproved, shall be final and conclusive and shall not be subject to judicial review.

(d) Properties acquired under this section shall be transferred to the Federal Housing Commissioner, and the Federal Housing Commissioner shall have power to deal with, rent, renovate, or sell for cash or credit any properties so transferred. Receipts from the management or sale of any such properties may be utilized by the Commissioner to defray expenses arising in connection with the management of such properties, and any part of such receipts not required for such expenses shall be covered into the Treasury as miscellaneous receipts.

(e) Section 223(a) of the National Housing Act is amended—

(1) by striking out the period at the end of paragraph (7) and inserting in lieu thereof “; or”; and

(2) by inserting after paragraph (7) a new paragraph as follows:

“(8) executed in connection with the sale by the Commissioner of any housing acquired pursuant to section 108 of the Housing and Urban Development Act of 1965.”

(f) Such sums as may be necessary to carry out the provisions of this section are hereby authorized to be appropriated, and any sums so appropriated shall remain available until expended.

68 Stat. 605;  
69 Stat. 484,  
12 USC 1715n.

## TITLE II—FHA INSURANCE OPERATIONS

### LAND DEVELOPMENT

SEC. 201. (a) The National Housing Act is amended by adding at the end thereof the following new title:

48 Stat. 1246,  
12 USC 1701 and  
note.

### “TITLE X—MORTGAGE INSURANCE FOR LAND DEVELOPMENT

#### “DEFINITIONS

“SEC. 1001. As used in this title—

“(a) the term ‘mortgage’ means a lien or liens on real estate in fee simple, or on a leasehold (1) under a lease for not less than ninety-nine years which is renewable, or (2) under a lease having a period of not less than fifty years to run from the date the mortgage was executed;

“(b) the term ‘first mortgage’ includes such classes of first liens as are commonly given to secure advances (including but not

limited to advances during construction) on, or the unpaid purchase price of, real estate under the laws of the State in which the real estate is located, together with the credit instrument or instruments, if any, secured thereby, and may be in the form of trust mortgages or mortgage indentures or deeds of trusts securing notes, bonds, or other credit instruments;

“(c) the terms ‘mortgage’, ‘mortgagor’, and ‘State’ have the same meaning as in section 207 of this Act;

“(d) the term ‘improvements’ means waterlines and water supply installations, sewerlines and sewerage disposal installations, roads, streets, curbs, gutters, sidewalks, storm drainage facilities, and other installations or work, whether on or off the site, which the Commissioner deems necessary or desirable to prepare land primarily for residential and related uses or to provide facilities for public or common use; but such term shall not include any building unless it is (1) a building which is needed in connection with a water supply or sewage disposal installation, or (2) a building, other than a school, which is to be owned and maintained jointly by the property owners; and

“(e) the term ‘land development’ means the process of making, installing, or constructing improvements.

#### “BASIC CONDITIONS FOR INSURANCE

“SEC. 1002. (a) The Commissioner is authorized (1) to insure, upon such terms and conditions as he may prescribe, any first mortgage (including advances on such mortgage) in accordance with the provisions of this title, and (2) to make a commitment for the insurance of such mortgage prior to the date of execution of such mortgage or prior to the date of disbursement of the mortgage proceeds. No mortgage shall be insured under this title after October 1, 1969, except pursuant to a commitment to insure issued before such date.

“(b) The mortgage shall—

“(1) be executed by a mortgagor, other than a public body, approved by the Commissioner;

“(2) be made to and held by a mortgagee approved by the Commissioner; and

“(3) cover the land to be developed and the improvements to be made with the assistance of the mortgage insurance under this title, except facilities intended for public use and in public ownership.

“(c) The principal obligation of the mortgage shall (1) not exceed 75 per centum of the Commissioner’s estimate of the value of the property upon completion of the land development, and (2) not exceed the sum of 50 per centum of the Commissioner’s estimate of the value of the land before development and 90 per centum of his estimate of the cost of such development. The outstanding principal obligations of mortgages involving a single land development undertaking, as defined by the Commissioner, shall at no time exceed \$10,000,000.

“(d) The mortgage shall—

“(1) have a maturity not to exceed seven years or such longer maturity as the Commissioner deems reasonable in the case of a privately owned system for water or sewerage, and contain repayment provisions satisfactory to the Commissioner;

“(2) bear interest at a rate satisfactory to the Commissioner, and such interest shall be exclusive of premium charges for mortgage insurance and such service charges and fees as may be approved by the Commissioner; and

“(3) contain such terms and provisions with respect to protection of the security, payment of taxes, delinquency charges, prepayment, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe.

“(e) A property or project to be financed by a mortgage insured under this title shall—

“(1) represent a good mortgage insurance risk; and

“(2) involve improvements that comply with all applicable State and local governmental requirements and with minimum standards approved by the Commissioner.

#### “LAND PLANNING

“SEC. 1003. (a) The land development covered by a mortgage insured under this title shall be undertaken pursuant to a schedule, conforming to such requirements and procedures as the Commissioner may prescribe, that will assure the use of the land for the purposes for which it is to be developed within the shortest reasonable period consistent with the objectives of sound and economic community growth or urban development.

“(b) The land development shall be undertaken in accordance with an overall development plan, appropriate to the scope and character of the undertaking, which—

“(1) has received all governmental approvals required by State or local law or by the Commissioner;

“(2) is acceptable to the Commissioner as providing reasonable assurance that the land development will contribute to good living conditions in the area being developed, which area (A) will have a sound economic base and a long economic life, (B) will be characterized by sound land-use patterns, and (C) will include or be served by such shopping, school, recreational, transportation, and other facilities as the Commissioner deems adequate or necessary; and

“(3) is consistent with a comprehensive plan which covers, or with comprehensive planning being carried on for, the area in which the land is situated, and which meets criteria established by the Housing and Home Finance Administrator for such plans or planning.

#### “ENCOURAGEMENT OF SMALL BUILDERS AND MODERATE COST HOUSING

“SEC. 1004. The Commissioner shall adopt such requirements as he deems necessary in land development covered by mortgages insured under this title to encourage the maintenance of a diversified local homebuilding industry, broad participation by builders, and the inclusion of a proper balance of housing for families of moderate or low income.

#### “WATER AND SEWERAGE FACILITIES

“SEC. 1005. After development of the land it shall be served by public systems for water and sewerage which are consistent with other existing or prospective systems within the area, except that the Commissioner may approve an adequate privately or cooperatively owned system which will be regulated in a manner acceptable to him with respect to user rates and charges, capital structure, methods of operation, rate of return, and conditions and terms of any sale or transfer.

## "RELEASES

"SEC. 1006. The Commissioner may, on such terms and conditions as he may prescribe, consent to the release or subordination of a part or parts of the mortgaged property from the lien of the mortgage.

## "PREMIUMS AND FEES

"SEC. 1007. The Commissioner shall collect reasonable premiums for the insurance of any mortgage under this title and make such charges as he determines are reasonable for the analysis of the land development plan and the appraisal and inspection of the property and improvements. On or before January 1, 1967, the Commissioner shall make a report to the Congress concerning the premium rates and other charges under this title that he estimates will be adequate to provide income sufficient for a self-supporting program.

Report to Con-  
gress.

## "INSURANCE BENEFITS

"SEC. 1008. The provisions of subsections (e), (g), (h), (i), (j), (k), (l), and (n) of section 207 of this Act shall be applicable to mortgages insured under this title, except that as applied to such mortgages (1) any reference therein to section 207 shall be deemed to refer to this title, and (2) any reference to an annual premium shall be deemed to refer to such premiums as the Commissioner may designate under this title.

52 Stat. 16,  
12 USC 1713.

## "INCONTESTABILITY PROVISIONS

"SEC. 1009. Any contract of insurance executed by the Commissioner under this title shall be conclusive evidence of the eligibility of the mortgage for insurance, and the validity of any contract of insurance so executed shall be incontestable in the hands of an approved mortgagee from the date of the execution of such contract, except for fraud or material misrepresentation on the part of such approved mortgagee.

## "RULES AND REGULATIONS

"SEC. 1010. The Commissioner is authorized to make such rules and regulations and to require such agreements as he may deem necessary or desirable to carry out the provisions of this title.

## "TAXATION PROVISIONS

"SEC. 1011. Nothing in this title shall be construed to exempt any real property acquired and held by the Commissioner under this title from taxation by any State or political subdivision thereof to the same extent, according to its value, as other real property is taxed.

## "COST CERTIFICATION

"SEC. 1012. (a) The Commissioner shall adopt such requirements as he determines necessary to assure, at reasonable intervals of time during land development and upon completion of such development, that the amount of the mortgage loan outstanding at each such interval does not exceed with respect to that portion of the land remaining under the lien of the mortgage (1) 50 per centum of the Commissioner's estimate of the value of such remaining land before development, plus (2) 90 per centum of the actual costs of the development allocated by the Commissioner to such remaining land.

“(b) From time to time during, and upon completion of, the development, the Commissioner shall require the mortgagor to certify as to the actual costs of development of the land.

“(c) Certifications required pursuant to this section shall be accompanied by such data and records as the Commissioner shall prescribe.

“(d) A mortgagor's certification approved by the Commissioner shall be final and incontestable except for fraud or material misrepresentation on the part of the mortgagor.

“(e) As used in this section, the term ‘actual costs’ means the costs (exclusive of kickbacks, rebates, or trade discounts) to the mortgagor of the improvements involved. These costs may include amounts paid for labor, materials, construction contracts, land planning, engineers' and architect's fees, surveys, taxes, and interest during development, organizational and legal expenses, such allocation of general overhead expenses as are acceptable to the Commissioner, and other items of expense incidental to development which may be approved by the Commissioner. If the Commissioner determines there is an identity of interest between the mortgagor and the contractor, there may be included an allowance for contractor's profit in an amount deemed reasonable by the Commissioner.”

(b) (1) Section 302(b) of the National Housing Act is amended by striking out “the term ‘mortgages’ ” in the last sentence and inserting in lieu thereof “the terms ‘mortgages’ and ‘home mortgages’ ”.

75 Stat. 158.  
12 USC 1717.

(2) The first paragraph of section 24 of the Federal Reserve Act is amended by inserting before the next to last sentence the following new sentence: “Notwithstanding the foregoing limitations and restrictions in this section, any national banking association may make loans for land development which are secured by mortgages insured under title X of the National Housing Act.”

69 Stat. 633.  
12 USC 371.

(3) Section 5(c) of the Home Owners Loan Act of 1933 is amended by adding at the end thereof the following new paragraph:

48 Stat. 132.  
12 USC 1464.

“Without regard to any other provision of this subsection, any such association may, to such extent as the Federal Home Loan Bank Board may by regulation permit, invest in loans, and interests in loans, (1) secured by mortgages as to which the association has the benefit of insurance under title X of the National Housing Act or of a commitment or agreement for such insurance, or (2) guaranteed by the President under section 224 of the Foreign Assistance Act of 1961, as amended. Investments under clause (1) of this paragraph shall not be included in any percentage of assets or other percentage referred to in this subsection. Investments under clause (2) of this paragraph shall not exceed, in the case of any association, 1 per centum of the assets of such association.”

Post p. 655.

(4) Section 212(a) of the National Housing Act is amended by inserting at the end thereof the following new sentence: “The provisions of this section shall also apply to insurance under title X with respect to laborers and mechanics employed in land development financed with the proceeds of any mortgage insured under that title.”

53 Stat. 807.  
12 USC 1715c.

#### EXTENSION OF INSURANCE AUTHORIZATIONS

SEC. 202. (a) Section 2(a) of the National Housing Act is amended by striking out “October 1, 1965” and inserting in lieu thereof “October 1, 1969”.

75 Stat. 177.  
12 USC 1703.

(b) Section 217 of such Act is amended—

12 USC 1715h.

(1) by striking out “title VIII” and inserting in lieu thereof “title VIII, or title X”, and

(2) by striking out “October 1, 1965” and inserting in lieu thereof “October 1, 1969”.

77 Stat. 163.  
12 USC 1748h-1,  
1748h-2.

(c) The second sentences of sections 809(f) and 810(k) of such Act are each amended by striking out "October 1, 1965" and inserting in lieu thereof "October 1, 1969".

#### MORTGAGE LIMITS FOR HOMES UNDER SECTION 203(b)

71 Stat. 295;  
75 Stat. 178.  
12 USC 1709.

SEC. 203. Clause (iii) of section 203(b)(2) of the National Housing Act is amended by striking out "75 per centum" and inserting in lieu thereof "80 per centum".

#### DOWNPAYMENT REQUIREMENT IN CASE OF LOW-INCOME HOUSING DEMONSTRATION HOMES

SEC. 204. Section 203(b)(9) of the National Housing Act is amended by inserting after "a mortgage meeting the requirements of subsection (i) of this section," the following: "or with respect to a mortgage covering a single-family home being purchased under the low-income housing demonstration project assisted pursuant to section 207 of the Housing Act of 1961,".

75 Stat. 165.  
42 USC 1436.

#### MORTGAGE LIMIT FOR HOMES IN OUTLYING AREAS UNDER FHA SECTION 203(i) PROGRAM

SEC. 205. Section 203(i) of the National Housing Act is amended by striking out "\$11,000" and inserting in lieu thereof "\$12,500".

#### FHA MORTGAGE FINANCING FOR VETERANS

SEC. 206. (a) Section 203(b)(2) of the National Housing Act is amended—

(1) by striking out "and not to exceed" and inserting in lieu thereof "and (except as provided in the next to the last sentence of this paragraph) not to exceed"; and

(2) by adding at the end thereof the following new sentences: "If the mortgagor is a veteran who has not received any direct, guaranteed, or insured loan under laws administered by the Veterans' Administration for the purchase, construction, or repair of a dwelling (including a farm dwelling) which was to be owned and occupied by him as his home, and the mortgage to be insured under this section covers property upon which there is located a dwelling designed principally for a one-family residence, the principal obligation may be in an amount equal to the sum of (i) 100 per centum of \$15,000 of the appraised value of the property as of the date the mortgage is accepted for insurance, (ii) 90 per centum of such value in excess of \$15,000 but not in excess of \$20,000, and (iii) 85 per centum of such value in excess of \$20,000. As used herein, the term 'veteran' means any person who served on active duty in the armed forces of the United States for a period of not less than ninety days (or is certified by the Secretary of Defense as having performed extra-hazardous service), and who was discharged or released therefrom under conditions other than dishonorable."

(b) Section 203(b)(9) of such Act is amended by inserting after "on account of the property" the following: "(except in a case to which the next to the last sentence of paragraph (2) applies)".

## MULTIFAMILY MORTGAGE LIMITS FOR FOUR OR MORE BEDROOM UNITS

SEC. 207. (a) Section 207(c)(3) of the National Housing Act is amended—

78 Stat. 774.  
12 USC 1713.

(1) by striking out “and \$18,500 per family unit with three or more bedrooms” and inserting in lieu thereof “\$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms;” and

(2) by striking out “and \$22,500 per family unit with three or more bedrooms” and inserting in lieu thereof “\$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms”.

(b) (1) Section 213(b)(2) of such Act is amended—

12 USC 1715e.

(A) by striking out “and \$18,500 per family unit with three or more bedrooms” and inserting in lieu thereof “\$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms;” and

(B) by striking out “and \$22,500 per family unit with three or more bedrooms” and inserting in lieu thereof “\$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms”.

(2) Section 213(c) of such Act is amended by striking out “and not to exceed” and all that follows and inserting in lieu thereof the following: “and not to exceed a sum computed on the basis of a separate mortgage for each single-family dwelling (irrespective of whether such dwelling has a party wall or is otherwise physically connected with another dwelling or dwellings) comprising the property or project, equal to the total of each of the maximum principal obligations of such mortgages which would meet the requirements of section 203(b)(2) if the mortgagor were the owner and occupant who had made any required payment on account of the property prescribed in such paragraph.”

64 Stat. 55.

71 Stat. 294.  
12 USC 1709.

(c) Section 220(d)(3)(B)(iii) of such Act is amended—

78 Stat. 775.  
12 USC 1715k.

(1) by striking out “and \$18,500 per family unit with three or more bedrooms” and inserting in lieu thereof “\$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms;” and

(2) by striking out “and \$22,500 per family unit with three or more bedrooms” and inserting in lieu thereof “\$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms”.

(d) Section 221(d) of such Act is amended—

12 USC 1715l.

(1) by striking out “and \$17,000 per family unit with three or more bedrooms” in paragraphs (3)(ii) and (4)(ii) and inserting in lieu thereof “\$17,000 per family unit with three bedrooms, and \$19,250 per family unit with four or more bedrooms;” and

(2) by striking out “and \$20,000 per family unit with three or more bedrooms” in paragraphs (3)(ii) and (4)(ii) and inserting in lieu thereof “\$20,000 per family unit with three bedrooms, and \$22,750 per family unit with four or more bedrooms”.

