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DEMONSTRATION CITIES AND  
METROPOLITAN DEVELOPMENT ACT  
OF 1966

PUBLIC LAW 89-754

TOGETHER WITH A BRIEF SUMMARY, SECTION-BY-  
SECTION ANALYSIS, LEGISLATIVE HISTORY, AND  
CONFERENCE REPORT

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COMMITTEE ON BANKING AND CURRENCY  
HOUSE OF REPRESENTATIVES  
89th Congress, 2d Session



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## LETTER OF TRANSMITTAL

*To the Members of the Committee on Banking and Currency:*

The enactment of the Demonstration Cities and Metropolitan Development Act marks a new era in our efforts to rid our towns and cities of blight and meet the problems of population growth. Programs to eradicate slums and to aid underprivileged citizens have achieved notable success in the past, but experience has shown that greater coordination is needed to obtain the maximum value for every dollar spent. Urban renewal cannot attain its full goal if we rehabilitate and improve the housing but the people who live in them still suffer the problems of poverty. Similarly, our efforts to improve education, vocational training, health services, and so forth are greatly handicapped if the families who receive this help must continue to live in slums. The demonstration cities program will bring these programs together so that the physical and social problems of an area can be treated together.

Another important shift in our approach to the needs of communities and the people who live in them is the new program of urban planning incentives which provides a powerful inducement to all units of government in metropolitan areas to plan together for their future and to put these plans into action. A major new provision of the act authorizes assistance for whole new communities which can channel homebuilding into well-planned attractive developments of major sizes and which can counteract urban sprawl.

The needs of our rural population are not forgotten in this act which includes a title of perfecting and improving amendments to our programs in this field. Other titles offer new aid for the group practice of medicine, the preservation of valuable historic structures, and improvements in existing programs.

The many weeks of work that the committee devoted to this legislation have resulted in a landmark addition to our laws concerned with housing and community development. The 10 titles and 90 sections of the act represent one of the most comprehensive and forward-looking actions in this field ever taken by Congress.

Sincerely,

WRIGHT PATMAN, *Chairman.*

## BRIEF SUMMARY OF PRINCIPAL PROVISIONS OF THE DEMONSTRATION CITIES AND METROPOLITAN DEVELOP- MENT ACT OF 1966

### COMPREHENSIVE CITY DEMONSTRATION PROGRAMS

The Secretary of Housing and Urban Development is authorized to provide grants and technical assistance to help communities of all sizes to plan, develop, and carry out comprehensive city demonstration programs. These are locally prepared programs for rebuilding or restoring entire sections and neighborhoods of slum and blighted areas by the concentrated and coordinated use of all available Federal aids together with local, private, and governmental resources.

The program will operate in two stages: (1) Assistance will be provided to plan and develop demonstration programs (\$12 million for this fiscal year and \$12 million for next fiscal year), and (2) after July 1, 1967, assistance will be provided to carry out the programs planned (\$400 million for next fiscal year and \$500 million for the following fiscal year).

#### *Assistance for Planning a Demonstration Program*

The Secretary of Housing and Urban Development will make grants and provide technical assistance for planning city demonstration programs. The Secretary is authorized to make grants to cover up to 80 percent of the cost of planning and developing a city demonstration program.

These grants will be made to a "city demonstration agency". The "city demonstration agency" may be a city, county, or any local public agency established or designated by the local governing body to administer the comprehensive city demonstration program. It may be a public agency created for the purpose of administering the demonstration program or it may be an existing local public agency assigned this responsibility.

Applications for assistance to plan demonstration programs would be made by the "city demonstration agency" and must have the approval of the local governing body of the city. The application must show in broad and general terms the nature and seriousness of the city's problems and the outlines of what the city proposes to do.

#### *Content of Demonstration Program*

To qualify for assistance, a city's demonstration program must meet standards prescribed by the legislation. In general, the city's program must be designed to (1) renew entire slum neighborhoods by combined use of physical and social development programs, (2) increase substantially the supply of standard housing of low and moderate cost, (3) make marked progress in reducing social and educational disadvantages, ill health, underemployment and enforced idleness, and (4) contribute toward a well-balanced city.

In addition, the city's presentation must indicate that (1) the projects and activities which are to be a part of the program will be

initiated reasonably soon, (2) adequate local resources to carry out these projects and activities are, or will be, available, (3) private initiative and enterprise will be utilized to the fullest extent possible, (4) a relocation plan to adequately serve those displaced exists, and (5) the program is consistent with comprehensive planning in the entire urban and metropolitan area.

#### *Assistance for Carrying Out the Program*

Two types of Federal assistance will be available to help finance projects or activities that are included as part of an approved comprehensive city demonstration program.

First, to the extent such projects or activities are eligible for assistance under an existing Federal grant-in-aid program, they may be financed under that program. This legislation contemplates that existing Federal grant-in-aid programs—and funds now available for those programs—will be utilized, where feasible, in carrying out projects or activities that, though part of a comprehensive city demonstration program, are eligible for assistance under existing grant-in-aid programs.

Second, special grants, supplementing the assistance available under existing grant-in-aid programs would be provided under the demonstration cities program. The amount of the special—supplemental—demonstration cities grant would be up to 80 percent of the total non-Federal contributions required to be made to all projects or activities assisted by existing Federal grant-in-aid programs which are carried out as part of a comprehensive city demonstration program.

#### *Use of Supplemental Grant Provided for Demonstration Programs*

The supplemental grant funds authorized to be paid to comprehensive city demonstration programs are not “earmarked” for any one specific project or activity carried out as part of the demonstration program. After the amount of the supplemental grant funds available to the city is established under the formula in the legislation, the total amount will be available to the city to be used to assist those projects and activities included within the comprehensive city demonstration program which are not otherwise assisted under an existing Federal grant-in-aid program. To the extent that these supplemental grant funds are not necessary to support such projects and activities, they may be used by the cities to provide their required share of the cost of new projects or activities included within the comprehensive city demonstration program and assisted under an existing Federal grant-in-aid program.

#### *Urban Renewal Authorization*

An additional \$250 million in grant authority is provided for urban renewal projects which are part of approved comprehensive city demonstration programs.