(e) Section 231(c)(2) of such Act is amended—

12 USC 1715v.

(1) by striking out “and \$17,000 per family unit with three or more bedrooms” and inserting in lieu thereof “\$17,000 per family unit with three bedrooms, and \$19,250 per family unit with four or more bedrooms;” and

(2) by striking out “and \$20,000 per family unit with three or more bedrooms” and inserting in lieu thereof “\$20,000 per family unit with three bedrooms, and \$22,750 per family unit with four or more bedrooms”.

(f) Section 234(e) (3) of such Act is amended—

(1) by striking out “and \$18,500 per family unit with three or more bedrooms” and inserting in lieu thereof “\$18,500 per family unit with three bedrooms, and \$21,000 per family unit with four or more bedrooms”; and

(2) by striking out “and \$22,500 per family unit with three or more bedrooms” and inserting in lieu thereof “\$22,500 per family unit with three bedrooms, and \$25,500 per family unit with four or more bedrooms”.

#### MUTUALITY FOR MANAGEMENT-TYPE COOPERATIVES

SEC. 208. (a) Section 213 of the National Housing Act is amended by adding at the end thereof the following new subsections:

“(k) There is hereby created a Cooperative Management Housing Insurance Fund (hereinafter referred to as the ‘Management Fund’). The Management Fund shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section with respect to mortgages or loans insured, on or after the date of the enactment of this subsection, under subsections (a) (1), (a) (3) (if the project is acquired by a cooperative corporation), (i), and (j). The Management Fund shall also be used as a revolving fund for mortgages, loans, and commitments transferred to it pursuant to subsection (m). The Commissioner is directed to transfer to the Management Fund from the General Insurance Fund established pursuant to section 519 such amount as the Commissioner determines to be necessary and appropriate. General expenses of operation of the Federal Housing Administration relating to mortgages or loans which are the obligation of the Management Fund may be charged to the Management Fund.

“(l) The Commissioner shall establish in the Management Fund, as of the date of the enactment of this subsection, a General Surplus Account and a Participating Reserve Account. The aggregate net income thereafter received or any net loss thereafter sustained by the Management Fund, in any semiannual period, shall be credited or charged to the General Surplus Account or the Participating Reserve Account or both in such manner and amounts as the Commissioner may determine to be in accord with sound actuarial and accounting practice. Upon termination of the insurance obligation of the Management Fund by payment of any mortgage or loan insured under this section, and at such time or times prior to such termination as the Commissioner may determine, the Commissioner is authorized to distribute to the mortgagor or borrower a share of the Participating Reserve Account in such manner and amount as the Commissioner shall determine to be equitable and in accordance with sound actuarial and accounting practice: *Provided*, That in no event shall the amount of the distributable share exceed the aggregate scheduled annual premiums of the mortgagor or borrower to the year of payment of the share less the total amount of any share or shares previously distributed by the Commissioner to the mortgagor or borrower: *And provided further*, That in no event may a distributable share be distributed until any funds transferred from the General Insurance Fund to the Management Fund pursuant to subsection (k) or (o) have been repaid in full to the General Insurance Fund. No mortgagor, mortgagee, borrower, or lender shall have any vested right in a credit balance in any such account or be subject to any liability arising out of the mutuality of the Management Fund. The determination of the Commissioner as to the amount to be paid by him to any mortgagor or borrower shall be final and conclusive.

78 Stat. 780,  
781.

12 USC 1715y.

Cooperative  
Management Housing  
Insurance  
Fund.

64 Stat. 54,  
12 USC 1715e.

Post, p. 471.

General Surplus  
Accounts; Participating  
Reserve  
Accounts.

“(m) The Commissioner is authorized to transfer to the Management Fund commitments for insurance issued under subsections (a) (1), (i), and (j) prior to the date of the enactment of this subsection, and to transfer to the Management Fund the insurance of any mortgage or loan insured prior to the date of the enactment of this subsection under subsection (a) (1), (a) (3) (if the project is acquired by a cooperative corporation), (i), or (j), but only in cases where the consent of the mortgagee or lender to the transfer is obtained or a request by the mortgagee or lender for the transfer is received by the Commissioner within such period of time after the date of the enactment of this subsection as the Commissioner shall prescribe: *Provided*, That the insurance of any mortgage or loan shall not be transferred under the provisions of this subsection if on the date of the enactment of this subsection the mortgage or loan is in default and the mortgagee or lender has notified the Commissioner in writing of its intention to file an insurance claim. Any insurance or commitment not so transferred shall continue to be an obligation of the General Insurance Fund.

“(n) Notwithstanding the limitations contained in other provisions of this Act, premium charges for mortgages or loans insured under this section and sections 207, 231, and 232 may be payable in debentures issued in connection with mortgages or loans transferred to the Management Fund or in connection with mortgages or loans insured pursuant to commitments transferred to the Management Fund, as provided in subsection (m) of this section.

52 Stat. 16;  
73 Stat. 665, 663.  
12 USC 1713,  
1715v, 1715w.

“(o) Notwithstanding any other provision of this Act, the Commissioner is authorized to transfer funds between the Cooperative Management Housing Insurance Fund and the General Insurance Fund in such amounts and at such times as he may determine, taking into consideration the requirements of each such Fund, to assist in carrying out effectively the insurance programs for which such Funds were respectively established.”

(b) Section 213 of such Act is further amended—

64 Stat. 54.  
12 USC 1715e.

(1) by inserting before the period at the end of subsection (a) the following: “: *Provided*, That as applied to mortgages the mortgage insurance for which is the obligation of the Management Fund, the reference to the General Insurance Fund in section 207(b) (2) shall be construed to refer to the Management Fund”; and

(2) by inserting before the period at the end of subsection (e) the following: “: *Provided*, That as applied to mortgages or loans the insurance for which is the obligation of the Management Fund (1) all references to the General Insurance Fund shall be construed to refer to the Management Fund, and (2) all references to section 207 shall be construed to refer to subsections (a) (1), (a) (3) (if the project involved is acquired by a cooperative corporation), (i), and (j) of this section”.

#### REHABILITATION IN URBAN RENEWAL AREAS

SEC. 209. Section 220(d) (3) (A) of the National Housing Act is amended—

71 Stat. 296;  
75 Stat. 154.  
12 USC 1715k.

(1) by striking out the second proviso in clause (i); and

(2) by striking out clause (ii) and inserting in lieu thereof the following:

“(ii) in a case where the mortgagor is not the occupant of the property and intends to hold the property for rental purposes, have a principal obligation in an amount not to exceed 93 per centum of the amount computed under the provisions of clause (i);

“(iii) in a case where the mortgagor is not the occupant of the property and intends to hold the property for the purpose of sale, have a principal obligation in an amount not to exceed 85 per centum of the amount computed under the provisions of clause (i), or in the alternative, in an amount equal to the amount computed under the provisions of clause (i) if the mortgagor and mortgagee assume responsibility in a manner satisfactory to the Commissioner for the reduction of the mortgage by an amount not less than 15 per centum of the outstanding principal amount thereof, or by such greater amount as may be required to meet the limitations of clause (iv), in the event the mortgaged property is not, prior to the due date of the eighteenth amortization payment of the mortgage, sold to a purchaser acceptable to the Commissioner who is the occupant of the property and who assumes and agrees to pay the mortgage indebtedness; and

“(iv) in no case involving refinancing (except as provided in clause (iii)) have a principal obligation in an amount exceeding the sum of the estimated cost of repair and rehabilitation and the amount (as determined by the Commissioner) required to refinance existing indebtedness secured by the property or project, plus any existing indebtedness incurred in connection with improving, repairing, or rehabilitating the property; or”.

#### NONDWELLING FACILITIES FOR URBAN RENEWAL HOUSING

73 Stat. 658.  
12 USC 1715k.

SEC. 210. Section 220(d)(3)(B) of the National Housing Act is amended by striking out clause (iv) and inserting in lieu thereof the following:

“(iv) include such nondwelling facilities as the Commissioner deems desirable and consistent with the urban renewal plan: *Provided*, That the project shall be predominantly residential and any nondwelling facility included in the mortgage shall be found by the Commissioner to contribute to the economic feasibility of the project, and the Commissioner shall give due consideration to the possible effect of the project on other business enterprises in the community.”

#### LARGER HOME IMPROVEMENT LOANS IN HIGH COST AREAS

75 Stat. 155.

SEC. 211. (a) Section 220(h)(2)(i) of the National Housing Act is amended by inserting before the semicolon at the end thereof “: *Provided*, That the Commissioner may, by regulation, increase such amount by not to exceed 45 per centum in any geographical area where he finds that cost levels so require”.

78 Stat. 778.

(b) Section 220(h)(11) of such Act is amended by inserting before the period at the end thereof “or such additional amount as the Commissioner has by regulation prescribed in any geographical area where he finds cost levels so require pursuant to the authority vested in him by the proviso in paragraph (2)(i) of this subsection”.

#### LARGER INSURED MORTGAGES FOR SERVICEMEN

71 Stat. 296;  
73 Stat. 661.  
12 USC 1715m.

SEC. 212. Section 222(b) of the National Housing Act is amended—  
(1) by striking out “\$20,000” in paragraph (2) and inserting in lieu thereof “\$30,000”; and

(2) by striking out paragraph (3) and inserting in lieu thereof the following:

“(3) have a principal obligation not in excess of the sum of (i) 97 per centum of \$15,000 of the appraised value of the property

as of the date the mortgage is accepted for insurance, (ii) 90 per centum of such value in excess of \$15,000 but not in excess of \$20,000, and (iii) 85 per centum of such value in excess of \$20,000; and”.

#### REFINANCING OF INSURED MORTGAGES

SEC. 213. Section 223(a)(7) of the National Housing Act is amended by striking out “section 608 of title VI prior to the effective date of the Housing Act of 1954 or under section 220, 221, 903, or section 908” and inserting in lieu thereof “this Act”.

12 USC 1715n.

#### CONSOLIDATION OF FHA INSURANCE FUNDS

SEC. 214. Title V of the National Housing Act is amended by adding at the end thereof the following new section:

12 USC 1731a-1735b.

#### “ESTABLISHMENT OF GENERAL INSURANCE FUND

“SEC. 519. (a) There is hereby created a General Insurance Fund which shall be used by the Commissioner, on and after the date of the enactment of the Housing and Urban Development Act of 1965, as a revolving fund for carrying out all the insurance provisions of this Act with the exception of those specified in subsection (e). All mortgages or loans insured under this Act pursuant to commitments issued on or after the date of the enactment of the Housing and Urban Development Act of 1965, except those specified in subsection (e), and all loans reported for insurance under section 2 on or after the date of the enactment of the Housing and Urban Development Act of 1965, shall be insured under the General Insurance Fund. The Commissioner shall transfer to the General Insurance Fund—

“(1) the assets and liabilities of all insurance accounts and funds, except the Mutual Mortgage Insurance Fund, existing under this Act immediately prior to the enactment of the Housing and Urban Development Act of 1965;

“(2) all outstanding commitments for insurance issued prior to the date of the enactment of the Housing and Urban Development Act of 1965, except those specified in subsection (e);

“(3) the insurance on all mortgages and loans insured prior to the date of the enactment of the Housing and Urban Development Act of 1965, except insurance specified in subsection (e); and

“(4) the insurance of all loans made by approved financial institutions pursuant to section 2 prior to the date of the enactment of the Housing and Urban Development Act of 1965.

“(b) The general expenses of the operations of the Federal Housing Administration relating to mortgages and loans which are the obligation of the General Insurance Fund may be charged to the General Insurance Fund.

“(c) Moneys in the General Insurance Fund not needed for the current operations of the Federal Housing Administration with respect to mortgages and loans which are the obligation of the General Insurance Fund shall be deposited with the Treasurer of the United States to the credit of such Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued as obligations of the General Insurance Fund or issued prior to the enactment of the Housing and Urban

Development Act of 1965 under other provisions of this Act, except debentures issued under the Mutual Mortgage Insurance Fund. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

“(d) Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage or loan which is the obligation of the General Insurance Fund, the receipts derived from the property covered by such mortgages and loans and from the claims, debts, contracts, property, and security assigned to the Commissioner in connection therewith, and all earnings on the assets of the Fund shall be credited to the General Insurance Fund. The principal of, and interest paid and to be paid on, debentures which are the obligation of such Fund, cash insurance payments and adjustments, and expenses incurred in the handling, management, renovation, and disposal of properties acquired, in connection with mortgages and loans which are the obligation of such Fund, shall be charged to such Fund.

“(e) The General Insurance Fund shall not be used for carrying out the provisions of sections 203 (b), 203 (h), and 203 (i), or the provisions of section 213 to the extent that they involve mortgages the insurance for which is the obligation of the Cooperative Management Housing Insurance Fund created by section 213 (k); and nothing in this section shall apply to or affect any mortgages, loans, commitments, or insurance under such provisions.”

12 USC 1709,  
1715e.

Ante, p. 468.

#### OPTIONAL CASH PAYMENT OF INSURANCE BENEFITS

SEC. 215. Title V of the National Housing Act is amended by adding at the end thereof (after the new section added by section 214 of this Act) the following new section:

#### “OPTIONAL CASH PAYMENT OF INSURANCE BENEFITS

“SEC. 520. (a) Notwithstanding any other provisions of this Act with respect to the payment of insurance benefits, the Commissioner is authorized, in his discretion, to pay in cash or in debentures any insurance claim or part thereof which is paid on or after the date of the enactment of the Housing and Urban Development Act of 1965 on a mortgage or a loan which was insured under any section of this Act either before or after such date. If payment is made in cash, it shall be in an amount equivalent to the face amount of the debentures that would otherwise be issued plus an amount equivalent to the interest which the debentures would have earned, computed to a date to be established pursuant to regulations issued by the Commissioner.

“(b) The Commissioner is authorized to borrow from the Treasury from time to time such amounts as the Commissioner shall determine are necessary to make payments in cash (in lieu of issuing debentures guaranteed by the United States, as provided in this Act) pursuant to the provisions of this section. Notes or other obligations issued by the Commissioner in borrowing under this subsection shall be subject to such terms and conditions as the Secretary of the Treasury may prescribe. Each sum borrowed pursuant to this subsection shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of such notes or other obligations.”

## APPROVAL OF TECHNICALLY SUITABLE MATERIALS

SEC. 216. Title V of the National Housing Act is amended by inserting after section 520 (added by section 215 of this Act) a new section as follows:

## “APPROVAL OF TECHNICALLY SUITABLE MATERIALS

“SEC. 521. The Commissioner shall adopt a uniform procedure for the acceptance of materials and products to be used in structures approved for mortgages or loans insured under this Act. Under such procedure any material or product which the Commissioner finds is technically suitable for the use proposed shall be accepted. Acceptance of a material or product as technically suitable shall not be deemed to restrict the discretion of the Commissioner to determine that a structure, with respect to which a mortgage is executed, is economically sound or an acceptable risk.”

WATER AND SEWER FACILITIES IN CONNECTION WITH CERTAIN  
FEDERALLY ASSISTED HOUSING

SEC. 217. (a) Title V of the National Housing Act is amended by inserting after section 521 (added by section 216 of this Act) a new section as follows:

## “WATER AND SEWER FACILITIES

“SEC. 522. Notwithstanding any other provision of this Act, no mortgage which covers new construction shall be approved for insurance under this Act (except pursuant to a commitment made prior to the date of the enactment of the Housing and Urban Development Act of 1965) if the mortgaged property includes housing which is not served by a public or adequate community water and sewerage system: *Provided*, That this limitation shall be applicable only to property which is not served by a system approved by the Commissioner pursuant to title X of this Act and which is 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 is economically feasible: *Provided further*, That for purposes of this section the economic feasibility of establishing such public or adequate community water and sewerage systems shall be determined without regard to whether such establishment is authorized by law or is subject to approval by one or more local governments or public bodies.”

Ante, p. 461.

(b) Section 1804 of title 38, United States Code, is amended by adding at the end thereof a new subsection as follows:

72 Stat. 1206.

“(e) No loan for the purchase or construction of new residential property (other than property served by a water and sewerage system approved by the Federal Housing Commissioner pursuant to title X of the National Housing Act) shall be financed through the assistance of this chapter, except pursuant to a commitment made prior to the date of the enactment of the Housing and Urban Development Act of 1965, if such property is not served by a public or adequate community water and sewerage system and is located in an area where the appropriate local officials certify that the establishment of such systems is economically feasible. For purposes of this subsection, the economic feasibility of establishing public or adequate community water and sewerage systems shall be determined without regard to whether such establishment is authorized by law or is subject to approval by one or more local governments or public bodies.”