### PLANNED METROPOLITAN DEVELOPMENT

The Secretary is authorized to make supplemental grants to State and local public bodies and agencies for up to 20 percent of the cost of projects receiving aid under certain other Federal programs in metropolitan areas where development is being carried out in accordance with their own metropolitan planning and programming. The supplemental grant is designed to be an incentive to coordinated

planned metropolitan development. The metropolitan development projects for which supplemental grants are available are projects assisted under the following specified programs:

1. Grants for basic water and sewer facilities, administered by the Department of Housing and Urban Development.
2. Grants for library facilities, administered by the Department of Health, Education, and Welfare.
3. Grants for hospital and medical facilities, administered by the Department of Health, Education, and Welfare.
4. Grants for construction of sewage-treatment works, administered by the Department of the Interior.
5. Grants for highway construction (Federal-aid primary and secondary systems and urban extensions, but not the Interstate System) administered by the Department of Commerce.
6. Grants for airport development, administered by the Federal Aviation Agency.
7. Grants for urban mass transportation facilities and equipment, administered by the Department of Housing and Urban Development.
8. Grants for acquisition and development of open-space land, for urban beautification and improvement, or for historic preservation, administered by the Department of Housing and Urban Development.
9. Grants for acquisition and development of lands and waters for recreational purposes, administered by the Department of the Interior.
10. Grants for public works and facilities in redevelopment areas, administered by the Department of Commerce (but only if they involve works or facilities of a type which the Secretary of Housing and Urban Development determines to be eligible under one of the foregoing programs).

The additional or supplemental grant cannot exceed (1) 20 percent of the cost of the project for which it is made, nor (2) the grant which is being supplemented. In addition, the total Federal contributions to a project cannot exceed 80 percent.

#### *Coordination of Federal Aids in Metropolitan Areas*

After June 30, 1967, all applications for Federal assistance for projects for which supplemental grants can be provided must be submitted to a metropolitan or regional planning agency for review. The application shall be accompanied by comments of the planning agency concerning the extent to which the project is consistent with the comprehensive planning developed or in process for the area and the extent to which the project contributes to fulfillment of the planning.

Applications from special-purpose public bodies must similarly be submitted for review by the unit of general local government.

The Secretary is authorized to call upon other Federal agencies to cooperate in insuring that all the Federal programs related to metropolitan development are carried out in a coordinated manner.

#### *Metropolitan Expeditors*

Upon the request of local officials of the central city in any metropolitan area, and after consultation with local governmental authorities in the area, the Secretary may appoint a metropolitan expeditor for the area. The expeditor shall provide information, data, and assistance to local authorities and others in the area with respect to programs and

activities conducted within the area by the Department of Housing and Urban Development, and with respect to other public and private activities and needs within the area relating to those programs and activities.

#### URBAN INFORMATION AND TECHNICAL SERVICES

The Secretary is authorized to make matching grants to States to help finance programs to provide small communities (less than 100,000 population) with information and data on urban needs and assistance activities and technical assistance with respect to solution of local problems.

#### FHA MORTGAGE INSURANCE

##### *Mortgage Insurance for New Communities*

The FHA program for land development is broadened to permit the financing of "new communities" with FHA-insured mortgages. The new communities must be approved by the Governor and the local governing body or bodies of the locality or localities in which they will be located. However, if the localities have home rule powers the approval of the Governor is not required. Mortgages financing new communities may be made eligible for purchase by FNMA under its special assistance program.

##### *Mortgage Insurance for Group Practice Facilities*

FHA is authorized to insure mortgages financing the construction or rehabilitation of facilities for group practice of medicine, optometry, or dentistry, particularly in smaller communities. The mortgages can also finance equipment of the facilities. The mortgagor must be a private nonprofit corporation. Both profitmaking and nonprofit groups may utilize the facilities.

##### *FHA Mortgage Insurance for Veterans*

The special mortgage insurance program, which permits veterans to purchase homes with FHA-insured mortgages and low downpayments, is made available to any veteran without regard to whether the veteran has previously received a VA loan or loan guarantee.

##### *New FHA Sales Housing Program for Low-Income Families*

A limited new FHA program of sales housing for low-income families financed with below market interest rate insured mortgages is authorized. Private nonprofit organizations are made eligible for insured mortgages to finance the purchase and rehabilitation of substandard housing (not less than five units) for resale to low-income purchasers. The mortgages will bear interest at not more than 3 percent. The dwellings will be resold to low-income purchasers. Mortgages financing the purchases will also be insured by FHA and bear interest at not more than 3 percent. The purchaser will pay at least \$200 down which may be applied to closing costs. FNMA is authorized to purchase the mortgages under its special assistance program.

## FNMA CONSTRUCTION FINANCING FOR CERTAIN HOUSING

FNMA is authorized to participate (up to 95 percent) in making FHA-insured advances during construction on FHA insured mortgages financing cooperative housing, nonprofit and limited dividend section 221(d)(3) housing for low-income families, and section 220 urban renewal housing.

## RURAL HOUSING

The Farmers Home Administration program of assistance to rural housing is amended to permit comakers in the case of applicants for rural housing loans who are deficient in repayment ability; to increase from \$1,000 to \$1,500 the limit on the amount of a loan, grant, or combined loan and grant for repairs and improvements to rural dwellings necessary to make them safe and sanitary; to permit loans for rental housing for low-income families who are not elderly; to make cooperative housing eligible for direct or insured rural housing loans; to make insured loans available for housing for rural nonelderly who have moderate incomes in addition to rural elderly; and in other respects.

## MORTGAGE RELIEF FOR HOMEOWNERS NEAR CLOSED MILITARY INSTALLATIONS

The provisions in the Housing and Urban Development Act of 1965 authorizing relief for homeowners who are adversely affected by the closing of military installations are amended to make them more workable.

## PRESERVATION OF HISTORIC STRUCTURES AND AREAS

The Secretary of Housing and Urban Development is authorized to make matching grants to States and local public bodies to assist in the acquisition and restoration of historic structures and areas. Preservation of historic structures may be included as parts of urban renewal projects. Grants may be made under the urban planning grant program to cities or counties for the making of surveys of structures and sites determined to be of historic or architectural value, and determination of the cost of their rehabilitation or restoration. The Secretary is also authorized to make grants to the National Trust for Historic Preservation to cover costs of renovating historic structures.

## URBAN RENEWAL

Under a provision added to the urban renewal law, the redevelopment of an urban renewal area, unless it is for predominantly non-residential uses, must provide a substantial number of units of standard housing of low and moderate cost and result in marked progress in serving the poor and disadvantaged people living in slum and blighted areas.

For the purpose of computing local grants-in-aid to an urban renewal project, a publicly owned facility which was begun not earlier than 3 years prior to enactment of this 1966 act, shall be deemed to

benefit an urban renewal project to the extent of 25 percent of the total benefits of the facility or \$3,500,000, whichever is less, if the facility—

1. Is used by the public for cultural, exhibition or civic purposes, is a city hall or a public safety building, or is constructed or rehabilitated by a public university and devoted to the treatment of physical or mental disabilities and illness or to medical research;
2. Is located within, adjacent to, or in the immediate vicinity of the urban renewal project;
3. Is found to contribute materially to the objectives of the urban renewal plan; and
4. Is not otherwise eligible as a local grant-in-aid.

## SECTION-BY-SECTION SUMMARY OF THE DEMONSTRATION CITIES AND METROPOLITAN DEVELOPMENT ACT OF 1966—PUBLIC LAW 89-754

### TITLE I—COMPREHENSIVE CITY DEMONSTRATION PROGRAMS

#### FINDINGS AND DECLARATION OF PURPOSE

*Section 101.*—Sets forth the findings of Congress that improving the quality of urban life constitutes our most critical domestic problem, that cities of all sizes do not have the resources needed to deal effectively with this problem and that Federal assistance in addition to that authorized by the urban renewal program and other existing Federal grant-in-aid programs is essential to enable cities to plan, develop, and conduct programs to improve their physical environment, increase the housing supply for low- and moderate-income people, and provide vital services.

This section further states that it is the purpose of title I to provide additional assistance to enable cities of all sizes to plan, develop, and carry out locally prepared and scheduled programs to rebuild or revitalize large slum and blighted areas and expand and improve public programs and services in those areas, and to accomplish these objectives through the most effective and economical concentration and coordination of Federal, State, and local public and private activities and programs.

#### BASIC AUTHORITY

*Section 102.*—Authorizes the Secretary of Housing and Urban Development to make grants and provide technical assistance to enable city demonstration agencies to plan, develop, and carry out comprehensive city demonstration programs.

#### ELIGIBILITY FOR ASSISTANCE

*Section 103(a).*—Provides that a comprehensive city demonstration program is eligible for financial assistance under section 105 and relocation assistance under section 107 to carry out the program only if certain specific criteria are met, including requirements that—

(1) Physical and social problems in the area of the city justify a comprehensive city demonstration program to carry out the purposes of the title;

(2) The program is of sufficient magnitude to make a substantial impact on the physical and social problems and to remove or arrest blight and decay in entire sections or neighborhoods, to contribute to the sound development of the entire city, and to make marked progress in reducing social and educational disadvantages, ill health, underemployment, and enforced idleness;

(3) The program, including rebuilding or restoration, will contribute toward a well-balanced city, with a substantial increase in the supply of standard housing of both low and moderate cost;

(4) Local administrative procedures are available for carrying out the program on a consolidated and coordinated basis; local laws, regulations, and other requirements are or can be expected to be consistent with the objectives of the program; the projects and activities involved will be initiated reasonably soon; adequate local resources are or will be available; private initiative and enterprise will be utilized to the fullest extent possible; a relocation plan meeting the requirements of the Secretary exists; the local governing body has approved the program, and where appropriate, applications for assistance; agencies whose cooperation is necessary to the success of the program have indicated their intent to furnish such cooperation; the program is consistent with comprehensive planning in the entire urban or metropolitan area; and the locality will continue to maintain at least the same level of expenditures for activities similar to those being assisted; and

(5) The program meets any additional criteria or requirements which are related and essential to the statutory criteria for a program, that the Secretary may establish.

*Section 103(b).*—Provides that, in implementing title I, the Secretary shall (1) emphasize local initiative, (2) insure maximum coordination of Federal assistance, and (3) encourage city demonstration agencies to enhance neighborhoods by applying a high standard of design, maintain neighborhood characteristics, and make maximum use of new and improved technology and design, including cost reduction techniques.

*Section 103(c).*—Provides that the preparation of demonstration city programs should, to the maximum extent feasible, include systematic comparative analyses of the costs and benefits (financial or otherwise) of alternative courses of action designed to fulfill urban needs, and establish programming systems designed to assure effective use of such analyses by city demonstration agencies and other governmental bodies.

*Section 103(d).*—Provides that nothing in section 103 authorizes the Secretary to require (or condition the availability or amount of financial assistance authorized to be provided under title I upon) the adoption by any community of a program (1) by which pupils resident in a school district not within the confines of the area covered by the city demonstration program shall be transferred to a school or school district including all or part of such area, or (2) by which pupils resident in a school district within the confines of the area covered by the city demonstration program shall be transferred to a school or school district not including a part of such area.

#### FINANCIAL ASSISTANCE FOR PLANNING COMPREHENSIVE CITY DEMONSTRATION PROGRAMS

*Section 104(a).*—Authorizes the Secretary to make grants to, or enter into contracts with, city demonstration agencies to pay 80 percent of the costs of planning and developing comprehensive city demonstration programs.

*Section 104(b).*—Provides that such financial assistance may be provided only if (1) the application for the assistance has been ap-

proved by the local governing body of the city, and (2) the Secretary has determined that administrative machinery exists through which coordination of all related planning activities of local agencies can be achieved, and that the necessary cooperation of agencies in related local planning can be secured.

FINANCIAL ASSISTANCE FOR APPROVED COMPREHENSIVE CITY  
DEMONSTRATION PROGRAMS

*Section 105(a).*—Authorizes the Secretary to approve comprehensive city demonstration programs if, after review of plans, he determines that the plans satisfy the criteria for such programs set forth in section 103 of the act.

*Section 105(b).*—Authorizes the Secretary to make grants to, and enter into contracts with, city demonstration agencies to pay 80 percent of the costs of administering comprehensive city demonstration programs. This authority does not cover the administrative costs of any project or activity which is carried out as part of a demonstration program and assisted under a Federal grant-in-aid program.

*Section 105(c).*—Provides, in addition, that in order to assist the city to carry out the projects or activities included within an approved comprehensive city demonstration program, the Secretary may make grants to the city demonstration agency of not to exceed 80 percent of the aggregate amount of non-Federal contributions otherwise required to be made by the locality to all projects or activities assisted by Federal grant-in-aid programs carried out in connection with such comprehensive city demonstration program. No Federal grant-in-aid program may be considered as being carried out in connection with a demonstration program unless it is closely related to the physical and social problems in the area of the city covered by the program, and unless it can reasonably be expected to have a noticeable effect upon such problems. Also, the specific amount of any such grant is to take into account the number and intensity of the economic and social pressures in the sections or neighborhoods involved, such as those involving or resulting from population density, poverty levels, unemployment rate, public welfare participation, educational levels, health and disease characteristics, crime and delinquency rate, and degree of substandard and dilapidated housing. The amount of non-Federal contribution required for each project in a Federal grant-in-aid program would be certified to the Secretary by the Federal department or agency administering the grant-in-aid program, and the Secretary would be required to accept such determination in computing the amount of any grant made under this section.

*Section 105(d).*—Requires that grant funds provided to assist projects or activities included within an approved comprehensive city demonstration program under subsection (c) be made available to assist new and additional projects and activities not assisted under a Federal grant-in-aid program. To the extent that funds are not necessary to support fully such new and additional projects and activities, they may be used and credited as part or all of the required non-Federal contribution to projects or activities, assisted under a Federal grant-in-aid program, which are part of an approved city demonstration program.

Grant funds may not be used (1) for the general administration of local governments, or (2) to replace non-Federal contributions in any

federally aided project or activity included in an approved comprehensive city demonstration program if, prior to the filing of an application for assistance under section 104, an agreement has been entered into with any Federal agency obligating such non-Federal contributions with respect to such project or activity.