## TITLE III—URBAN RENEWAL

## STUDY OF HOUSING AND BUILDING CODES, ZONING, TAX POLICIES, AND DEVELOPMENT STANDARDS

SEC. 301. (a) The Congress finds that the general welfare of the Nation requires that local authorities be encouraged and aided to prevent slums, blight, and sprawl, preserve natural beauty, and provide for decent, durable housing so that the goal of a decent home and a suitable living environment for every American family may be realized as soon as feasible. The Congress further finds that there is a need to study housing and building codes, zoning, tax policies, and development standards in order to determine how (1) local property owners and private enterprise can be encouraged to serve as large a part as they can of the total housing and building need, and (2) Federal, State, and local governmental assistance can be so directed as to place greater reliance on local property owners and private enterprise and enable them to serve a greater share of the total housing and building need. The Housing and Home Finance Administrator is therefore directed to study the structure of (1) State and local urban and suburban housing and building laws, standards, codes, and regulations and their impact on housing and building costs, how they can be simplified, improved, and enforced, at the local level, and what methods might be adopted to promote more uniform building codes and the acceptance of technical innovations including new building practices and materials; (2) State and local zoning and land use laws, codes, and regulations, to find ways by which States and localities may improve and utilize them in order to obtain further growth and development; and (3) Federal, State, and local tax policies with respect to their effect on land and property cost and on incentives to build housing and make improvements in existing structures.

Report to President and Congress.

(b) The Administrator shall submit a report based on such study to the President and to the Congress within 18 months after the date of the enactment of the Housing and Urban Development Act of 1965 or the appropriation of funds for the study, whichever is later.

(c) There are authorized to be appropriated such funds as may be necessary to carry out the purposes of this section. Any funds so appropriated shall remain available until expended.

## WORKABLE PROGRAM REQUIREMENT

68 Stat. 623.  
42 USC 1451.

SEC. 302. (a) (1) Section 101 of the Housing Act of 1949 is amended by adding at the end thereof the following new subsection:

“(e) No loan or grant contract may be entered into by the Administrator for an urban renewal project unless he determines that (1) the workable program for community improvement presented by the locality pursuant to subsection (c) is of sufficient scope and content to furnish a basis for evaluation of the need for the urban renewal project; and (2) such project is in accord with the program.”

(2) The requirements imposed by the amendment made by paragraph (1) shall not be applicable to any project which received Federal recognition prior to the date of the enactment of this Act.

(b) Section 101(c) of such Act is amended by adding at the end thereof the following new sentence: “Notwithstanding any other provision of law, in the case of a contract with an Indian tribe, band, or nation (or a public housing or other public agency for such tribe, band, or nation established under State or tribal law), the workable program and minimum standards housing code, referred to in the preceding sentence, may be presented to the Administrator by such

tribe, band, or nation, and it shall be subject to the requirements of law with respect to such program and code only to the extent that such tribe, band, or nation has the legal jurisdiction and power to carry out such requirements."

#### GENERAL NEIGHBORHOOD RENEWAL PLANS

SEC. 303. Section 102(d) of the Housing Act of 1949 is amended—

70 Stat. 1099.  
42 USC 1452.

(1) by striking out the first sentence of the second paragraph and inserting in lieu thereof the following:

"In order to facilitate proper preliminary planning for the attainment of the urban renewal objectives of this title, the Administrator may also make advances of funds (in addition to those authorized above) to local public agencies for the preparation of General Neighborhood Renewal Plans (as herein defined). A General Neighborhood Renewal Plan may be prepared for an area consisting of an urban renewal area or areas, together with any adjoining areas having specially related problems, and which is of such size that the urban renewal activities in the urban renewal area or areas may have to be initiated in stages, consistent with the capacity and resources of the respective local public agency or agencies, over an estimated period of not more than eight years."; and

(2) by striking out the first numbered paragraph and inserting in lieu thereof the following:

"(1) in the interest of sound community planning, it is desirable that the urban renewal activities proposed for the area be planned in their entirety;"

#### INCREASE IN AUTHORIZATION FOR CAPITAL GRANTS

SEC. 304. (a) The first sentence of section 103(b) of the Housing Act of 1949 is amended by striking out "\$4,725,000,000" and inserting in lieu thereof "\$4,700,000,000, which amount shall be increased by \$675,000,000 on the date of the enactment of the Housing and Urban Development Act of 1965, by \$725,000,000 on July 1, 1966, and by \$750,000,000 on July 1 in each of the years 1967 and 1968".

78 Stat. 785.  
42 USC 1453.

(b) The proviso in the first sentence of section 103(b) of such Act, and the second sentence of section 6(b) of the Urban Mass Transportation Act of 1964, are repealed.

Repeals.  
75 Stat. 166.

78 Stat. 305.  
49 USC 1505.

#### RELOCATION OF DISPLACED FROM URBAN RENEWAL AREAS

SEC. 305. (a) Section 105(c) of the Housing Act of 1949 is amended to read as follows:

63 Stat. 417.  
42 USC 1455.

"(c) (1) There shall be a feasible method for the temporary relocation of individuals and families displaced from the urban renewal area, and there are or are being provided, in the urban renewal area or in other areas not generally less desirable in regard to public utilities and public and commercial facilities and at rents or prices within the financial means of the individuals and families displaced from the urban renewal area, decent, safe, and sanitary dwellings equal in number to the number of and available to such displaced individuals and families and reasonably accessible to their places of employment. The Administrator shall issue rules and regulations to aid in implementing the requirements of this subsection and in otherwise achieving the objectives of this title. Such rules and regulations shall require that there be established, at the earliest practicable time, for each urban renewal project involving the displacement of individuals, families, and business concerns occupying property in the urban

renewal area, a relocation assistance program which shall include such measures, facilities, and services as may be necessary or appropriate in order (A) to determine the needs of such individuals, families, and business concerns for relocation assistance; (B) to provide information and assistance to aid in relocation and otherwise minimize the hardships of displacement, including information as to real estate agencies, brokers, and boards in or near the urban renewal area which deal in residential or business property that might be appropriate for the relocating of displaced individuals, families, and business concerns; and (C) to assure the necessary coordination of relocation activities with other project activities and other planned or proposed governmental actions in the community which may affect the carrying out of the relocation program, particularly planned or proposed low-rent housing projects to be constructed in or near the urban renewal area.

“(2) As a condition to further assistance after the enactment of this paragraph with respect to each urban renewal project involving the displacement of individuals and families, the Administrator shall require, within a reasonable time prior to actual displacement, satisfactory assurance by the local public agency that decent, safe, and sanitary dwellings as required by the first sentence of this subsection are available for the relocation of each such individual or family.”

(b) Clause (iii) in the second proviso of section 101(c) of such Act is amended by striking out “section 105(c)” and inserting in lieu thereof “section 105(c)(1)”.

(c) The requirements imposed by the amendment made by subsection (a) of this section shall not be applicable to any project which received Federal recognition prior to the date of the enactment of this Act.

#### REDEVELOPMENT IN ACCORDANCE WITH URBAN RENEWAL PLAN

SEC. 306. Section 106 of the Housing Act of 1949 is amended by adding at the end thereof the following new subsection:

“(h) Notwithstanding any other provision of this title, no contract shall be entered into for any loan or capital grant under this title with any local public agency unless the local public agency establishes, by evidence satisfactory to the Administrator, that any urban renewal project with respect to which such local public agency has received a loan or capital grant under this title has been, or will be, undertaken and carried out in substantial accordance with the urban renewal plan, and any amendments thereto, approved with respect to such project, and the terms of the contract for loan or capital grant covering such project.”

#### USE OF GRANT OR LOAN FUNDS IN CODE ENFORCEMENT AND REHABILITATION PROJECTS

SEC. 307. The first unnumbered paragraph following the numbered paragraphs in section 110(c) of the Housing Act of 1949 is amended—

(1) by inserting “(A)” before “no contract”; and

(2) by inserting before the period at the end of the paragraph the following: “, and (B) not less than 10 per centum of the aggregate amount of (i) grants authorized to be contracted for under this title by the Housing and Urban Development Act of 1965 and subsequent Acts, and (ii) loans authorized to be made under section 312 of the Housing Act of 1964, shall be available for projects assisted with such grants or loans which involve primarily code enforcement and rehabilitation”.

68 Stat. 623;  
75 Stat. 153.  
42 USC 1451.

63 Stat. 417.  
42 USC 1456.

78 Stat. 787.  
42 USC 1460.

78 Stat. 790.  
42 USC 1452b.

## INCREASE IN NONRESIDENTIAL EXCEPTION

SEC. 308. The third unnumbered paragraph following the numbered paragraphs in section 110(c) of the Housing Act of 1949 is amended by striking out the period and inserting in lieu thereof the following: "*And provided further*, That the aggregate amount of capital grants made available under this title with respect to such projects after the date of the enactment of the Housing and Urban Development Act of 1965 may be in an amount not to exceed (in addition to amounts previously available for such projects) 35 per centum of the amount of additional capital grants authorized under this title by such Act."

73 Stat. 675.  
42 USC 1460.

## PRESERVATION OF HISTORIC STRUCTURES

SEC. 309. (a) Section 110(c) of the Housing Act of 1949 is amended—

- (1) by striking out "and" at the end of paragraph (7);
- (2) by striking out the period at the end of paragraph (8) and inserting in lieu thereof "; and";
- (3) by inserting a new paragraph (9) as follows:  
"(9) relocating within the project area a structure which the local public agency determines to be of historic value and which will be disposed of to a public body or a private nonprofit organization which will renovate and maintain such structure for historic purposes."; and

(4) by striking out "paragraphs (7) and (8)" in the second unnumbered paragraph following the numbered paragraphs and inserting in lieu thereof "paragraphs (7), (8), and (9)".

(b) Section 110(e) of such Act is amended by striking out "and (8)" in clause (i) and inserting in lieu thereof "(8), and (9)".

## ELIGIBILITY OF CERTAIN EXPENSES OF PROJECTS FINANCED ON THREE-FOURTHS GRANT BASIS

SEC. 310. (a) Clause (i) of the third sentence of section 110(e) of the Housing Act of 1949 is amended by (1) inserting "staff services in connection with programs of code enforcement and voluntary rehabilitation and repair (including community organization)," after "disposition of land,"; and (2) inserting "(5)," after "(4)".

(b) Any contract for a capital grant under title I of the Housing Act of 1949, executed prior to the date of the enactment of this Act, may be amended to incorporate the provisions of subsection (a) as to costs incurred on or after the date of the enactment of this Act.

42 USC 1450-1465.

## DEMOLITION OF UNSAFE STRUCTURES; CODE ENFORCEMENT

SEC. 311. (a) Title I of the Housing Act of 1949 is amended by inserting after section 115 (added by section 106 of this Act) two new sections as follows:

## "DEMOLITION

"SEC. 116. (a) Notwithstanding any other provision of this title, the Administrator is authorized to enter into contracts to make, and to make, grants as provided in this section (payable from any grant funds provided under section 103(b)) to cities, other municipalities, and counties to assist in financing the cost of demolishing structures which under State or local law have been determined to be structurally unsound or unfit for human habitation, and which such city, municipality, or county has authority to demolish. The amount of

68 Stat. 416.  
42 USC 1453.

any grant under this section shall not exceed two-thirds of the cost of the demolition of such structures.

“(b) No grant shall be made under this section unless the structures to be demolished are located in an urban renewal area, or, in the case of structures outside an urban renewal area, (1) the locality involved has an approved workable program for community improvement in accordance with the requirements of section 101(c), as determined by the Administrator, (2) the demolition to be assisted will be on a planned neighborhood basis and will further the over-all renewal objectives of such locality, (3) there is in such locality a program of enforcement of existing local housing and related codes, (4) the structures to be demolished constitute a public nuisance and a serious hazard to the public health or welfare, and (5) the governing body of such locality has determined that other available legal procedures have been exhausted to secure remedial action by the owner of the structures involved and that demolition by governmental action is required.

68 Stat. 623.  
42 USC 1451.

#### “CODE ENFORCEMENT

“SEC. 117. Notwithstanding any other provision of this title, the Administrator is authorized to enter into contracts to make, and to make, grants as provided in this section (payable from any grant funds provided under section 103(b)) to cities, other municipalities, and counties for the purpose of assisting such localities in carrying out programs of concentrated code enforcement in deteriorated or deteriorating areas in which such enforcement, together with those public improvements to be provided by the locality, may be expected to arrest the decline of the area. Such grants shall not exceed two-thirds (or three-fourths in the case of any city, other municipality, or county having a population of 50,000 or less according to the most recent decennial census) of the cost of planning and carrying out such programs which may include the provision and repair of necessary streets, curbs, sidewalks, street lighting, tree planting, and similar improvements within such areas. The Administrator shall not make any grant under this section unless he has obtained adequate assurances (1) that the locality will maintain during the period of the contract, in addition to its expenditures for planning and carrying out any program assisted under this section, a level of expenditures for code enforcement activities at not less than its normal expenditures for such activities prior to the execution of such contract, and (2) that the locality has a satisfactory program for the provision of all necessary public improvements for such areas. The provisions of sections 101(c), 106, 114, and 115 shall be applicable to activities and undertakings assisted under this section to the same extent as if such activities and undertakings were being carried out in an urban renewal area as part of an urban renewal project.”

63 Stat. 416.  
42 USC 1453.

42 USC 1456,  
1465; *Ante*, p. 457.

78 Stat. 785.  
42 USC 1460.

70 Stat. 1102.  
12 USC 1715k.

75 Stat. 154.

(b) Section 110(c) of such Act is amended by—

(1) striking out “or a program of code enforcement in an urban renewal area,” in the first sentence; and

(2) striking out the proviso in paragraph (5).

(c) Section 220(d)(1)(A) of the National Housing Act is amended by inserting before the first proviso the following: “, or (iv) an area in which a program of concentrated code enforcement activities is being carried out pursuant to section 117 of the Housing Act of 1949”.

(d) Section 220(h)(1) of the National Housing Act is amended by inserting after “urban renewal project” in the first sentence the following: “or in an area in which a program of concentrated code enforce-

ment activities is being carried out pursuant to section 117 of the Housing Act of 1949”.

(e) Section 312(a) of the Housing Act of 1964 is amended by inserting after “urban renewal area” in the first sentence the following: “or an area in which a program of concentrated code enforcement activities is being carried out pursuant to section 117 of the Housing Act of 1949”.

78 Stat. 790.  
42 USC 1452b.

Ante, p. 478.

#### REHABILITATION LOANS

SEC. 312. (a) Section 312(a) of the Housing Act of 1964 is amended by striking out “reasonable” in the second sentence and inserting in lieu thereof “comparable”.

(b) Section 312(d) of such Act is amended by striking out “\$50,000,000” and inserting in lieu thereof “\$100,000,000 for each fiscal year”, and by adding at the end thereof a new sentence as follows: “All moneys in such revolving fund shall be available for necessary expenses of servicing loans made pursuant to this section, including reimbursement or payment for services and facilities of the Federal National Mortgage Association and of any public or private agency for the servicing of such loans.”

(c) Section 312 of such Act is further amended by adding at the end thereof the following new subsection:

“(h) No loan shall be made under the authority of this section after October 1, 1969, except pursuant to a contract, commitment, or other obligation entered into pursuant to this section before that date.”

#### ELIGIBILITY OF COMMUNITIES IN DEPRESSED AREAS FOR URBAN RENEWAL ASSISTANCE

SEC. 313. (a) Subparagraph (B) of section 103(a)(2) of the Housing Act of 1949 is amended to read as follows:

75 Stat. 165.  
42 USC 1453.

“(B) three-fourths of the aggregate net project costs of any such projects which are located in (i) a municipality having a population of fifty thousand or less according to the most recent decennial census, or (ii) a municipality situated in a labor market area which, at the time the contract or contracts involved are entered into or at such earlier time as the Administrator may specify in order to avoid hardship, is designated as a redevelopment area under the second sentence of section 5(a) of the Area Redevelopment Act or any other legislation enacted after the date of the enactment of the Housing and Urban Development Act of 1965 containing standards for designation as a redevelopment area generally comparable to those set forth in the second sentence of section 5(a) of the Area Redevelopment Act, and”.

75 Stat. 48.  
42 USC 2504.

(b) The amendment made by subsection (a) shall apply only with respect to urban renewal projects placed under contract for capital grant on or after the date of the enactment of this Act, except that such amendment shall apply with respect to all urban renewal projects in the city of Providence, Rhode Island, placed under contract for capital grant during the period Providence was designated as a redevelopment area under section 5(a) of the Area Redevelopment Act (or at such earlier time as the Administrator may specify in order to avoid hardship) and not completed prior to the date of the enactment of this Act.

#### LOCAL GRANT-IN-AID CREDIT FOR CERTAIN COAL ROYALTIES

SEC. 314. (a) Section 110(d) of the Housing Act of 1949 is amended by adding at the end thereof the following new paragraph:

68 Stat. 628.  
42 USC 1460.

"Where a project in any municipality includes an area affected by an underground mine fire or by a coal mine subsidence and where it is necessary in such project to remove any underlying coal deposits in order to stabilize the soil or to control the underground mine fire, then any royalties received by the project from the removal and sale of such coal deposits shall be credited to the project as a local grant-in-aid made by such municipality."

(b) Any contract under title I of the Housing Act of 1949 executed prior to the date of the enactment of this Act shall, at the request of the municipality involved, be amended to reflect the amendment made by subsection (a).

42 USC 1450-1465.

#### SPECIFIC URBAN RENEWAL PROJECTS

SEC. 315. (a) (1) Notwithstanding the date of the commencement of construction of the Tanyard Creek collector sanitary sewer in Jasper, Alabama, local expenditures made in connection with this collector sanitary sewer system shall, to the extent otherwise eligible, be counted as a local grant-in-aid to the downtown urban renewal project (Alabama R-49) in accordance with the provisions of title I of the Housing Act of 1949.

(2) Notwithstanding the date of the commencement of construction of the East Side High School and the start of construction of the improvements to Hickory Creek in Joliet, Illinois, expenditures made in connections with such high school and such creek improvements shall, to the extent otherwise eligible, be counted as a local grant-in-aid to the proposed south central urban renewal project in accordance with the provisions of title I of the Housing Act of 1949.

(3) Notwithstanding the date of commencement of the installation of certain underground electrical wiring in Johnson City, Tennessee, expenditures made in connection with such installation shall, to the extent otherwise eligible, be counted as a local grant-in-aid to Johnson City's proposed downtown urban renewal project (Tennessee R-80) in accordance with the provisions of title I of the Housing Act of 1949.

(4) Notwithstanding the provisions of section 312 of the Housing Act of 1954 or any request previously made pursuant to such section, upon request of the local public agency the eligibility of the local grants-in-aid for any project in the city of New Brunswick, New Jersey, in connection with which the final capital grant payment has not been made, shall be determined in accordance with the provisions of section 110(d) of the Housing Act of 1949.

68 Stat. 629.  
42 USC 1450  
note.

(5) Two-thirds of all expenditures by the city of Saint Louis, Missouri, in connection with its Downtown Sports Stadium project, to the extent such expenditures would have been eligible under the provisions of section 110(d) of the Housing Act of 1949 to be counted as non-cash grants-in-aid toward such project if it had received Federal assistance as an urban renewal project pursuant to the provisions of title I of such Act, shall be eligible to be counted as a grant-in-aid toward any federally-assisted urban renewal projects in Saint Louis.

(6) Notwithstanding the extent to which the cultural and convention center proposed to be built adjacent to Urban Renewal Project Colorado R-15 (Skyline) in Denver, Colorado, may benefit areas other than the urban renewal area, expenses incurred by the city of Denver in constructing such center shall, to the extent otherwise eligible, be counted as a grant-in-aid toward such project.

(7) Notwithstanding the extent to which the cultural and convention center proposed to be built within Urban Renewal Project R-8 in Norfolk, Virginia, may benefit areas other than the urban renewal

68 Stat. 628.  
42 USC 1460.

area, expenses incurred by the city of Norfolk in constructing such center shall, to the extent otherwise eligible, be counted as a grant-in-aid toward such project.

(8) Expenses incurred in the construction of the Glenn Duncan Elementary School and the Fred W. Traner Junior High School in Reno, Nevada, shall not be deemed to be ineligible as a local grant-in-aid in connection with the Northeast Urban Renewal Project (Nevada R-2) because of any change in the urban renewal plan for such project which is determined by the Housing and Home Finance Administrator to have resulted from the proposed location of a federally-aided highway within or adjacent to the urban renewal area in which such project was undertaken. For the purpose of computing the portion of the cost of such schools which may be allowed as a local grant-in-aid, the degree of benefit of the schools to such urban renewal area shall be based on the latest estimate of benefit submitted by the local public agency and accepted by the Administrator prior to such change in the urban renewal plan.

(9) Notwithstanding the provisions of section 112(a) of the Housing Act of 1949, expenditures in the amount of \$600,000 made by the Memorial Hospital of Michigan City Foundation, Incorporated, for the purchase of certain land and buildings on or about July 24, 1963, from Doctors Hospital Realty Corporation shall, if otherwise eligible, be counted as local grants-in-aid to the community center numbered 1 urban renewal project (Indiana R-46) in Michigan City, Indiana, in accordance with the remaining provisions of title I of that Act.

75 Stat. 169.  
42 USC 1463.

(10) The provisions of section 113(c) of the Housing Act of 1949 shall be applicable to the Hobo Jungle Urban Renewal Project in Texarkana, Arkansas (Arkansas R-3).

75 Stat. 58.  
42 USC 1464.

(11) Notwithstanding the date of commencement of construction of the Pulaski, Showalter, and Smedley Junior High Schools, and the William Penn and Stetser Elementary Schools in Chester, Pennsylvania, local expenditures made in connection with such schools shall, to the extent otherwise eligible, be counted as local grants-in-aid for federally-assisted urban renewal projects in Chester that will be served by such schools.

(12) Notwithstanding any other provision of law, moneys heretofore expended by the University of Pennsylvania and Wilkes College for land (and related expenditures for demolition and relocation) included in the overall development plans proposed by such institutions and utilized, or to be utilized, in connection with new facilities of such institutions within one mile of urban renewal projects Pennsylvania 5-3 (University City) and Pennsylvania R-149 (Wright Street), respectively, shall, if otherwise eligible, be allowed as local grants-in-aid for such projects.

(13) Notwithstanding the June, 1956, commencement of certain flood control work in Ottumwa, Iowa, local expenditures in connection with such flood control work shall, to the extent otherwise eligible, be counted as a local grant-in-aid to the Marina Gateway urban renewal project (Iowa R-12) in accordance with the provisions of Title I of the Housing Act of 1949.

42 USC 1450-  
1465.

(b)(1) Notwithstanding the provisions of title I of the Housing Act of 1949 and the United States Housing Act of 1937, the Housing and Home Finance Administrator and the Public Housing Commissioner are authorized and directed to consent to the transfer by the Housing Authority of the City of Macon, Georgia, to the Urban Renewal Department of the City of Macon, Georgia, of all property acquired by the Housing Authority for low-rent housing project numbered Georgia 7-8, on condition that (A) an amount which, together

50 Stat. 888.  
42 USC 1430.

with any funds of the Housing Authority available for the purpose, is sufficient to pay and discharge all obligations incurred by the Housing Authority in connection with such low-rent housing project and owing at the time of transfer, will be paid by the Urban Renewal Department of the City of Macon to the Public Housing Administration to be applied in satisfaction of the Housing Authority's obligations which it cannot meet with its own funds available for the purpose, and (B) the total amount so paid by the Urban Renewal Department of the City of Macon will be included in the gross project cost of its Coliseum Urban Renewal Project, Georgia R-95.

(2) The Housing and Home Finance Administrator and the Public Housing Commissioner are authorized to modify any contracts heretofore entered into and to take any other appropriate action necessary to carry out the provisions of paragraph (1).

(c) (1) Notwithstanding any provision of the Housing Act of 1949 or any other provision of law, the urban renewal project in Savannah, Georgia, known as Project "J" in the General Neighborhood Renewal Plan for the Broad Street-Canal Urban Renewal Area adopted by resolution of the Mayor and Aldermen of the City of Savannah on November 18, 1958, may include the donation by Housing Authority of Savannah, by a suitable instrument of conveyance, of the right, title, and interest of the Authority in and to all or any portion of the land included within the boundaries of such Project "J" in the City of Savannah, Chatham County, Georgia, the area of such Project "J" being generally bounded on the North by properties of the Central of Georgia Railway Company, on the East by West Broad Street, on the South by the right-of-way for Interstate Highway No. I-16, and on the West by the Savannah and Ogeechee Canal and West Boundary Street.

(2) The conveyance authorized to be included in the urban renewal project under paragraph (1) shall be made only if the donee represents, and furnishes such assurances as may be required by Housing Authority of Savannah, that such donee will develop, preserve, and operate such property on a nonprofit basis as a historical site or monument.

#### LEASE GUARANTEES FOR CERTAIN SMALL BUSINESS CONCERNS

SEC. 316. (a) The Small Business Investment Act of 1958 is amended by adding after title III a new title as follows:

#### "TITLE IV—LEASE GUARANTEES

##### "AUTHORITY OF THE ADMINISTRATION

"SEC. 401. (a) The Administration may, whenever it determines such action to be necessary or desirable, and upon such terms and conditions as it may prescribe, guarantee the payment of rentals under leases of commercial and industrial property entered into by small business concerns that are (1) eligible for loans under section 7(b)(3) of the Small Business Act, or (2) eligible for loans under title IV of the Economic Opportunity Act of 1964, to enable such concerns to obtain such leases. Any such guarantee may be made or effected either directly or in cooperation with any qualified surety company or other qualified company through a participation agreement with such company. The foregoing powers shall be subject, however, to the following restrictions and limitations:

"(1) No guarantee shall be issued by the Administration (A) if a guarantee meeting the requirements of the applicant is other-

63 Stat. 413.  
42 USC 1441  
note.

72 Stat. 689.  
15 USC 661  
note.

75 Stat. 756.

75 Stat. 167.  
15 USC 636.  
78 Stat. 526.  
42 USC 2901-  
2907.

wise available on reasonable terms, and (B) unless the Administration determines that there exists a reasonable expectation that the small business concern in behalf of which the guarantee is issued will perform the covenants and conditions of the lease.

“(2) The Administration shall, to the greatest extent practicable, exercise the powers conferred by this section in cooperation with qualified surety or other companies on a participation basis.

“(b) The Administration shall fix a uniform annual fee for its share of any guarantee under this section which shall be payable in advance at such time as may be prescribed by the Administrator. The amount of any such fee shall be determined in accordance with sound actuarial practices and procedures, to the extent practicable, but in no case shall such amount exceed, on the Administration's share of any guarantee made under this title, 2½ per centum per annum of the minimum annual guaranteed rental payable under any guaranteed lease: *Provided*, That the Administration shall fix the lowest fee that experience under the program established hereby has shown to be justified. The Administration may also fix such uniform fees for the processing of applications for guarantees under this section as the Administrator determines are reasonable and necessary to pay the administrative expenses that are incurred in connection therewith.

“(c) In connection with the guarantee of rentals under any lease pursuant to authority conferred by this section, the Administrator may require, in order to minimize the financial risk assumed under such guarantee—

“(1) that the lessee pay an amount, not to exceed one-fourth of the minimum guaranteed annual rental required under the lease, which shall be held in escrow and shall be available (A) to meet rental charges accruing in any month for which the lessee is in default, or (B) if no default occurs during the term of the lease, for application (with accrued interest) toward final payments of rental charges under the lease;

“(2) that upon occurrence of a default under the lease, the lessor shall, as a condition precedent to enforcing any claim under the lease guarantee, utilize the entire period, for which there are funds available in escrow for payment of rentals, in reasonably diligent efforts to eliminate or minimize losses, by releasing the commercial or industrial property covered by the lease to another qualified tenant, and no claim shall be made or paid under the guarantee until such effort has been made and such escrow funds have been exhausted;

“(3) that any guarantor of the lease will become a successor of the lessor for the purpose of collecting from a lessee in default rentals which are in arrears and with respect to which the lessor has received payment under a guarantee made pursuant to this section; and

“(4) such other provisions, not inconsistent with the purposes of this title, as the Administrator may in his discretion require.

#### “POWERS

“SEC. 402. Without limiting the authority conferred upon the Administrator and the Administration by section 201 of this Act, the Administrator and the Administration shall have, in the performance of and with respect to the functions, powers, and duties conferred by this title, all the authority and be subject to the same conditions prescribed in section 5(b) of the Small Business Act with respect to loans, including the authority to execute subleases, assignments of lease and

72 Stat. 690.  
15 USC 671.

72 Stat. 385.  
15 USC 634.

new leases with any person, firm, organization, or other entity, in order to aid in the liquidation of obligations of the Administration hereunder.

“FUND

“SEC. 403. There is hereby established a revolving fund for use by the Administration in carrying out the provisions of this title. Initial capital for such fund shall consist of not to exceed \$5,000,000 transferred from the fund established under section 4(c) of the Small Business Act: *Provided*, That the last sentence of such section 4(c) shall not apply to any amounts so transferred. Into the fund established by this section there shall be deposited all receipts from the guarantee program authorized by this title. Moneys in such fund not needed for the payment of current operating expenses or for the payment of claims arising under such program may be invested in bonds or other obligations of, or bonds or other obligations guaranteed as to principal and interest by, the United States; except that moneys provided as initial capital for such fund shall be returned to the fund established by section 4(c) of the Small Business Act, in such amounts and at such times as the Administration determines to be appropriate, whenever the level of the fund herein established is sufficiently high to permit the return of such moneys without danger to the solvency of the program under this title.”

72 Stat. 690.  
15 USC 671.

(b) Section 201 of such Act is amended by striking out the third sentence and inserting in lieu thereof the following: “The powers conferred by this Act upon the Administration and upon the Administrator, with the exception of those conferred by titles IV and V hereof, shall be exercised through the Small Business Investment Division and through the Deputy Administrator appointed hereunder. The powers conferred by this Act upon the Administration and upon the Administrator by titles IV and V hereof shall be exercised through such division, section, or other personnel as the Administrator in his discretion shall determine.”

*Ante*, p. 482;  
72 Stat. 696.  
15 USC 695.

(c) The table of contents of such Act is amended by inserting after the analysis of title III the following:

“TITLE IV—LEASE GUARANTEES

“Sec. 401. Authority of the Administration.

“Sec. 402. Powers.

“Sec. 403. Fund.”

*Ante*, p. 207.

(d) Section 4(c) of the Small Business Act is amended—

(1) by striking out “\$1,716,000,000” and inserting in lieu thereof “\$1,721,000,000.”; and

(2) by striking out the period at the end of the fifth sentence and inserting in lieu thereof the following: “: *Provided*, That such limitation shall not apply to functions under title IV thereof.”

AMENDMENT OF SECTION 316 OF THE HOUSING ACT OF 1954

SEC. 317. The first full paragraph of section 316(2) of the Housing Act of 1954 is amended by striking out the first parenthetical clause and inserting in lieu thereof the following: “(as such projects are now or may hereafter be defined in title I of the Housing Act of 1949, including but not limited to projects authorized without regard to the residential or nonresidential character or reuse of the urban renewal area)”.

68 Stat. 630.  
D.C. Code 5-  
717a.  
42 USC 1450-  
1465.

## TITLE IV—COMPENSATION OF CONDEMNEEES

## DEFINITIONS

SEC. 401. For the purposes of this title—

(1) the term “development program” means any program established by or conducted under any of the following provisions of law:

(A) the United States Housing Act of 1937;

42 USC 1430.

(B) title I of the Housing Act of 1949;

42 USC 1450-1465.

(C) the Urban Mass Transportation Act of 1964;

49 USC 1601 note.

(D) title II of the Housing Amendments of 1955;

42 USC 1491-1497.

(E) title VII of the Housing Act of 1961; and

42 USC 1500-1500e.

(F) title VII of the Housing and Urban Development Act of 1965;

Post, p. 489.

(2) the term “Federal assistance” means a grant, loan, contract of guaranty, annual contribution, or other assistance provided by the United States;

(3) the term “applicant” means any public body or other agency authorized to receive Federal assistance under a development program;

(4) the term “real property” means any land, or any interest in land, and (A) any building, structure, or other improvements embedded in or affixed to land, and any article so affixed or attached to such building, structure, or improvement as to be an essential or integral part thereof; (B) any article affixed or attached to such real property in such manner that it cannot be removed without material injury to itself or the real property; and (C) any article so designed, constructed, or specially adapted to the purpose for which such real property is used that (i) it is an essential accessory or part of such real property, (ii) it is not capable of use elsewhere, and (iii) it would lose substantially all its value if removed from the real property; and

(5) the term “Administrator” means the Housing and Home Finance Administrator.