#### TECHNICAL ASSISTANCE

*Section 106.*—Authorizes the Secretary to provide technical assistance to city demonstration agencies to assist them in planning, developing, and administering comprehensive city demonstration programs.

#### RELOCATION REQUIREMENTS AND PAYMENTS

*Section 107(a).*—Requires that a comprehensive city demonstration program include a relocation plan, for all displaced people and businesses, which meets the relocation standards prescribed in the urban renewal law and assures the availability of adequate housing before people are displaced, and which requires, to the maximum extent feasible, the coordination of relocation activities with increases in the supply of standard housing suitable for displaced families.

*Section 107(b).*—Requires relocation payments, in the amount and in the circumstances authorized by section 114 of the Housing Act of 1949, to individuals, families, business concerns, and nonprofit organizations displaced or to be displaced under comprehensive city demonstration programs. Where relocation payments authorized in existing Federal programs utilized in connection with the demonstration program are less than now authorized in the urban renewal program, demonstration grant funds will supplement the relocation payments authorized in these existing programs to make up the difference.

*Section 107(c).*—Makes it clear that the requirement of relocation payments imposed by section 107(b) does not apply to any displacement occurring before the bill is enacted.

#### CONTINUED AVAILABILITY OF FEDERAL GRANT-IN-AID PROGRAM FUNDS

*Section 108.*—Provides that (subject only to laws subsequently enacted expressly in limitation of this section) funds appropriated for a Federal grant-in-aid program which are reserved for any projects or activities assisted under such program and undertaken in connection with an approved comprehensive city demonstration program will remain available until expended.

#### CONSULTATION

*Section 109.*—Requires the Secretary, in carrying out the provisions of the title, including the issuance of regulations, to consult with other Federal departments and agencies administering grant-in-aid programs, and to consult with each such department or agency before entering into a commitment to make grants under section 105.

#### LABOR STANDARDS

*Section 110(a).*—Provides that the prevailing wage provisions of the Davis-Bacon Act shall apply to projects, the construction, re-

habilitation, repair, or alteration of which is assisted with Federal funds provided under the demonstration cities program if they are not otherwise subject to the provisions of Federal law imposing labor standards on federally assisted construction. Such requirements, however, are to apply to residential property only if such property is designed for residential use for eight or more families.

*Section 110(b).*—Specifies that the Secretary of Labor shall have the coordinating authority, for labor standards in subsection (a), provided in Reorganization Plan No. 14 of 1950 and other Federal laws.

#### APPROPRIATIONS

*Section 111(a).*—Authorizes, for planning grants and administrative expenses under section 104 (and technical assistance under sec. 106), appropriations of \$12 million for the fiscal year 1967 and \$12 million for the fiscal year 1968.

*Section 111(b).*—Authorizes, for grants and contracts to assist approved comprehensive city demonstration programs under section 105, for technical assistance under section 106, and for relocation assistance under section 107, including related administrative expenses, appropriations of \$400 million for fiscal year 1968 and \$500 million for fiscal year 1969.

*Section 111(c).*—Provides that these appropriations shall remain available until expended.

#### DEFINITIONS

*Section 112.*—Defines terms used in title I. A Federal grant-in-aid program is a program of Federal financial assistance other than loans (and other than assistance under this title). A city demonstration agency is a city, county, or any local public agency established or designated as such by the local governing body of that city or county. A city is any municipality (or two or more municipalities acting jointly) having general governmental powers. A local agency may be a State agency or instrumentality providing services and resources to a city or locality, and local resources include those so provided to a city or locality.

#### GRANT AUTHORITY FOR URBAN RENEWAL PROJECTS WHICH ARE PART OF APPROVED COMPREHENSIVE CITY DEMONSTRATION PROGRAMS

*Section 113.*—Authorizes \$250 million in additional urban renewal grant authority, to be available after July 1, 1967. This additional authority would be limited to urban renewal projects which are identified and scheduled to be carried out as projects or activities included within an approved comprehensive city demonstration program.

#### STATE LIMIT

*Section 114.*—Provides that grants made under section 105 for demonstration programs in any one State shall not exceed in the aggregate 15 percent of the aggregate amount of funds authorized to be appropriated under section 111.

## TITLE II—PLANNED METROPOLITAN DEVELOPMENT

## FINDINGS AND DECLARATION OF PURPOSE

*Section 201(a).*—Sets forth congressional findings (1) that the welfare of the Nation and of its people is directly dependent upon the sound and orderly development and the effective organization and functioning of the metropolitan areas in which two-thirds of its people live and work; (2) that the continuing rapid growth of these areas makes it essential that they prepare, keep current, and carry out comprehensive plans and programs for their orderly physical development with a view to meeting efficiently all their economic and social needs; (3) that metropolitan areas are especially handicapped in this task by the complexity and scope of governmental services required in such rapidly growing areas, the multiplicity of political jurisdictions and agencies involved, and the inadequacy of the operational and administrative arrangements available for cooperation among them; and (4) that present requirements for areawide planning and programing in connection with various Federal programs have materially assisted in the solution of metropolitan problems, but that greater coordination of Federal programs and additional participation and cooperation are needed from the States and localities in perfecting and carrying out such efforts.

*Section 201(b).*—States that the purpose of title II is to provide, through greater coordination of Federal programs and through supplementary grants for certain federally assisted development projects, additional encouragement and assistance to States and localities for making comprehensive metropolitan planning and programing effective.

## COOPERATION BETWEEN FEDERAL AGENCIES

*Section 202.*—Authorizes the Secretary of Housing and Urban Development to call upon other Federal agencies for data and other materials he needs to carry out his metropolitan development responsibilities and to assist the President in coordinating the metropolitan development efforts of other agencies. Directs all Federal agencies engaged in metropolitan programs, in order to assure full coordination of such programs, to consult with and seek advice from all other significantly affected Federal agencies.

## METROPOLITAN EXPEDITERS

*Section 203.*—Authorizes the Secretary, upon request of authorized local officials of the central city in any metropolitan area, to appoint for any metropolitan area a "metropolitan expeditor" to provide information, data, and assistance to local authorities, organizations, and persons and to relevant Federal agencies with respect to the Department's programs and activities and other related activities and needs in the area. Prior to appointing a "metropolitan expeditor," the Secretary is required to consult with local government authorities throughout the metropolitan area with respect to the desirability of making such an appointment and with respect to the individuals who might be appointed.

## COORDINATION OF FEDERAL AIDS IN METROPOLITAN AREAS

*Section 204(a).*—Requires that, after June 30, 1967, all applications for Federal loans or grants to assist in carrying out projects for open-space land, hospitals, airports, libraries, water supply and distribution facilities, sewerage facilities and waste treatment works, highways, transportation facilities, or water development and land conservation within any metropolitan area shall be submitted for review to an agency which is designated to perform metropolitan or regional planning for the area within which the assistance is to be used and which is, to the greatest extent practicable, composed of or responsible to local elected officials. Further requires that if such an application is made by a special-purpose unit of local government, it must also be submitted to the general local governments with authority to operate in the area within which the project is to be located.

*Section 204(b).*—Requires each such application to be accompanied by (1) the comments and recommendations of the areawide agency and general local governments to which the application has been submitted for review, and (2) a statement by the applicant that such comments and recommendations have been considered prior to formal submission of the application.

The application, however, need not be so accompanied if the applicant certifies that a plan or description of the project has lain before an appropriate areawide agency or instrumentality or general local government for 60 days without comments or recommendations thereon having been made.

*Section 204(c).*—Authorizes the Bureau of the Budget or such other agency as designated by the President, to prescribe such rules and regulations as are deemed appropriate for the effective administration of this section.

## GRANTS TO ASSIST IN PLANNED METROPOLITAN DEVELOPMENT

*Section 205(a).*—Authorizes the Secretary to make supplementary grants to State and local public bodies and agencies carrying out metropolitan projects meeting the requirements of this section.

*Section 205(b).*—Provides that grants may be made under this section only for projects in metropolitan areas for which it has been demonstrated, to the satisfaction of the Secretary, that (1) metropolitanwide comprehensive planning and programing provide an adequate basis for evaluating—

(A) the location, financing, and scheduling of individual public facility projects whether or not federally assisted; and

(B) other proposed land development or uses, where such projects or uses—because of their size, density, type, or location—have public metropolitanwide or interjurisdictional significance;

(2) adequate metropolitanwide institutional or other arrangements exist for coordinating local public development policies and activities affecting the development of the area; and (3) public facility projects, and other land development or uses (public or private) which have a major impact on the development of the area, are in fact being carried out in accord with such metropolitanwide comprehensive planning and programing.

*Section 205(c).*—Requires the applicant for a grant under this section (and also the unit of general local government where that is a different body) to demonstrate that it is adequately assuring that public facility and other local projects are being, and will be, carried out in accord with metropolitan planning and programing meeting the requirements of subsection (b).

*Section 205(d).*—Requires the Secretary, in making the determinations required under this section, to obtain and give full consideration to the comments of the State or local bodies responsible for comprehensive planning and programing for the metropolitan area.

*Section 205(e).*—Provides that no grant may be made under this section with respect to a metropolitan development project for which a Federal grant has been made, or a contract of assistance has been entered into, prior to February 21, 1966 (date of first submission of this legislation to the Congress), or more than 1 year prior to the date on which the Secretary has made the determinations required under this section with respect to the applicant and the area in which the project is located. The subsection further provides that, with respect to a project for which a contract of assistance is entered into after June 30, 1967, no grant may be made under this section unless an application for the grant has been made on or before the date of such contract.

*Section 205(f).*—States that nothing in section 205 shall authorize the Secretary to require, or condition the availability of a grant, upon the adoption by a community of a program to achieve racial balance or eliminate racial imbalance within school districts within a metropolitan area.

#### EXTENT OF GRANT

*Section 206(a).*—Limits a grant under section 205 to the least of (1) 20 percent of project cost, (2) the amount of the basic Federal grant to the project, or (3) the difference between 80 percent of project cost and the total other Federal contributions to the project.

No grants could be provided for projects or activities on the basis of which assistance is for a comprehensive demonstration cities program under the bill.

*Section 206(b).*—Authorizes grant appropriations of up to \$25 million for fiscal year 1967 and up to \$50 million for fiscal year 1968.

#### CONSULTATION AND CERTIFICATION

*Section 207.*—Requires the Secretary (1) in issuing regulations and otherwise carrying out his authority under section 205, to consult with the Departments of the Interior, Commerce, and Health, Education, and Welfare, and the Federal Aviation Agency with respect to metropolitan development projects assisted by them; and (2) for the purpose of determining grant amounts, to accept their respective certifications as to the cost of those projects and the amount of the non-Federal contribution paid or to be paid to that cost.

## DEFINITIONS

*Section 208.*—Defines certain terms in title II of the bill, including the following:

(1) "Metropolitan development" means all projects or programs for the acquisition, use, and development of open-space land; and the planning and construction of hospitals, libraries, airports, water supply and distribution facilities, sewerage facilities and waste treatment works, transportation facilities, highways, water development and land conservation, and other public works facilities.

(2) "Metropolitan development project" (as used in secs. 205 and 207) means a project assisted under the following specified Federal programs:

(a) Grants for basic water and sewer facilities, administered by the Department of Housing and Urban Development under section 702 of the Housing and Urban Development Act of 1965;

(b) Grants for library facilities, administered by the Department of Health, Education, and Welfare under title II of the Library Services and Construction Act;

(c) Grants for hospital and medical facilities, administered by the Department of Health, Education, and Welfare under section 606 of the Public Health Service Act;

(d) Grants for construction of sewage treatment works, administered by the Department of the Interior under section 8 of the Federal Water Pollution Control Act;

(e) Grants for highway construction (Federal-aid primary and secondary systems and urban extensions, but not the Interstate System) administered by the Department of Commerce under section 120(a) of title 23, United States Code;

(f) Grants for airport development, administered by the Federal Aviation Agency under section 9 of the Federal Airport Act;

(g) Grants for urban mass transportation facilities and equipment, administered by the Department of Housing and Urban Development under section 3 of the Urban Mass Transportation Act of 1964;

(h) Grants for acquisition and development of open space, for urban beautification and improvement, or for historic preservation, administered by the Department of Housing and Urban Development under title VII of the Housing Act of 1961 (the historic preservation provisions are added to title VII by title VI of this act);

(i) Grants for the acquisition and development of lands and waters for recreational purposes, administered by the Department of the Interior under section 5(e) of the Land and Water Conservation Fund Act of 1965; and

(j) Grants for public works and facilities in redevelopment areas, administered by the Department of Commerce under section 101(a)(1) of the Public Works and Economic Development Act of 1965 (but only if they involve works or facilities of a type which the Secretary determines to be eligible under one of the programs listed in paragraphs (a) through (i) above).

(3) "State" to include any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or an agency or instrumentality of any of the foregoing.

(4) "Metropolitan area" as a standard metropolitan statistical area as established by the Bureau of the Budget, subject to such modifications and extensions as the Secretary may determine to be appropriate.

(5) "Unit of general local government" as any city, county, town, parish, village, or other general purpose political subdivision of a State.

#### STATE LIMIT

*Section 209.*—Provides that grants made under section 205 for projects in any one State shall not exceed in the aggregate 15 percent of the aggregate amount of funds authorized to be appropriated pursuant to section 206(b).

### TITLE III—FHA INSURANCE OPERATIONS

#### FHA MORTGAGE FINANCING FOR VETERANS

*Section 301.*—Amends section 203(b) of the National Housing Act (FHA's regular residential mortgage insurance program) to provide that the special liberal terms for veterans enacted in 1965 (100 percent loan-to-value ratio up to \$15,000, 90 percent from \$15,000 to \$20,000, and 85 percent over \$20,000) will be available to a veteran even though he has previously received a VA direct, guaranteed, or insured home loan.