## LAND ACQUISITION POLICY

SEC. 402. As a condition of eligibility for Federal assistance pursuant to a development program, each applicant for such assistance shall satisfy the Administrator that the following policies will be followed in connection with the acquisition of real property by eminent domain in the course of such program—

(1) the applicant shall make every reasonable effort to acquire the real property by negotiated purchase;

(2) no owner shall be required to surrender possession of real property before the applicant pays to the owner (A) the agreed purchase price arrived at by negotiation, or (B) in any case where only the amount of the payment to the owner is in dispute, not less than 75 per centum of the appraised fair value of such property as approved by the applicant; and

(3) the construction or development of any public improvements shall be so scheduled that no person lawfully occupying the real property shall be required to surrender possession on account of such construction or development without at least 90 days' written notice from the applicant of the date on which such construction or development is scheduled to begin.

## FUNDS FOR CERTAIN PAYMENTS IN EMINENT DOMAIN

SEC. 403. Notwithstanding any other provision of law, financial assistance under any federally assisted development program may include amounts necessary for financing, in the same manner that other costs of a project assisted under such program are financed, the payments described in paragraph (2) (B) of section 402 of this Act.

## RELOCATION PAYMENTS UNDER FEDERALLY ASSISTED DEVELOPMENT PROGRAMS

SEC. 404. (a) To the extent not otherwise authorized under any Federal law, financial assistance extended to an applicant under any federally assisted development program may include grants for relocation payments, as herein defined. Such grants may be in addition to other financial assistance under such federally assisted development programs, and may cover the full amount of such relocation payments. Any funds available for any such program may be used for such grants. The term "relocation payments" means payments by the applicant, to a displaced individual, family, business concern, or non-profit organization, which are made on such terms and conditions and subject to such limitations (to the extent applicable, but not including the date of displacement) as are provided for relocation payments, at the time such payments are approved, by sections 114(b), (c), and (d) of the Housing Act of 1949 with respect to projects assisted under title I thereof. Relocation payments authorized by this subsection shall be made subject to such rules and regulations as may be prescribed by the Administrator.

(b) Section 114(b)(2) of the Housing Act of 1949 is amended by striking out "\$1,500" and inserting in lieu thereof "\$2,500".

(c) (1) Section 114 of such Act is further amended by redesignating subsection (d) as subsection (e) and by inserting after subsection (c) the following new subsection:

"(d) In addition to payments authorized to be made under subsections (b) and (c), a local public agency may pay to any displaced individual, family, business concern, or nonprofit organization reasonable and necessary expenses incurred for (1) recording fees, transfer taxes, and similar expenses incidental to conveying real property to a project assisted under this title, (2) penalty costs for prepayment of any mortgage encumbering such real property, and (3) the pro rata portion of real property taxes allocable to a period subsequent to the date of vesting of title or the effective date of the acquisition of such real property by such agency, whichever is earlier."

(2) Section 15(8) of the United States Housing Act of 1937 is amended by striking out "section 114 (b) or (c)" and inserting in lieu thereof "section 114 (b), (c), and (d)".

(d) Subsection (a) shall not be applicable with respect to any displacement occurring prior to the date of the enactment of this Act (or prior to March 4, 1965, in the case of the programs specified in subparagraphs (C) and (E) of section 401(1)).

## TITLE V—LOW-RENT PUBLIC HOUSING

## ACCEPTANCE OF LOCAL CERTIFICATION OF EQUIVALENT ELIMINATION

SEC. 501. The fourth sentence of section 10(a) of the United States Housing Act of 1937 is amended by inserting immediately after "elimination", where it first appears, the following: ", as certified by the local governing body".

78 Stat. 788.  
42 USC 1465.

78 Stat. 795.  
42 USC 1415.

63 Stat. 430.  
42 USC 1410.

## GREATER USE OF EXISTING HOUSING

SEC. 502. Section 10(c) of the United States Housing Act of 1937 is amended by striking out "*And provided*" and inserting in lieu thereof "*Provided*", and by inserting before the period at the end thereof the following: "*: And provided further*, That the amount of the fixed annual contribution which would be established under this Act for a newly constructed project by a public housing agency designed to accommodate a number of families of a given size and kind may be established, as a maximum annual contribution in lieu of any other guaranteed contribution authorized under this section, for a project by such public housing agency which would provide housing for the comparable number, sizes, and kinds of families through the acquisition, acquisition and rehabilitation, or use under lease of existing structures which are suitable for low-rent housing use and obtainable in the local market".

50 Stat. 892.  
42 USC 1410.

## INCREASE IN AUTHORIZATION FOR ANNUAL CONTRIBUTIONS

SEC. 503. (a) Section 10(e) of the United States Housing Act of 1937 is amended by inserting immediately following "per annum" the following: ", which limit shall be increased by \$47,000,000 on the date of the enactment of the Housing and Urban Development Act of 1965, and by further amounts of \$47,000,000 on July 1 in each of the years 1966, 1967, and 1968, respectively".

52 Stat. 820;  
78 Stat. 795.

## REALLOCATION OF UNITS

SEC. 504. Section 10(e) of the United States Housing Act of 1937 is amended by striking out "*Provided*," and inserting in lieu thereof the following: "*Provided*, That subject to any contractual obligation outstanding on the date of the enactment of the Housing and Urban Development Act of 1965, any units not under construction within five years from the date they were reserved to a public housing agency may be reserved, allocated, or placed under contract for annual contributions in any State without limitation as to the aggregate amount of units which may be placed under contract for annual contributions in any one State: *Provided further*,".

## SALE OF FEDERALLY-OWNED PROJECTS TO PRIVATE PURCHASERS

SEC. 505. The first sentence of section 12(c) of the United States Housing Act of 1937 is amended to read as follows: "The Authority may sell a Federal project only to a public housing agency or to a nonprofit body for use as low-rent housing."

50 Stat. 894.  
42 USC 1412.

## INCREASE IN PER ROOM LIMITATIONS

SEC. 506. Paragraph (5) of section 15 of the United States Housing Act of 1937 is amended—

- (1) by striking out "\$2,000" and inserting in lieu thereof "\$2,400";
- (2) by striking out "\$3,000", each place it appears, and inserting in lieu thereof "\$3,500"; and
- (3) by striking out "\$3,500" and inserting in lieu thereof "\$4,000".

63 Stat. 424;  
75 Stat. 164.  
42 USC 1415.

## PURCHASE OF UNITS BY TENANTS

50 Stat. 895.  
42 USC 1415.

SEC. 507. (a) Section 15 of the United States Housing Act is amended by adding after paragraph (8) a new paragraph as follows:

“(9) Notwithstanding any other provision of this Act, but subject to the provisions of any contract with the Authority, any public housing agency may permit any member of a tenant family to enter into a contract (either individually or as a member of a group) for the acquisition of a dwelling unit in any project of the public housing agency which is suitable by reason of its detached or semidetached construction for sale and for occupancy by such purchaser or a member or members of his family, upon the following terms:

“(A) The purchaser shall pay at least (i) a pro rata share cost of any services furnished him by the public agency, including but not limited to, administration, maintenance, repairs, utilities, insurance, provision of reserves, and other expenses, (ii) local taxes on his dwelling unit, and (iii) monthly payments of interest and principal sufficient to amortize a sales price, equal to the greater of the unamortized debt or the appraised value (at the time such purchase contract is entered into) of the dwelling unit, in not more than forty years: *Provided*, That the public housing agency may, under terms and conditions to be prescribed by it, permit a purchaser to apply an amount equal to the net rent paid for his dwelling unit, over a period not exceeding three years prior to the entering into of any such contract, toward the purchase price of such unit;

“(B) The interest rate shall be fixed at not less than the average interest cost of loans outstanding on the project, except that in the case of a project on which bonds are not outstanding the interest rate shall be fixed at not less than the going Federal rate applicable to such project;

“(C) The principal payments shall be not less than one-half of 1 per centum per annum of the sales price during the first five years after purchase, 1 per centum per annum during the next five years, 1½ per centum per annum during the third five years, and thereafter not less than the principal payments resulting from a level debt service of interest and principal over the balance of the payment period; and

“(D) If at any time (i) a purchaser fails to carry out his contract with the public housing agency and if no member of his family who resides in the dwelling assumes such contract, or (ii) the purchaser or a member of his family who assumes the contract does not reside in the dwelling, the public housing agency shall have an option to acquire his interest under such contract upon payment to him or his estate of an amount equal to his aggregate principal payments plus the value to the public housing agency of any improvements made by him, less an amount equal to 2½ per centum of the sales price.”

(b) Such Act is further amended—

(1) by inserting in the parenthetical phrase in section 10(h) after the words “exclusive of” the following: “any part thereof covered by a contract or conveyed pursuant to paragraph (9) of section 15, and exclusive of”;

(2) by inserting after “may be made” in section 10(1) the following: “, subject to any outstanding contracts made pursuant to paragraph (9) of section 15,”;

(3) by inserting after “acquisition”, the first place it appears in paragraphs (1), (2), and (3) of section 15, the following: “(except pursuant to paragraph (9) of section 15)”;

(4) by inserting before the semicolon at the end of paragraph (1) of section 22(a) a colon and the following: "Provided, That such conveyance or delivery of title shall be subject to the rights of third parties vested pursuant to paragraph (9) of section 15".

63 Stat. 424,  
42 USC 1421a.

## TITLE VI—COLLEGE HOUSING

### INCREASE IN AUTHORIZATION FOR COLLEGE HOUSING LOANS

SEC. 601. Section 401(d) of the Housing Act of 1950 is amended by striking out "through 1964", each place it appears, and inserting in lieu thereof "through 1968".

73 Stat. 681;  
75 Stat. 172,  
12 USC 1749.

### INTEREST RATE ON COLLEGE HOUSING LOANS

SEC. 602. (a) Effective with respect to loan contracts entered into after the date of the enactment of this Act, section 401(c) of the Housing Act of 1950 is amended by striking out "the higher of (1) 2¾ per centum per annum, or" and inserting in lieu thereof "the lower of (1) 3 per centum per annum, or".

69 Stat. 644.

(b) Effective with respect to notes or other obligations financing loan contracts entered into after the date of the enactment of this Act, section 401(e) of such Act is amended by striking out "the higher of (1) 2½ per centum per annum, or" and inserting in lieu thereof "the lower of (1) 2¾ per centum per annum, or".

### PARTICIPATION BY NEW COLLEGES AND CERTAIN PUBLIC VOCATIONAL AND TECHNICAL INSTITUTIONS

SEC. 603. Clause (1) of section 404(b) of the Housing Act of 1950 is amended to read as follows: "(1) (A) any educational institution which offers, or provides satisfactory assurance to the Administrator that it will offer within a reasonable time after completion of a facility for which assistance is requested under this title, at least a two-year program acceptable for full credit toward a baccalaureate degree (including any public educational institution, or any private educational institution no part of the net earnings of which inures to the benefit of any private shareholder or individual), or (B) any public educational institution which (i) is administered by a college or university which is accredited by a nationally recognized accrediting agency or association, (ii) offers technical or vocational instruction, and (iii) provides residential facilities for some or all of the students receiving such instruction,".

71 Stat. 304,  
12 USC 1749c.

### TECHNICAL AMENDMENTS

SEC. 604. (a) The second paragraph of section 404(b) of the Housing Act of 1950 is amended by inserting after "would provide housing," the following: "or to a student housing cooperative corporation described in clause (5) of this subsection,".

75 Stat. 173.

(b) Section 401(g) of such Act is amended by striking out "In the case" and inserting in lieu thereof "Except as otherwise provided in the second paragraph of section 404(b), in the case".

73 Stat. 682.

## TITLE VII—COMMUNITY FACILITIES

### PURPOSE

SEC. 701. The purpose of this title is to assist and encourage the communities of the Nation fully to meet the needs of their citizens by

making it possible, with Federal grant assistance, for their governmental bodies (1) to construct adequate basic water and sewer facilities needed to promote the efficient and orderly growth and development of our communities, (2) to construct neighborhood facilities needed to enable them to carry on programs of necessary social services, and (3) to acquire, in a planned and orderly fashion, land to be utilized in connection with the future construction of public works and facilities.

#### GRANTS FOR BASIC WATER AND SEWER FACILITIES

SEC. 702. (a) The Housing and Home Finance Administrator (hereinafter in this title referred to as the "Administrator") is authorized to make grants to local public bodies and agencies to finance specific projects for basic public water facilities (including works for the storage, treatment, purification, and distribution of water), and for basic public sewer facilities (other than "treatment works" as defined in the Federal Water Pollution Control Act): *Provided*, That no grant shall be made under this section for any sewer facilities unless the Secretary of Health, Education, and Welfare certifies to the Administrator that any waste material carried by such facilities will be adequately treated before it is discharged into any public waterway so as to meet applicable Federal, State, interstate, or local water quality standards.

70 Stat. 506.  
33 USC 466j.

(b) The amount of any grant made under the authority of this section shall not exceed 50 per centum of the development cost of the project: *Provided*, That in the case of a community having a population of less than ten thousand, according to the most recent decennial census, which is situated within a metropolitan area, the Administrator may increase the amount of a grant for a basic public sewer facility assisted under this section to not more than 90 per centum of the development cost of such facility, if the community is unable to finance the construction of such facility without the increased grant authorized under this subsection, and if in such community (1) there does not exist a public or other adequate sewer facility which serves a substantial portion of the inhabitants of the community, and (2) the rate of unemployment is, and has been continuously for the preceding calendar year, 100 per centum above the national average: *And provided further*, That the limitations and restrictions contained in subsection (c) of this section shall not be applicable to any community applying for an increased grant under this subsection.

(c) No grant shall be made under this section in connection with any project unless the Administrator determines that the project is necessary to provide adequate water or sewer facilities for, and will contribute to the improvement of the health or living standards of, the people in the community to be served, and that the project is (1) designed so that an adequate capacity will be available to serve the reasonably foreseeable growth needs of the area; (2) consistent with a program meeting criteria, established by the Administrator, for a unified or officially coordinated areawide water or sewer facilities system as part of the comprehensively planned development of the area, except that prior to July 1, 1968, grants may, in the discretion of the Administrator, be made under this section when such a program for an areawide water and sewer facilities system is under active preparation, although not yet completed, if the facility or facilities for which assistance is sought can reasonably be expected to be required as a part of such program, and there is urgent need for the facility or facilities; and (3) necessary to orderly community development.

## GRANTS FOR NEIGHBORHOOD FACILITIES

SEC. 703. (a) In accordance with the provisions of this section, the Administrator is authorized to make grants to any local public body or agency to assist in financing specific projects for neighborhood facilities. Any such project may be undertaken by such body or agency directly or through a nonprofit organization approved by it: *Provided*, That no grant shall be provided under this section for any project to be undertaken through a nonprofit organization unless the Administrator determines (1) that such organization has or will have the legal, financial, and technical capacity to carry out the project, and (2) that the public body or agency to which the grant is made will have satisfactory continuing control over the use of the proposed facilities.

(b) The amount of any grant made under the authority of this section shall not exceed  $66\frac{2}{3}$  per centum of the development cost of the project for which the grant is made (or 75 per centum of such cost in the case of a project located in an area which at the time the grant is made is designated as a redevelopment area under the Area Redevelopment Act or any Act supplementary thereto).

(c) No grant shall be made under this section for any project unless the Administrator determines that the project will provide a neighborhood facility which is (1) necessary for carrying out a program of health, recreational, social, or similar community service (including a community action program approved under title II of the Economic Opportunity Act of 1964) in the area, (2) consistent with comprehensive planning for the development of the community, and (3) so located as to be available for use by a significant portion (or number in the case of large urban places) of the area's low- or moderate-income residents.

(d) For a period of twenty years after a grant has been made under this section for a neighborhood facility, such facility shall not, without the approval of the Administrator, be converted to uses other than those proposed by the applicant in its application for a grant. The Administrator shall not approve any conversion in the use of such a neighborhood facility during such twenty-year period unless he finds that such conversion is in accordance with the then applicable program of health, recreational, social, or similar community services in the area and consistent with comprehensive planning for the development of the community in which the facility is located. In approving any such conversion, the Administrator may impose such additional conditions and requirements as he deems necessary.

(e) The Administrator shall give priority to applications for projects designed primarily to benefit members of low-income families or otherwise substantially further the objectives of a community action program approved under title II of the Economic Opportunity Act of 1964.

## ADVANCE ACQUISITION OF LAND

SEC. 704. (a) In order to encourage and assist in the timely acquisition of land planned to be utilized in connection with the future construction of public works or facilities, the Administrator is authorized to make grants to local public bodies and agencies to assist in financing the acquisition of a fee simple estate or other interest in such land.

(b) The amount of any grant made under the authority of this section shall not exceed the aggregate amount of reasonable interest charges on the loan or other financial obligation incurred to finance the acquisition of such land for a period not exceeding the lesser of (1) five years from the date such loan was made or such financial obligation was incurred, or (2) the period of time between the date

75 Stat. 47,  
42 USC 2501  
note.

78 Stat. 516,  
42 USC 2781 et  
seq.

such loan was made or such financial obligation was incurred and the date construction is begun on the public work or facility for which the land acquired was planned to be utilized.

(c) No grant shall be made under this section for any project for the acquisition of land unless the Administrator determines that the public work or facility for which such land is to be utilized is planned to be constructed or initiated within a reasonable period of time (not to exceed five years after a contract to make such grant is entered into) and that construction of such public work or facility will contribute to economy, efficiency, and the comprehensively planned development of the area.

(d) As a condition to providing assistance under this section, the Administrator may, under terms and conditions prescribed by him, require an applicant to agree to repay such assistance, if (1) the land purchased with such assistance is not utilized within five years after the agreement is entered into in connection with the construction of the public work or facility for which such land was acquired, or (2) such land is diverted to other uses.

#### GENERAL PROVISIONS

SEC. 705. (a) In the performance of, and with respect to, the functions, powers, and duties vested in him by this title, the Administrator shall (in addition to any authority otherwise vested in him) have the functions, powers, and duties set forth in section 402, except subsections (a), (c) (2), and (f) of the Housing Act of 1950.

(b) The Administrator is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, to make advance or progress payments on account of any grant made pursuant to this title. No part of any grant authorized to be made by the provisions of this title shall be used for the payment of ordinary governmental operating expenses.

#### DEFINITIONS

SEC. 706. As used in this title—

(a) The term "State" means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States.

(b) The term "local public bodies and agencies" includes public corporate bodies or political subdivisions; public agencies or instrumentalities of one or more States, municipalities, or political subdivisions of one or more States (including public agencies and instrumentalities of one or more municipalities or other political subdivisions of one or more States); Indian tribes; and boards or commissions established under the laws of any State to finance specific capital improvement projects.

(c) The term "development cost" means the cost of constructing the facility and of acquiring the land on which it is located, including necessary site improvements to permit its use as a site for the facility.

#### LABOR STANDARDS

SEC. 707. All laborers and mechanics employed by contractors or subcontractors on projects assisted under sections 702 and 703 shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a—276a-5). No such project shall be approved without first obtaining adequate assurance that these labor standards will be maintained upon the

64 Stat. 78;  
73 Stat. 681.  
12 USC 1749a.  
31 USC 529.

construction work. The Secretary of Labor shall have, with respect to the labor standards specified in this section, the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276c).

63 Stat. 108.

## APPROPRIATIONS

SEC. 708. (a) There are authorized to be appropriated for each fiscal year commencing after June 30, 1965, and ending prior to July 1, 1969, not to exceed (1) \$200,000,000 for grants under section 702, (2) \$50,000,000 for grants under section 703, and (3) \$25,000,000 for grants under section 704.

(b) Any amounts appropriated under this section shall remain available until expended, and any amounts authorized for any fiscal year under this section but not appropriated may be appropriated for any succeeding fiscal year commencing prior to July 1, 1969.

## TITLE VIII—FEDERAL NATIONAL MORTGAGE ASSOCIATION

## INCREASE IN SPECIAL ASSISTANCE AUTHORITY

SEC. 801. (a) Section 305(c) of the National Housing Act is amended by inserting before the period at the end thereof the following: “, which limit shall be increased by \$100,000,000 on the date of the enactment of the Housing and Urban Development Act of 1965, by \$450,000,000 on July 1, 1966, by \$550,000,000 on July 1, 1967, and by \$525,000,000 on July 1, 1968”.

75 Stat. 175.  
12 USC 1720.

(b) Section 305(f) of such Act is amended by inserting before the period at the end thereof the following: “: *Provided further*, That any portion of the total amount of authority set forth in the first proviso of this subsection, which (1) is not required under the second proviso of this subsection to be kept available for purchases and commitments with respect to mortgages insured under section 809, and (2), on the date of enactment of the Housing and Urban Development Act of 1965 and on each July 1 thereafter, would otherwise be available for making new purchases and commitments pursuant to this subsection, shall be transferred to and merged with the authority granted by subsection (a) and added to the amount of such authority which is available, as of the date of the transfer, for purchases and commitments under subsection (c); and the total amount of authority as set forth in the first proviso of this subsection shall progressively be reduced by the amount of each such transfer”.

69 Stat. 651.

70 Stat. 273.  
12 USC 1748h-1.

## PURCHASE OF MORTGAGES HELD BY FEDERAL INSTRUMENTALITIES

SEC. 802. (a) Section 302 of the National Housing Act is amended by—

68 Stat. 613.  
12 USC 1717.

- (1) striking out “Federal,” in clause (2) in subsection (b);
- (2) inserting before “first mortgages” in the first sentence of subsection (c) the following: “obligations offered to it by the Housing and Home Finance Agency or its Administrator, or by such Agency’s constituent units or agencies or the heads thereof, or any”; and
- (3) inserting “and other obligations” after “mortgages” in the last sentence of subsection (c).

78 Stat. 800.

73 Stat. 670.  
12 USC 1721.

(b) Section 306(e) of such Act is amended to read as follows:

“(e) Notwithstanding any other provision of law, the Association is authorized, under the aforesaid separate accountability, to make commitments to purchase, and to purchase, service, or sell any obligations offered to it by the Housing and Home Finance Agency or its Administrator, or by such Agency’s constituent units or agencies or the heads thereof, or any mortgages covering residential property offered to it by any Federal instrumentality, or the head thereof. There shall be excluded from the total amounts set forth in subsection (c) the amounts of any obligations or mortgages purchased by the Association pursuant to this subsection.”

#### PURCHASE OF BELOW-MARKET INTEREST RATE MORTGAGES

68 Stat. 613;  
73 Stat. 669.  
12 USC 1717.

12 USC 1720.

75 Stat. 150.  
12 USC 1715f.

SEC. 803. Section 302(b) of the National Housing Act is amended by inserting after the first sentence the following new sentence: “Notwithstanding the provisions of clause (3) in the preceding sentence, the Association may purchase a mortgage under section 305 with an original principal obligation that exceeds \$17,500 per dwelling unit if the mortgage (1) is a below-market interest rate mortgage insured under section 221(d)(3), and (2) covers property which has the benefit of local tax abatement in an amount determined by the Federal Housing Commissioner to be sufficient to make possible rentals not in excess of those that would be approved by the Commissioner if the mortgage amount did not exceed \$17,500 per dwelling unit and if local tax abatement were not provided.”

#### INCREASE IN LIMITATION ON MORTGAGES FOR DWELLING UNITS HAVING FOUR OR MORE BEDROOMS

SEC. 804. Section 302(b) of the National Housing Act is amended by inserting before the period at the end of the first sentence the following: “(plus an additional \$2,500 for each such family residence or dwelling unit which has four or more bedrooms)”.

### TITLE IX—OPEN-SPACE LAND AND URBAN BEAUTIFICATION AND IMPROVEMENT

#### CHANGE IN NAME OF PROGRAM; FINDINGS AND PURPOSE

75 Stat. 183.  
42 USC 1500-  
1500e.

SEC. 901. (a) The heading of title VII of the Housing Act of 1961 is amended to read as follows:

#### “TITLE VII—OPEN-SPACE LAND AND URBAN BEAUTIFICATION AND IMPROVEMENT”

(b) Section 701 of such Act is amended by redesignating subsection (b) as subsection (c) and inserting after subsection (a) a new subsection as follows:

“(b) The Congress further finds that there is an urgent need both for the additional provision of parks and other open-space areas in the developed portions of the Nation’s urban areas and for greater and better coordinated local efforts to beautify and improve open space and other public land throughout urban areas to facilitate their increased use and enjoyment by the Nation’s urban population.”

(c) Section 701(c) of such Act (as redesignated by subsection (b) of this section) is amended—

(1) by striking out “preserve” and inserting in lieu thereof “(1) provide, preserve, and develop”; and

(2) by striking out “purposes.” and inserting in lieu thereof “uses, and (2) beautify and improve open space and other public urban land, in accordance with programs to encourage and coordinate local public and private efforts toward this end.”

#### DEVELOPMENT GRANTS FOR OPEN-SPACE USES

SEC. 902. (a) The first sentence of section 702(a) of the Housing Act of 1961 is amended—

75 Stat. 184.  
42 USC 1500a.

(1) by inserting “and development” after “acquisition” the first place it appears; and

(2) by inserting before the period the following: “, and the development, for open-space uses, of land acquired under this title”.

(b) Section 702(c) of such Act is amended by striking out “development costs or”.

(c) Section 709 of such Act (as redesignated by section 906 of this Act) is amended by adding at the end thereof the following:

“(4) The term ‘open-space uses’ means any use of open-space land for (A) park and recreational purposes, (B) conservation of land and other natural resources, or (C) historic or scenic purposes.”

#### INCREASED GRANT LEVEL FOR PRESERVATION AND DEVELOPMENT OF OPEN-SPACE LAND

SEC. 903. The second sentence of section 702(a) of the Housing Act of 1961 is amended to read as follows: “The amount of any such grant shall not exceed 50 per centum of the total cost, as approved by the Administrator, of such acquisition and development.”

#### CONTRACT AUTHORIZATION

SEC. 904. Section 702(b) of the Housing Act of 1961 is amended by striking out “\$75,000,000” and inserting in lieu thereof the following: “\$310,000,000: *Provided*, That of such sum the Administrator may contract to make grants under section 705 aggregating not to exceed \$64,000,000, and grants under section 706 aggregating not to exceed \$36,000,000”.

78 Stat. 806.

#### OPEN-SPACE PLANNING AND PROGRAM REQUIREMENTS

SEC. 905. Section 703(a) of the Housing Act of 1961 is amended to read as follows:

42 USC 1500b.

“(a) The Administrator shall enter into contracts to make grants under sections 702 and 705 of this title only if he finds that such assistance is needed for carrying out a unified or officially coordinated program, meeting criteria established by him, for the provision and development of open-space land as part of the comprehensively planned development of the urban area.”

#### GRANTS FOR PROVISION OF OPEN-SPACE LAND IN BUILT-UP URBAN AREAS AND FOR URBAN BEAUTIFICATION AND IMPROVEMENT

SEC. 906. Title VII of the Housing Act of 1961 is amended by redesignating sections 705 and 706 as sections 708 and 709, respectively, and by inserting after section 704 two new sections as follows:

75 Stat. 185.  
42 USC 1500d,  
1500e.

“GRANTS FOR PROVISION OF OPEN-SPACE LAND IN BUILT-UP URBAN AREAS

“SEC. 705. The Administrator is further authorized to enter into contracts to make grants to States and local public bodies to help finance the acquisition of title to, or other permanent interests in, developed land in built-up portions of urban areas to be cleared and used as permanent open-space land. The Administrator shall make such grants only where the local governing body determines that adequate open-space land cannot effectively be provided through the use of existing undeveloped or predominantly undeveloped land. Grants under this section shall not exceed 50 per centum of the cost of acquiring such interests and of necessary demolition and removal of improvements.

“GRANTS FOR URBAN BEAUTIFICATION AND IMPROVEMENT

“SEC. 706. The Administrator is authorized to enter into contracts to make grants, as herein provided, to States 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. The Administrator shall establish criteria for such programs to assure that each program (1) represents significant and effective efforts, involving all available public and private resources, for the beautification of such land and its improvement for open-space uses; and (2) is important to the comprehensively planned development of the locality. Grants made under this section shall not exceed 50 per centum of the amount by which the cost of the activities carried on by an applicant during a fiscal year under an approved program exceeds its usual expenditures for comparable activities: *Provided*, That, notwithstanding any other provision of this section, the Administrator may use not to exceed \$5,000,000 of the sum authorized for contracts under this section for the purpose of entering into contracts to make grants in amounts not to exceed 90 per centum of the cost of activities which he determines have special value in developing and demonstrating new and improved methods and materials for use in carrying out the purposes of this section.”

LABOR STANDARDS

SEC. 907. Title VII of the Housing Act of 1961 is further amended by inserting after section 706 (as added by section 906 of this Act) the following new section:

“LABOR STANDARDS

“SEC. 707. (a) The Administrator shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors in the performance of construction work financed with the assistance of grants under this title shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act, as amended. The Administrator shall not approve any such grant without first obtaining adequate assurance that these labor standards will be maintained upon the construction work.

“(b) The Secretary of Labor shall have, with respect to the labor standards specified in subsection (a), the authority and functions set forth in Reorganization Plan Numbered 14 of 1950 (15 F.R. 3176; 64 Stat. 1267; 5 U.S.C. 133z-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276c).”

49 Stat. 1011.  
40 USC 276a-  
276a-5.

## USE OF FUNDS FOR STUDIES AND PUBLICATION

SEC. 908. The second sentence of section 708 of the Housing Act of 1961 (as redesignated by section 906 of this Act) is amended to read as follows: "The Administrator is authorized to use during any fiscal year not to exceed \$50,000 of the funds available for grants under this title to undertake such studies and publish such information."

## CONFORMING AMENDMENTS

SEC. 909. (a) The heading of section 702 of the Housing Act of 1961 is amended to read as follows: "GRANTS FOR PRESERVATION AND DEVELOPMENT OF OPEN-SPACE LAND".

75 Stat. 184.  
42 USC 1500a.

(b) Section 702(a) of such Act is amended by striking out "acceptable to the Administrator as capable of carrying out the provisions of this title".

(c) Section 702(e) of such Act is amended by striking out in the second sentence "served by the open-space land acquired" and inserting in lieu thereof "assisted".

(d) Section 704 of such Act is amended by striking out in the first sentence "for which" and inserting in lieu thereof "for the acquisition of which".

42 USC 1500c.

## TITLE X—RURAL HOUSING

## LOANS FOR PREVIOUSLY OCCUPIED BUILDINGS AND MINIMUM SITE ACQUISITION

SEC. 1001. (a) Section 501(a) of the Housing Act of 1949 is amended—

63 Stat. 432;  
75 Stat. 186.  
42 USC 1471.

(1) by inserting after "their farms," in clause (1) the following: "and to purchase previously occupied buildings and land constituting a minimum adequate site, in order"; and

(2) by inserting after "rural areas" in clause (2) the following: "for the construction, improvement, alteration, or repair of dwellings, related facilities, and farm buildings and to rural residents for such purposes and for the purchase of previously occupied buildings and the purchase of land constituting a minimum adequate site, in order".

(b) Section 501(c) of such Act is amended by inserting "or a rural resident" in clause (1) after "or that he is the owner of other real estate in a rural area".

## INTEREST RATE ON DIRECT RURAL HOUSING LOANS

SEC. 1002. Section 502(a) of the Housing Act of 1949 is amended by striking out "with interest at a rate not to exceed 4 per centum per annum on the unpaid balance of principal" and inserting in lieu thereof the following: "with interest, in the case of applicants described in clauses (1) and (2) of section 501(a), at a rate not to exceed 5 per centum per annum on the unpaid balance of principal, and, in the case of applicants described in clause (3) of section 501(a) and applicants under sections 503 and 504, at a rate not to exceed 4 per centum per annum on such unpaid balance. Loans made or insured under this title shall be conditioned on the borrower paying such fees and other charges as the Secretary may require".

42 USC 1472.

76 Stat. 670.  
63 Stat. 434.  
42 USC 1471,  
1473, 1474.

## INSURED RURAL HOUSING LOANS

63 Stat. 432.  
42 USC 1471 et  
seq.

SEC. 1003. (a) Title V of the Housing Act of 1949 is amended by adding at the end thereof the following new sections:

## "INSURED RURAL HOUSING LOANS

"SEC. 517. (a) The Secretary may insure loans meeting the requirements of section 502, and may make loans in accordance with the requirements of such section to be sold and insured; except that such loans shall—

"(1) if the borrowers are persons of low or moderate income (as defined by the Secretary), (A) not exceed amounts necessary to provide adequate housing, modest in size, design, and cost (as determined by the Secretary), (B) bear interest at a rate not to exceed 5 per centum per annum, and (C) not exceed in the aggregate \$300,000,000 of new loans made or insured in any one fiscal year; and

"(2) if the borrowers are persons other than those described in clause (1), bear interest and provide for insurance or service charges at rates comparable to the combined rate of interest and premium charges in effect under section 203 of the National Housing Act, as determined by the Secretary.