#### AREAS AFFECTED BY CIVIL DISORDERS

*Section 302.*—Amends section 203 of the National Housing Act to authorize FHA to insure housing mortgages under that section on the basis of acceptable risk rather than economic soundness if it is determined that the housing is located in an area or areas where rioting or other civic disorders have occurred or are threatened, and as a result, the property with respect to which the mortgage is executed cannot meet the normal economic soundness requirement, and the property is an acceptable risk, giving due consideration to the need for providing low- and moderate-income housing in the area.

#### COOPERATIVE HOUSING INSURANCE FUND

*Sections 303 (a) and (b).*—Amend sections 213 (m) and (n) of the National Housing Act to make changes facilitating the administration of FHA's new mutual cooperative management housing insurance fund. These changes would permit mortgagees to use FHA's general insurance fund debentures for paying premiums on cooperative housing mortgages transferred to the cooperative fund and to use cooperative fund debentures issued on transferred mortgages for the payment of general fund premiums, and would permit the transfer of cooperative mortgages to the new mutual fund without the mortgagee's consent.

*Section 303(c).*—Amends sections 213 (k) and (l) of the act to direct the transfer to the new fund of the specific net assets attributable to the insurance transferred to that fund, and to remove the provision

requiring (before payment of any dividend) the repayment of any general funds transferred to the new fund.

#### SUPPLEMENTARY FINANCING FOR COOPERATIVE HOUSING

*Section 304.*—Amends section 213(j) of the National Housing Act to permit insurance of supplementary loans financing improvements and community facilities provided in connection with existing FHA-insured cooperative housing, with amounts up to 97 percent of the value of such improvements and facilities, even though financing to that extent would increase the mortgage indebtedness above the original mortgage amount (so long as it would not increase such indebtedness above the statutory maximum).

#### MORTGAGE LIMITS UNDER SECTION 220 SALES HOUSING MORTGAGE INSURANCE PROGRAM

*Section 305(a).*—Amends section 220(d)(3)(A) of the National Housing Act to lower the required downpayment on section 220 urban renewal sales housing by reducing from 25 to 20 percent the increment of such downpayment attributable to the portion of replacement cost above \$20,000, making the section 220 program consistent in this respect with the section 203(b) program.

*Section 305(b).*—Extends to the section 220 sales housing program a special liberalized loan-to-replacement-cost ratio for veterans (100 percent of the first \$15,000, 90 percent of the next \$5,000, and 15 percent of all over \$20,000), in the manner already provided under section 203(b).

#### INCREASED MORTGAGE LIMITATIONS UNDER SECTION 220(d)(3)(B) FOR SMALL PROJECTS CONTAINING LARGE FAMILY DWELLING UNITS

*Sections 306 (a) and (b).*—Amend section 220 of the National Housing Act to authorize the Secretary to increase by up to 25 percent the existing dollar limits on the amount of an insured mortgage financing rehabilitation of 2, 3, or 4 or more bedroom units in housing in an urban renewal area where the rehabilitation project involves not more than five family units. This will permit dollar limits up to \$18,750, \$23,125, and \$26,250 for 2, 3, or 4 or more bedroom units in such cases in lieu of \$15,000, \$18,500, and \$21,000.

In addition, the 45 percent increase in the dollar limits permitted for high-cost areas is also permitted to be made applicable to the higher dollar limits authorized by this section.

#### MORTGAGE LIMITS FOR HOMES UNDER SECTION 221(d)(2)

*Section 307.*—Amends section 221(d)(2) of the National Housing Act to increase, from \$11,000 to \$12,500 in the case of a single-family dwelling and from \$18,000 to \$20,000 in the case of a two-family residence, the maximum mortgage amount for dwellings of this kind under FHA's mortgage insurance program for moderate-income and displaced families.

NONDWELLING FACILITIES IN SECTION 221 PROJECTS IN URBAN  
RENEWAL AREAS

*Section 308.*—Amends section 221(f) of the National Housing Act to broaden the class of nondwelling facilities which can be included in a project in an urban renewal area covered by a mortgage insured under section 221, where the mortgagor waives his right to make a profit on any commercial and community facilities so included. The additional nondwelling facilities must be found to be desirable and consistent with the urban renewal plan, and to contribute to the economic feasibility of the project (giving due consideration to its possible effect on other local business enterprises); and in any case the project must remain predominantly residential.

SINGLE OCCUPANTS IN SECTION 221(d)(3) HOUSING

*Section 309.*—Amends section 221(f) of the National Housing Act to permit up to 10 percent of the units in an FHA section 221(d)(3) project to be occupied by low- or moderate-income nonelderly single persons. Existing law permits occupancy by a single person who is 62 years of age or over, or who is handicapped.

INSURANCE OF MORTGAGES UNDER SECTION 221 TO FINANCE PURCHASE  
AND REHABILITATION BY NONPROFIT ORGANIZATIONS OF HOUSING  
FOR RESALE TO LOW-INCOME PURCHASERS

*Section 310(a).*—Adds to section 221 of the National Housing Act a new subsection (h), authorizing the insurance of mortgages (not exceeding \$20 million outstanding at any one time) executed by private nonprofit organizations to finance the purchase and rehabilitation of deteriorating or substandard housing for resale to low-income purchasers (i.e., individuals and families having incomes below the maximum with which they could qualify under the rent supplements program). To be eligible for insurance under the new program, a mortgage will have to cover property or properties containing five or more single-family dwellings of detached, semidetached, or row construction (whether or not on the same or contiguous property). The mortgage amount cannot exceed the appraised value of the property when purchased plus the estimated cost of the proposed rehabilitation; the mortgage will bear interest at the sub-market rate provided for section 221(d)(3) mortgages (3 percent), and will have a maturity determined by the Secretary.

The mortgagor will have to agree to sell the rehabilitated dwellings to low-income purchasers whose individual mortgages will also be insured under the new program; each such individual mortgage will be in an amount equal to the portion of the principal mortgage which is allocable to the individual dwelling, will bear interest at the same rate as the principal mortgage, and will have a maturity equal to the remaining maturity of the principal mortgage. The purchaser will pay at least \$200 down, which may be applied to closing costs. Upon the sale of an individual dwelling to a low-income purchaser, such dwelling will be released from the lien of the principal mortgage; the insurance of the principal mortgage will be terminated when all such dwellings had been sold, without payment of any adjusted pre-

mium charge, and until that time the dwellings remaining unsold will be held and operated by the nonprofit mortgagor as though they were rental units in a section 221(d)(3) submarket-interest-rate project. The low-income purchaser must be buying the dwelling for his own occupancy; if he does not continue to occupy the property, the submarket rate will terminate and the interest rate will rise to the highest permissible section 221 rate, unless he has resold the property to the original nonprofit mortgagor or has sold it to the local public housing agency or to another approved low-income purchaser.