52 Stat. 10;  
Ante, p. 466.  
12 USC 1709.

"(b) The Secretary may insure loans in accordance with the requirements of sections 514 (exclusive of subsections (a)(3), (a)(5), and (b)) and 515 (exclusive of subsections (a) and (b)(4)), and may make loans meeting such requirements to be sold and insured. Upon the expiration of ninety days after the original capitalization of the Rural Housing Insurance Fund, created by subsection (e) of this section, no new loans shall be made or insured under section 514 or 515(b), except in conformity with this section.

75 Stat. 186;  
76 Stat. 671.  
42 USC 1484,  
1485.

"(c) The Secretary may use the Rural Housing Insurance Fund for the purpose of making loans to be sold and insured under this section, but the aggregate of such loans which are held by the Secretary at any one time shall not exceed \$100,000,000.

"(d) The Secretary may, in conformity with subsections (a) and (b), insure the payment of principal and interest as it becomes due on loans made by lenders other than the United States, and on loans made from the Rural Housing Insurance Fund which are sold by the Secretary. Any contract of insurance executed by the Secretary hereunder shall be an obligation supported by the full faith and credit of the United States, and shall be incontestable except for fraud or material misrepresentation of which the holder has actual knowledge. In connection with loans insured under this section, the Secretary may take liens running to the United States notwithstanding the fact that the notes evidencing such loans may be held by lenders other than the United States. Notes evidencing such loans shall be freely assignable, but the Secretary shall not be bound by any such assignment until notice thereof is given to and acknowledged by him.

"(e) There is hereby created the Rural Housing Insurance Fund (hereinafter referred to as the 'Fund') which shall be used by the Secretary as a revolving fund for carrying out the provisions of this section. There are authorized to be appropriated to the Secretary such sums as may be necessary for the purposes of the Fund.

"(f) Money in the Fund not needed for current operations shall be invested in direct obligations of the United States or obligations guaranteed by the United States.

"(g) All funds, claims, notes, mortgages, contracts, and property acquired by the Secretary under this section, and all collections and

Rural Housing  
Insurance Fund.

proceeds therefrom, shall constitute assets of the Fund; and all liabilities and obligations of such assets shall be liabilities and obligations of the Fund. Loans may be held in the Fund and collected in accordance with their terms or may be sold by the Secretary with or without agreements for insurance thereof. The Secretary is authorized to make agreements with respect to servicing loans held or insured by him under this section and purchasing such insured loans on such terms and conditions as he may prescribe.

“(h) The Secretary is authorized to issue notes to the Secretary of the Treasury to obtain funds necessary for discharging obligations under this section and for authorized expenditures out of the Fund, but, except as may be authorized in appropriation Acts, not for the original or any additional capital of the Fund. Such notes shall be in such form and denominations and have such maturities and be subject to such terms and conditions as may be prescribed by the Secretary with the approval of the Secretary of the Treasury. Each note shall bear interest at the average rate, as determined by the Secretary of the Treasury, payable by the Treasury upon its marketable public obligations outstanding at the beginning of the fiscal year in which such note is issued, which are neither due nor callable for redemption for fifteen years from their date of issue. The Secretary of the Treasury is authorized and directed to purchase any notes of the Secretary issued hereunder, and for that purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which such securities may be issued under such Act are extended to include purchases of notes issued by the Secretary. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes shall be treated as public debt transactions of the United States. The notes issued by the Secretary to the Secretary of the Treasury shall constitute obligations of the Fund.

40 Stat. 288.  
31 USC 774.

“(i) The Secretary may retain out of interest payments by the borrower an annual charge in an amount specified in the insurance or sale agreement applicable to the loan. Of the charges retained by the Secretary, if any, not to exceed 1 per centum per annum of the unpaid balance of the loan shall be deposited in the Fund. Any retained charges not deposited in the Fund shall be available for administrative expenses in carrying out the provisions of this title, to be transferred annually, and become merged with any appropriation for administrative expenses of the Farmers Home Administration, when and in such amounts as may be authorized in appropriation Acts.

“(j) The Secretary may also utilize the Fund—

“(1) to pay amounts to which the holder of the note is entitled in accordance with an insurance or sale agreement under this section accruing between the date of any prepayment by the borrower to the Secretary and the date of transmittal of any such prepayments to the holder of the note; and in the discretion of the Secretary, prepayments other than final payments need not be remitted to the holder until due;

“(2) to pay the holder of any note insured under this section any defaulted installment or, upon assignment of the note to the Secretary at the Secretary's request, or pursuant to a purchase agreement, the entire balance outstanding on the note; and

“(3) to pay taxes, insurance, prior liens, expenses necessary to make fiscal adjustments in connection with the application and transmittal of collections, and other expenses and advances to protect the security for loans which are insured under this

section or held in the Fund, and to acquire such security property at foreclosure sale or otherwise.

“RURAL HOUSING DIRECT LOAN ACCOUNT

Rural Housing  
Direct Loan Ac-  
count.

“SEC. 518. (a) There is hereby created the Rural Housing Direct Loan Account (hereinafter referred to as the ‘Account’) which shall be used by the Secretary for carrying out the provisions of this section. There are authorized to be appropriated to the Secretary such sums as may be necessary for the purposes of the Account.

“(b) There are transferred to the Account (1) all funds, claims, notes, mortgages, contracts, and property, and all collections and proceeds therefrom, held by the Secretary under the direct loan provisions of this title, including those securing notes issued by the Secretary to the Secretary of the Treasury under section 511 and any unexpended balance of amounts borrowed upon such notes, and (2) all unexpended balances of appropriations for direct loans under this title, including the fund authorized by section 515(a). All amounts hereafter borrowed by the Secretary from the Secretary of the Treasury under section 511 shall be deposited in the Account. All collections and proceeds from assets acquired by the Account shall be deposited in the Account.

“(c) When and in such amounts as may be authorized in appropriation Acts, the Secretary may issue notes to the Secretary of the Treasury to obtain funds to be deposited in the Account. The form, denominations, maturities, and other terms and conditions of such notes shall be prescribed by the Secretary with the approval of the Secretary of the Treasury. Each note shall bear interest at the average rate determined by the Secretary of the Treasury, payable by the Treasury upon its marketable public obligations outstanding at the beginning of the fiscal year in which such note is issued, which are neither due nor callable for redemption for fifteen years from their date of issue. The Secretary of the Treasury is authorized and directed to purchase any notes of the Secretary issued hereunder, and for that purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which such securities may be issued under such Act are extended to include the purchase of notes issued by the Secretary. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes shall be treated as public debt transactions of the United States.

“(d) The Account shall remain available to the Secretary for the payment of interest and principal on notes issued by the Secretary to the Secretary of the Treasury under section 511 or this section, and for direct loans and related advances under this title in such amounts as are now authorized by law and in such further amounts as shall be authorized in appropriation Acts. Amounts so authorized for such loans and advances shall remain available until expended.”

(b) Section 511 of such Act is amended—

(1) by striking out the first sentence and inserting in lieu thereof “The Secretary may issue notes and other obligations for purchase by the Secretary of the Treasury for the purpose of making direct loans under this title.”;

(2) by striking out the second sentence and inserting in lieu thereof “The total principal amount of such notes and obligations issued pursuant to this section during the period beginning July 1, 1956, and ending October 1, 1969, shall not exceed \$850,000,000.”; and

40 Stat. 288.  
31 USC 774.

53 Stat. 438.  
42 USC 1481.

(3) by striking out the fifth sentence and inserting in lieu thereof the following "Each such note or other obligation shall bear interest at the average rate, as determined by the Secretary of the Treasury, payable by the Treasury upon its marketable public obligations outstanding at the beginning of the fiscal year in which such note or other obligation is issued, which are neither due nor callable for redemption for 15 years from their date of issue."

FEDERAL NATIONAL MORTGAGE ASSOCIATION SECONDARY MARKET OPERATIONS FOR INSURED RURAL HOUSING LOANS

SEC. 1004. (a) Section 302(b) of the National Housing Act is amended—

68 Stat. 513,  
12 USC 1717.

(1) by inserting immediately after "which are insured under the National Housing Act" the following: "or title V of the Housing Act of 1949";

42 USC 1471 et  
seq.

(2) by inserting after "any mortgage" in clause (2) of the proviso the following: ", except a mortgage insured under title V of the Housing Act of 1949,"; and

(3) by inserting before the period in the last sentence the following: "or title V of the Housing Act of 1949".

(b) Section 303(b) of such Act is amended by inserting "and other" after "private" in the first sentence.

12 USC 1718.

EXTENSION OF RURAL HOUSING AUTHORIZATIONS

SEC. 1005. (a) Section 512 of the Housing Act of 1949 is amended by striking out "September 30, 1965" and inserting in lieu thereof "October 1, 1969".

78 Stat. 796.  
42 USC 1482.

(b) Section 513 of such Act is amended—

42 USC 1483.

(1) by striking out "September 30, 1965" in clause (b) and inserting in lieu thereof "October 1, 1969";

(2) by striking out "\$10,000,000" in clause (c) and inserting in lieu thereof "\$50,000,000", and by striking out "September 30, 1965" in the same clause and inserting in lieu thereof "October 1, 1969"; and

78 Stat. 798.

(3) by striking out "September 30, 1965" in clause (d) and inserting in lieu thereof "October 1, 1969".

(c) Section 515(b)(5) of such Act is amended by striking out "September 30, 1965" and inserting in lieu thereof "October 1, 1969".

(d) Section 506(a) of such Act is amended by striking out "sections 501 to 504, inclusive, and sections 514—516", each place it occurs and inserting in lieu thereof "this title".

63 Stat. 435.  
42 USC 1476.

SUMS EXCESS TO THE NEEDS OF THE RURAL HOUSING INSURANCE FUND OR THE RURAL HOUSING DIRECT LOAN ACCOUNT

SEC. 1006. Title V of the Housing Act of 1949 is amended by adding after section 518 (added by section 1003 of this Act) a new section as follows:

42 USC 1471 et  
seq.

"SUMS EXCESS TO THE NEEDS OF THE RURAL HOUSING INSURANCE FUND OR THE RURAL HOUSING DIRECT LOAN ACCOUNT

"SEC. 519. Any sums in the Rural Housing Insurance Fund or the Rural Housing Direct Loan Account which the Secretary determines are in excess of amounts needed to meet the obligations and carry out the purposes of such Fund or Account shall be returned to miscellaneous receipts of the Treasury."

## DEFINITION OF A RURAL AREA

42 USC 1471 et  
seq.

SEC. 1007. Title V of the Housing Act of 1949 is amended by adding at the end thereof (after the new section added by section 1006 of this Act) the following new section:

## "DEFINITION OF RURAL AREA

"SEC. 520. As used in this title, the terms 'rural' and 'rural area' 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."

## TITLE XI—MISCELLANEOUS

## ANNUAL REPORT ON HOUSING AND URBAN DEVELOPMENT PROGRAMS

68 Stat. 642.  
12 USC 1701o.

SEC. 1101. Section 802(a) of the Housing Act of 1954 is amended to read as follows:

"(a) The Housing and Home Finance Administrator shall, as soon as practicable during each calendar year, make a report to the President for submission to the Congress on all operations and programs (including but not limited to the FHA insurance, urban renewal, public housing, and rent supplement programs) under the jurisdiction of the Housing and Home Finance Agency during the previous calendar year. Such report shall contain recommendations for strengthening or improving such programs, or, when necessary to implement more effectively Congressional policies and purposes, for establishing new or alternative programs."

## URBAN PLANNING GRANTS

73 Stat. 678;  
78 Stat. 792, 793.  
40 USC 461.

SEC. 1102. (a) The fifth sentence of section 701(b) of the Housing Act of 1954 is amended by striking out "\$105,000,000" and inserting in lieu thereof "\$230,000,000".

(b) Section 701(b) of such Act is amended by striking out the period at the end and inserting in lieu thereof the following: "*Provided*, That not to exceed 5 per centum of any funds so appropriated may be used by the Administrator for studies, research, and demonstration projects, undertaken independently or by contract, for the development and improvement of techniques and methods for comprehensive planning and for the advancement of the purposes of this section."

(c)(1) Section 701 of such Act is amended by adding at the end thereof a new subsection as follows:

"(g) In addition to the planning grants authorized by subsection (a), the Administrator is further authorized to make grants to organizations composed of public officials whom he finds to be representative of the political jurisdictions within a metropolitan area or urban region for the purpose of assisting such organizations to undertake studies, collect data, develop regional plans and programs, and engage in such other activities as the Administrator finds necessary or desirable for the solution of the metropolitan or regional problems in such areas or regions. To the maximum extent feasible, all grants under this subsection shall be for activities relating to all the developmental aspects of the total metropolitan area or urban region, including, but not limited to, land use, transportation, housing, economic development, natural resources development, community facilities, and the

general improvement of living environments. A grant under this subsection shall not exceed two-thirds of the estimated cost of the work for which the grant is made."

(2) Section 701(b) of such Act is amended—

(A) by inserting "planning" immediately before "grant" the first time it appears in the first sentence, and

(B) by striking out "planning" in the fourth sentence.

(d) Section 701(b) of such Act is amended by inserting after "Area Redevelopment Act" the following: "(or under any Act supplementary thereto)".

73 Stat. 678.  
40 USC 461.

#### AUTHORIZATION FOR FEDERAL-STATE TRAINING PROGRAMS

SEC. 1103. (a) Section 802(d) of the Housing Act of 1964 is amended by striking out "\$10,000,000" and inserting in lieu thereof "\$30,000,000".

78 Stat. 803.  
20 USC 802.

(b) Section 803 of such Act is amended (1) by striking out "authorized to be", and (2) by striking out "by section 802(d)" and inserting in lieu thereof "for the purposes of this part".

20 USC 803.

#### AUTHORIZATION FOR PUBLIC WORKS PLANNING ADVANCES

SEC. 1104. The second sentence of section 702(e) of the Housing Act of 1954 is amended by striking out "\$20,000,000" and inserting in lieu thereof "\$70,000,000".

78 Stat. 799.  
40 USC 462.

#### AUTHORIZATION FOR LOW-INCOME HOUSING DEMONSTRATION PROGRAMS

SEC. 1105. Section 207 of the Housing Act of 1961 is amended by striking out "\$10,000,000" and inserting in lieu thereof "\$15,000,000".

78 Stat. 796.  
42 USC 1436.

#### ADVISORY COMMITTEES—TECHNICAL PROVISION

SEC. 1106. Section 601 of the Housing Act of 1949 is amended by striking out the second sentence.

68 Stat. 645.  
12 USC 1701h.

#### PUBLIC FACILITY LOANS

SEC. 1107. (a) Section 202(c) of the Housing Amendments of 1955 is amended by adding at the end thereof the following new sentence: "Notwithstanding any other provision of this title, the Administrator may extend financial assistance, as otherwise authorized by clause (1) of subsection (a) of this section, to any private nonprofit corporation to finance the construction of works for the storage, treatment, purification, or distribution of water or the construction of sewage, sewage treatment, and sewer facilities, if such works or facilities are needed to serve a smaller municipality or rural area, and there is no existing public body able to construct and operate such works or facilities."

69 Stat. 643.  
42 USC 1492.

(b) Section 202(b)(4) of such amendments is amended—

(1) by striking out the parenthetical phrase in clause (A) and inserting in lieu thereof the following: "(one hundred fifty thousand or more in the case of a community situated in an area designated as a redevelopment area under the Area Redevelopment Act or any Act supplementary thereto)"; and

75 Stat. 174;  
78 Stat. 798.

(2) by inserting after "public works or facilities" in the second sentence the following: "(i) in a community in or near which is located a research or development installation of the National Aeronautics and Space Administration, or (ii)".

75 Stat. 47.  
42 USC 2501  
note.

## FHA CONFORMING AMENDMENTS

SEC. 1108. (a) Section 2(f) of the National Housing Act is amended by striking out all that follows the first sentence.

(b) Section 8 of such Act is amended—

(1) by striking out "Title I Housing Insurance Fund" in subsection (g) and inserting in lieu thereof "General Insurance Fund"; and

(2) by striking out subsections (h) and (i).

(c) Section 203(k) of such Act is amended—

(1) by striking out "a separate section 203 Home Improvement Account to be maintained as hereinafter provided under the Mutual Mortgage Insurance Fund" in clause (3) of the first sentence and inserting in lieu thereof "the General Insurance Fund";

(2) by striking out "the section 203 Home Improvement Account or in debentures executed in the name of such Account" in clause (4) of the first sentence and inserting in lieu thereof "the General Insurance Fund or in debentures executed in the name of such Fund";

(3) by striking out all of the third sentence which follows "refer to this section 203(k)" and inserting in lieu thereof a period; and

(4) by striking out the fourth, fifth, and sixth sentences.