*Section 310(b).*—Makes conforming amendments to section 221(g) of the act (relating to payment of insurance).

*Section 310(c).*—Amends section 221(f) of the act to authorize full or partial waiver of the mortgage insurance premium to assist low- and moderate-income families to obtain housing through the new section 221(h) program, the same as was previously authorized for section 221(d)(3) mortgages.

*Section 310(d).*—Amends section 305(h) of the act to authorize FNMA special assistance for mortgages insured under the new section 221(h) program, the same as was previously authorized for section 221(d)(3) mortgages.

#### APPLICATION OF DAVIS-BACON ACT TO COOPERATIVE HOUSING PROJECTS INSURED UNDER SECTIONS 221(d) (3) AND (4) AND MORTGAGES IN- SURED UNDER SECTION 221(h)(1)

*Section 311.*—Amends section 212(a) of the National Housing Act to make the prevailing wage provisions of the Davis-Bacon Act applicable to work performed under blanket mortgages (financing purchase and rehabilitation by nonprofit organizations of housing for resale to low-income purchasers) which are insured under the new section 221(h)(1) program (added by section 310 of the act) and which cover property including more than eight dwellings. It permits the waiver of such provisions, however, where the prospective owners or others voluntarily donate their services without compensation in order to lower costs.

This section also permits the waiver of the prevailing wage provisions of the Davis-Bacon Act (otherwise applicable under existing law) in cases involving the construction of cooperative housing projects covered by mortgages insured under sections 221(d) (3) and (4) to enable the low-income families and others who will occupy the projects to lower their housing costs by donating their services without compensation in the construction.

#### WAIVER OF DEDUCTION ON ASSIGNMENT OF PROPERTY TO SECRETARY IN LIEU OF FORECLOSURE

*Section 312.*—Adds to title V of the National Housing Act a new section 523, authorizing the Secretary to waive the 1-percent deduction from insurance benefits, which is generally made when the mortgagee, under a multifamily housing or land development mortgage in default, assigns the mortgage to the Secretary instead of foreclosing and then conveying title.

## TITLE IV—LAND DEVELOPMENT AND NEW COMMUNITIES

Title IV of the act expands the FHA mortgage insurance program for privately financed land development under title X of the National Housing Act (enacted as part of the Housing and Urban Development Act of 1965), by authorizing the Secretary to insure mortgages under the program which will finance "new communities," and by increasing the maximum outstanding mortgage amount permitted under the title X program. Certain special aids are also provided for the new communities.

## EXPERIMENTAL MORTGAGE INSURANCE PROGRAM FOR NEW COMMUNITIES

*Section 401(a).*—Adds to title X of the National Housing Act a new section 1004, authorizing the Secretary to approve "new communities" for mortgage insurance under title X if they satisfy all other requirements under the title, and meet the special requirements of the section.

The aggregate amount of mortgages insured and outstanding at any one time with respect to new communities cannot exceed \$250 million.

No development may be approved as a new community unless the construction of such development has been approved by the local governing body or bodies of the locality or localities in which it will be located and by the Governor of the State. However, in "home rule" cases; that is, if the locality or localities have been delegated general powers of local self-government by State law or constitution (as determined by the Secretary), the approval of the Governor shall not be required.

A development will be eligible for approval as a new community if the Secretary determines that it will, in view of its size and scope, make a substantial contribution to the sound and economic growth of the area within which it is located in the form of—

- (1) Substantial economies, made possible through large-scale development, in the provision of improved residential sites;
- (2) Adequate housing to be provided for those who would be employed in the community or the surrounding area;
- (3) Maximum accessibility from the new residential sites to industrial or other employment centers and commercial, recreational, and cultural facilities in or near the community; and
- (4) Maximum accessibility to any major central city in the area.

The objectives and planning criteria for the title X land development program are also applicable with respect to new communities. The Secretary will, under the regular already enacted provisions of title X, review the site development plan to determine that it is consistent with overall comprehensive plans or planning actually being carried out for the area in which the community is to be located.

*Section 401(b).*—Provides that no mortgage with respect to a new community may be insured after October 1, 1972, except pursuant to a commitment to insure entered into before that date.

## MORTGAGE AMOUNT AND TERM

*Section 402(a).*—Amends section 1002(c) of the National Housing Act to increase from \$10 to \$25 million the maximum mortgage amount permitted at any one time for a single land development mortgage under title X. This makes possible sufficient credit assistance for very large developments, including new communities.

*Section 402(b).*—Amends section 1002(d) of the National Housing Act to exempt new communities approved by the Secretary from the 7-year maximum mortgage maturity generally applicable under existing law to mortgages under the land development program. Such an exemption is already provided in the case of privately owned water or sewerage systems.

## ENCOURAGEMENT OF SMALL BUILDERS

*Section 403.*—Amends prior section 1004 of the National Housing Act (redesignated by this new law as section 1005) to make it clear that the present requirements for encouraging broad participation by builders in the land development program are intended to encourage participation particularly by small builders.

## WATER AND SEWERAGE FACILITIES

*Section 404.*—Amends prior section 1005 of the National Housing Act (redesignated section 1006) to require that in the case of a new community approved by the Secretary the land shall be served after its development by public systems for water and sewerage which are consistent with other existing or prospective systems in the area, with several exceptions. In the case of water systems, the land may be served by privately or cooperatively owned systems consistent with other existing or prospective systems in the area which are approved as adequate by the Secretary, are regulated or supervised by the State or political subdivision or agency thereof, or (in the absence of such State or local regulation or supervision) are otherwise regulated in a manner acceptable to him with respect to user rates and charges, capital structure, methods of operation, rate of return, and conditions of any sale or transfer.

In the case of sewerage systems, the land may be served by existing privately or cooperatively owned systems under conditions similar to those with respect to water systems. If it is necessary to develop a new system, it must be a public system unless the Secretary determines that public ownership of a new system is not feasible. In such a case the land may be served by an adequate privately or cooperatively owned new system, but only under the following conditions:

(1) The Secretary finds the system consistent with other existing or prospective systems within the area;

(2) The system will be regulated (or supervised) during the period of such private or cooperative ownership by a State or political subdivision, or in the absence of such supervision or regulation, in a manner acceptable to the Secretary with respect to user rates and charges, capital structure, methods of operation, and rate of return; and

( 3) The Secretary receives assurances satisfactory to him with respect to eventual public ownership and operation of the system and with respect to the conditions and terms of any sale or transfer.

#### FNMA SPECIAL ASSISTANCE FOR NEW COMMUNITIES

*Section 405.*—Amends section 302(b) of the National Housing Act to make FHA-insured mortgages with respect to new communities eligible for purchase by the Federal National Mortgage Association under its special assistance program.