(d) Section 204 of such Act is amended—

(1) by striking out "or section 210" in the first sentence of subsection (a);

(2) by striking out all of the second sentence of subsection (c) after "the mortgagee" and inserting in lieu thereof "from the Mutual Mortgage Insurance Fund.";

(3) by striking out all of the first sentence of subsection (d) after "shall be negotiable" the first place it appears and inserting in lieu thereof a period;

(4) by striking out "the Fund" each place it appears in subsection (d) and inserting in lieu thereof "the Mutual Mortgage Insurance Fund";

(5) by striking out "or the Housing Fund, as the case may be," in the fifth sentence of subsection (d);

(6) by striking out "or the Housing Fund" in the sixth sentence of subsection (d); and

(7) by striking out the matter in subsection (f) (1) (i) which follows "section 203" and precedes the colon.

(e) Section 207 of such Act is amended—

(1) by striking out "and section 210" in the first sentence of subsection (d);

(2) by striking out "of the Housing Insurance Fund issued by the Commissioner under this title" in the first sentence of subsection (d) and inserting in lieu thereof the following: "issued by the Commissioner under any title and section of this Act, except debentures of the Mutual Mortgage Insurance Fund, or of the Cooperative Management Housing Insurance Fund";

(3) by striking out subsections (f), (m), and (p); and

(4) by striking out "the Housing Insurance Fund" and "the Housing Fund" each place they appear in subsections (b), (h), (i), (j), (k), and (l) and inserting in lieu thereof "the General Insurance Fund".

(f) Section 209 of such Act is amended by striking out "or account or accounts," in the second sentence.

53 Stat. 805.  
12 USC 1703.

64 Stat. 50.  
12 USC 1706c.

75 Stat. 157.  
12 USC 1709.

12 USC 1710.

52 Stat. 16.  
12 USC 1713.

12 USC 1715.

- (g) Section 213 of such Act is amended—
- (1) by striking out “the Housing Fund” in subsection (a) (3) and inserting in lieu thereof “the Cooperative Management Housing Insurance Fund”; and
- (2) by striking out “(l), (m), (n), and (p)” in subsection (e) and inserting in lieu thereof “(l), and (n)”.
- (h) Section 220 of such Act is amended—
- (1) by striking out “the section 220 Housing Insurance Fund” each place it appears in subsections (d) (2) and (f) and inserting in lieu thereof “the General Insurance Fund”;
- (2) by inserting “and” immediately before “(B)” in the second full sentence in subsection (f) (3), and by striking out “, and (C)” and all that follows in such sentence and inserting in lieu thereof a period;
- (3) by striking out subsections (g) and (h) (4); and
- (4) by striking out “the section 220 Home Improvement Account” each place it appears in subsections (h) (5) and (h) (7) and inserting in lieu thereof “the General Insurance Fund”.
- (i) Section 221 of such Act is amended—
- (1) by striking out “the section 221 Housing Insurance Fund” each place it appears in subsections (d) (4), (f), (g) (1), and (g) (3) and inserting in lieu thereof “the General Insurance Fund”;
- (2) by striking out all of subsection (g) (2) after “mortgages insured under this section” and inserting in lieu thereof “; or”;
- (3) by inserting “and” immediately before “(B)” in the first full sentence in subsection (g) (3), and by striking out “, and (C)” and all that follows in such sentence and inserting in lieu thereof a period; and
- (4) by striking out subsection (h).
- (j) Section 222 of such Act is amended—
- (1) by striking out “Servicemen’s Mortgage Insurance Fund” in subsection (e) and inserting in lieu thereof “General Insurance Fund”; and
- (2) by striking out subsection (f).
- (k) Section 229 of such Act is amended by striking out “and Accounts” in the first sentence.
- (l) Section 231 of such Act is amended—
- (1) by striking out “the section 207 Housing Insurance Fund” in subsection (c) (4) and inserting in lieu thereof “the General Insurance Fund”; and
- (2) by striking out “(f), (g), (h), (i), (j), (k), (l), (m), (n), and (p)” in subsection (e) and inserting in lieu thereof “(g), (h), (i), (j), (k), (l), and (n)”.
- (m) Section 232 of such Act is amended—
- (1) by striking out “the section 207 Housing Insurance Fund” in subsection (d) (1) and inserting in lieu thereof “the General Insurance Fund”; and
- (2) by striking out “(f), (g), (h), (i), (j), (k), (l), (m), (n), and (p)” in subsection (f) and inserting in lieu thereof “(g), (h), (i), (j), (k), (l), and (n)”.
- (n) Section 233 of such Act is amended—
- (1) by striking out “the Experimental Housing Insurance Fund” in clause (1) of the third sentence of subsection (f) and inserting in lieu thereof “the General Insurance Fund”;
- (2) by inserting “and” immediately before “(2)” in the third sentence of subsection (f), and by striking out “, and (3)” and all that follows and inserting in lieu thereof a period; and
- (3) by striking out subsection (g).

64 Stat. 54.  
12 USC 1715e.68 Stat. 596.  
12 USC 1715k.

12 USC 1715l.

12 USC 1715m.

73 Stat. 665.  
12 USC 1715v.73 Stat. 663.  
12 USC 1715w.75 Stat. 156.  
12 USC 1715x.

75 Stat. 160.  
12 USC 1715y.

(o) Section 234 of such Act is amended—

(1) by striking out “the Apartment Unit Insurance Fund” in subsections (d) (2) and (g) and inserting in lieu thereof “the General Insurance Fund”;

(2) by striking out subsection (h) and inserting in lieu thereof the following:

“(h) The provisions of subsections (d), (e), (g), (h), (i), (j), (k), (l), and (n) of section 207 shall be applicable to mortgages insured under subsection (d) of this section.”; and

(3) by striking out subsection (i) and redesignating subsection (j) as subsection (i).

52 Stat. 16.  
12 USC 1713.

(p) Section 604 of such Act is amended by striking out “the War Housing Insurance Fund” each place it appears in subsections (c), (d), and (f) (1) (i) and inserting in lieu thereof “the General Insurance Fund”.

55 Stat. 58.  
12 USC 1739.

(q) Section 608 of such Act is amended—

(1) by striking out “the War Housing Insurance Fund” each place it appears in subsections (b) (1) and (d) and inserting in lieu thereof “the General Insurance Fund”; and

(2) by striking out subsection (f) and inserting in lieu thereof the following:

“(f) The provisions of section 207 (k) of this Act shall be applicable to mortgages insured under this section, except that, as applied to such mortgages, the reference therein to subsection (g) shall be construed to refer to subsection (c) of this section.”

56 Stat. 303.  
12 USC 1743.

61 Stat. 193.  
12 USC 1744.

(r) The first sentence of section 609 (f) of such Act is amended by striking out clause (1) and redesignating clauses (2), (3), and (4) as clauses (1), (2), and (3), respectively.

62 Stat. 1278.  
12 USC 1747f.

(s) Section 707 of such Act is amended by striking out “the Housing Investment Insurance Fund” and inserting in lieu thereof “the General Insurance Fund”.

12 USC 1747g.

(t) Section 708 of such Act is amended by striking out “the Housing Investment Insurance Fund” each place it appears in subsections (c), (e), (g), and (h) and inserting in lieu thereof “the General Insurance Fund”.

69 Stat. 647.  
12 USC 1748b.

(u) Section 803 of such Act is amended—

(1) by striking out “the Armed Services Housing Mortgage Insurance Fund” each place it appears in subsections (b) (1), (b) (2), (e), (f), and (g) and inserting in lieu thereof “the General Insurance Fund”; and

(2) by striking out subsection (h) and inserting in lieu thereof the following:

“(h) The provisions of section 207 (k) and section 207 (1) of this Act shall be applicable to mortgages insured under this title and to property acquired by the Commissioner hereunder, except that, as applied to such mortgages and property, the reference in section 207 (k) to subsection (g) shall be construed to refer to subsection (d) of this section.”

70 Stat. 273.  
12 USC 1748h-1.

(v) Section 809 of such Act is amended by striking out “the Armed Services Housing Mortgage Insurance Fund” each place it appears in subsections (b), (e), and (g) and inserting in lieu thereof “the General Insurance Fund”.

73 Stat. 683.  
12 USC 1748h-2.

(w) Section 810 of such Act is amended—

(1) by striking out “the Armed Services Housing Mortgage Insurance Fund” in subsection (e) and inserting in lieu thereof “the General Insurance Fund”;

(2) by striking out “(l), (m), (n), and (p)” in subsection (j) and inserting in lieu thereof “(l), and (n)”;

- (3) by striking out the proviso in subsection (j) and inserting in lieu thereof the following: “: *Provided*, That wherever the words ‘Fund’ or ‘Mutual Mortgage Insurance Fund’ appear in section 204, such reference shall refer to the General Insurance Fund with respect to mortgages insured under this section”.
- (x) Section 903 of such Act is amended by striking out “the National Defense Housing Insurance Fund” each place it appears in subsection (a) and inserting in lieu thereof “the General Insurance Fund”.
- (y) Section 904 of such Act is amended—
- (1) by striking out “the National Defense Housing Insurance Fund” each place it appears in subsections (c) and (d) and inserting in lieu thereof “the General Insurance Fund”; and
- (2) by striking out all of subsection (e) which follows “of this Act” and inserting in lieu thereof a period.
- (z) Section 908 of such Act is amended—
- (1) by striking out “the National Defense Housing Insurance Fund” in subsection (b) (1) and inserting in lieu thereof “the General Insurance Fund”;
- (2) by striking out all of subsection (d) which follows “of this Act” and inserting in lieu thereof a period; and
- (3) by striking out subsection (f) and inserting in lieu thereof the following:
- “(f) The provisions of section 207(k) and section 207(l) of this Act shall be applicable to mortgages insured under this section and to property acquired by the Commissioner hereunder, except that, as applied to such mortgages and property, the reference therein to subsection (g) shall be construed to refer to subsection (c) of this section.”
- (aa) Sections 219, 602, 605, 710, 802, 804, 902, and 905 of such Act are repealed.
- (bb) Section 1 of such Act is amended by striking out “titles II, III, VI, VII, VIII, and IX”, each place it appears, and inserting in lieu thereof “titles II, III, V, VI, VII, VIII, IX, and X”.

52 Stat. 12.  
12 USC 1710.65 Stat. 296.  
12 USC 1750b.

12 USC 1750c.

12 USC 1750g.

52 Stat. 16.  
12 USC 1713.

Repeals.

12 USC 1702.

78 Stat. 306.  
49 USC 1608.48 Stat. 132.  
12 USC 1464.

78 Stat. 805.

#### REPEAL OF SPECIAL PROVISION IN URBAN MASS TRANSPORTATION ACT

SEC. 1109. Section 9 of the Urban Mass Transportation Act of 1964 is amended by striking out subsection (c) and redesignating subsections (d), (e), and (f) as subsections (c), (d), and (e), respectively.

#### SAVINGS AND LOAN ASSOCIATIONS

SEC. 1110. (a) Section 5(c) of the Home Owners' Loan Act of 1933 is amended by adding at the end of the first paragraph a new sentence as follows: “Structures or parts thereof designed or used as fraternity or sorority houses which include sleeping accommodations for students of a college or university, or designed or used principally for the provision of living accommodations for persons who are students, employees, or members of the staff of a college, university, or hospital, shall be considered, subject to such regulations as the Board may prescribe, ‘other dwelling units’ for the purposes of this subsection.”

(b) The ninth paragraph of section 5(c) of such Act is amended by striking out “fifteen years” and inserting in lieu thereof “ten years”.

(c) Section 5(c) of such Act is further amended by adding at the end thereof (after the new paragraph added by section 201(b) (3) of this Act) the following new paragraph:

“No building and loan association incorporated under the laws of the District of Columbia or organized in such District or doing business in such District shall establish any branch or move its principal

office or any branch without the prior written approval of the Federal Home Loan Bank Board, and no other building and loan association shall establish any branch in such District or move its principal office or any branch in such District without such approval. As used in the sentence next preceding, 'branch' means any office, place of business, or facility, other than the principal office as defined by the Board, of a building and loan association at which accounts are opened or payments thereon are received or withdrawals therefrom are paid, or any other office, place of business, or facility of a building and loan association defined by the Board as a branch within the meaning of such sentence, and as used in such sentence and in this sentence 'building and loan association' means any incorporated or unincorporated building, building or loan, building and loan, savings and loan, or homestead association or cooperative bank."

48 Stat. 1258.  
12 USC 1727.

(d) Section 404 of the National Housing Act is amended by adding at the end thereof the following new subsection:

"(h) (1) Each insured institution shall make such deposits in the Corporation as may from time to time be required by call of the Federal Home Loan Bank Board. Any such call shall be calculated by applying a specified percentage, which shall be the same for all insured institutions, to the total amount of all withdrawable or repurchasable shares, investment certificates, and deposits in each insured institution. No such call shall be made unless such Board determines that the total amount of such call, plus the outstanding deposits previously made pursuant to such calls, does not exceed 1 per centum of the total amount of all withdrawable or repurchasable shares, investment certificates, and deposits in all insured institutions. For the purposes of this subsection, the total amounts hereinabove referred to shall be determined or estimated by such Board or in such manner as it may prescribe.

"(2) The Corporation, in accordance with such regulations as it may prescribe, shall credit as of the close of each calendar year, to each deposit outstanding at such close, a return on the outstanding balance, as determined by the Corporation, of such deposit during such calendar year, at a rate equal to the average annual rate of return, as determined by the Corporation, to the Corporation during the year ending at the close of November 30 of such calendar year, on the investments held by the Corporation in obligations of, or guaranteed as to principal and interest by, the United States.

"(3) The Corporation in its discretion may at any time repay all such deposits, or repay pro rata a portion of each of such deposits, in such manner and under such procedure as the Corporation may prescribe by regulation or otherwise. Any procedure for such pro rata repayment may provide for total repayment of any deposit, if total repayment of any and all deposits of equal or smaller amount is likewise provided for.

"(4) The provisions of subsection (f) of this section and of the last sentence of subsection (e) of this section shall be applicable to deposits under this subsection, and for the purposes of this subsection the references in such subsection (f) and such last sentence to the prepayments and the pro rata shares therein mentioned shall be deemed instead to be references respectively to the deposits under this subsection and the pro rata shares of the holders thereof, and the references in such subsection (f) to that subsection (except the last such reference) and to subsection (d) of this section shall be deemed instead to be references to this subsection."

## FEDERAL RESERVE ACT

SEC. 1111. Section 24 of the Federal Reserve Act is amended by striking out "eighteen months", wherever it appears in the third paragraph, and inserting in lieu thereof "twenty-four months".

76 Stat. 663.  
12 USC 371.

## REPAYMENT OF CERTAIN PLANNING GRANTS

SEC. 1112. Notwithstanding any other provision of law, no advance made under section 501 of Public Law 458, Seventy-eighth Congress; Public Law 352, Eighty-first Congress; or section 702, Housing Act of 1954, Public Law 560, Eighty-third Congress, for the planning of any public works project shall be required to be repaid if construction of such project has been heretofore or is hereafter initiated as a result of a grant-in-aid made from an allocation made by the President under the Public Works Acceleration Act.

58 Stat. 791.  
50 USC app.  
1671.  
63 Stat. 841.  
40 USC 451-458.  
69 Stat. 641.  
40 USC 462.

76 Stat. 541.  
42 USC 2641  
note.

## STUDY CONCERNING RELIEF OF HOMEOWNERS IN PROXIMITY TO AIRPORTS

SEC. 1113. The Housing and Home Finance Administrator shall undertake a study to determine feasible methods of reducing the economic loss and hardship suffered by homeowners as the result of the depreciation in the value of their properties following the construction of airports in the vicinity of their homes, including a study of feasible methods of insulating such homes from the noise of aircraft. Findings and recommendations resulting from such study shall be reported to the President for transmission to the Congress at the earliest practicable date, but in no event later than one year after the date of the enactment of this Act.

Report to President and Congress.

Approved August 10, 1965.

## Public Law 89-118

## AN ACT

August 11, 1965  
[S. 24]

To expand, extend, and accelerate the saline water conversion program conducted by the Secretary of the Interior, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That in order to expand, extend, and accelerate the saline water conversion program conducted by the Secretary of the Interior, the Act of July 3, 1952 (66 Stat. 328), as amended (42 U.S.C. 1951 et seq.), is hereby further amended as follows:

Saline water conversion program.

75 Stat. 628.

(1) In section 2(b) add the words " , module, component," after the word "laboratory".

(2) In section 8 substitute "\$90,000,000, plus such additional sums as the Congress may hereafter authorize and appropriate but not to exceed \$185,000,000," in lieu of "\$75,000,000 in all," and substitute "1972" for "1967".

Approved August 11, 1965.