#### URBAN PLANNING GRANTS

*Section 406.*—Amends section 701(a) of the Housing Act of 1954 to make urban planning grants thereunder available to official governmental planning agencies for areas where new communities are to be developed with mortgage insurance assistance under the program.

#### PUBLIC FACILITY LOANS

*Section 407.*—Amends section 202 of the Housing Amendments of 1955 to waive the population limit (50,000) on the political jurisdictions eligible to receive public facility loans thereunder in the case of public facilities serving new communities within such jurisdictions.

### TITLE V—MORTGAGE INSURANCE FOR GROUP PRACTICE FACILITIES

#### PURPOSE

*Section 501.*—States that it is the purpose of title V to assure the availability of credit on reasonable terms to units or organizations engaged in the group practice of medicine, optometry, or dentistry (particularly those in smaller communities, and those sponsored by cooperative or other nonprofit organizations) to assist in financing the construction and equipment of group practice facilities.

#### ESTABLISHMENT OF PROGRAM

*Section 502(a).*—Adds to the National Housing Act a new title XI, authorizing mortgage insurance for group practice facilities. The new title provides as follows:

##### *Section 1101.—Insurance of mortgages*

Subsection (a) authorizes the Secretary of Housing and Urban Development to insure and make commitments to insure mortgages financing group practice facilities. No mortgage may be insured after October 1, 1969, except pursuant to a commitment issued before that date.

Subsection (b) requires that the mortgagor (which must be a "group practice unit or organization") and the mortgagee be approved by the Secretary, and that the mortgage cover property to be constructed or rehabilitated for use as a "group practice facility." It also prohibits insurance of any mortgage unless the applicant shows inability to obtain the mortgage loan on comparable terms without such insurance. The facility must be

constructed in an economical manner and not be of elaborate or extravagant design or materials.

Subsection (c) limits the amount of a mortgage to 90 percent of the estimated value of the facility after construction or rehabilitation and \$5 million. Maturity of a mortgage cannot exceed 25 years, and the interest rate cannot exceed 6 percent.

Subsection (d) makes the Secretary's insurance contracts conclusive evidence of eligibility for insurance, and incontestable in the hands of an approved mortgagee except for fraud or misrepresentation.

Subsection (e) requires the mortgagor to agree to use the property as a group practice facility as long as the insured mortgage is outstanding.

Subsection (f) requires the mortgagor and mortgagee to keep such records and make such reports as the Secretary may require, and to permit examination of their records by the Secretary.

#### *Section 1102.—Premiums*

This section authorizes the Secretary to fix premiums of not more than 1 percent, payable in cash or debentures, for mortgage insurance under the program, and to impose appropriate charges for analysis, appraisal, and inspection as well as an adjusted premium charge in case of prepayment.

#### *Section 1103.—Payment of insurance benefits*

This section provides for payment of insurance benefits under the new program (from the general insurance fund) in the same manner as under FHA's section 207 regular rental housing program.

#### *Section 1104.—Regulations*

This section authorizes the Secretary to prescribe the regulations necessary to carry out the new program, after consulting with the Secretary of Health, Education, and Welfare on the health and medical matters involved.

#### *Section 1105.—Administration*

Subsection (a) authorizes the Secretary to provide technical assistance in planning and constructing group practice facilities, at the request of persons operating or planning the operation of such facilities.

Subsection (b) authorizes the Secretary, in order to avoid unnecessary duplication, to use (and pay for) existing services and facilities of other Federal agencies under agreements with the heads of such agencies.

#### *Section 1106.—Definitions*

This section defines the principal terms used in the new title XI, including "group practice facility," "medical or dental group," "group practice unit or organization," "nonprofit organization," "State," "mortgage," "mortgagee," and "mortgagor."

A "group practice facility" is a facility for the provision (by a medical or dental group) of medical (including osteopathic), optometric, or dental diagnosis, care and treatment for ambula-

tory patients, under the supervision of appropriately licensed professional personnel.

A "medical or dental group" is a partnership or other association or group of physicians (including osteopathic physicians), optometrists, or dentists, or combination thereof, who undertake the coordinated practice of their profession in one or more group practice facilities, sharing overhead expenses, records, equipment, and staff, and who make available at least such health services as may be required by the regulations prescribed under section 1104.

A "group practice unit or organization" can be (A) a private nonprofit agency or organization which will provide, directly or through arrangements with a medical or dental group, comprehensive medical care, optometric care, or dental care, or any combination thereof (which may include hospitalization), to members or subscribers primarily on a group practice prepayments basis; or (B) a private nonprofit agency or organization established for the purpose of improving the availability of medical, optometric, or dental care in the community or having some function or functions related to the provision of such care, which will through lease or other arrangement, make the group practice facility with respect to which assistance has been requested under this title available to a medical or dental group for use by it.

A "nonprofit organization" can be a corporation, association, foundation, trust, or other organization no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual except, in the case of an organization the purposes of which include the provision of personal health services to its members or subscribers or their dependents under a plan of such organization for the provision of such services to them (which plan may include the provision of other services or insurance benefits to them), through the provision of such health services (or such other services or insurance benefits) to such members or subscribers or dependents under such plan.

*Section 502(b).*—Amends section 227 of the National Housing Act to require cost certification in the case of group practice facility financed with a mortgage insured under the new program.

#### LABOR STANDARDS

*Section 503.*—Amends section 212(a) of the National Housing Act to require compliance with the prevailing wage provisions of the Davis-Bacon Act in the construction of group practice facilities financed with mortgages insured under the new program. It also requires payment of time and a half for work performed in the construction of these facilities in excess of 8 hours in a day or 40 hours in a week.

#### AMENDMENTS TO OTHER FEDERAL LAWS

*Section 504(a).*—Amends section 5136 of the Revised Statutes to exempt national banks, with respect to their dealings in and purchases of insured title XI mortgages, from certain restrictions and limitations which would otherwise apply, and also amends section 24 of the Federal Reserve Act to permit national banks to make insured title XI

loans without regard to certain restrictions and limitations which would otherwise apply.

*Section 504(b).*—Amends section 304 of the Trust Indenture Act of 1939 to exempt securities issued under an insured title XI mortgage from the requirements of that act (and from the Securities Act of 1933).

*Section 504(c).*—Amends section 263 of the Bankruptcy Act to make that act inapplicable to creditors under an insured title XI mortgage.

## TITLE VI—PRESERVATION OF HISTORIC STRUCTURES

### PRESERVATION OF HISTORIC STRUCTURES AS PART OF URBAN RENEWAL PROJECTS

*Sections 601(a)–(c).*—Amend section 110 of the Housing Act of 1949 to specify that an urban renewal plan shall provide information on proposed historic and architectural preservation activities; that the acquisition and restoration of real property within the urban renewal area to promote historic and architectural preservation may, where necessary for that purpose, be an urban renewal project activity; and that the relocation (within or outside a project area) and restoration of properties of historic or architectural value will also be eligible as urban renewal project activities.

### LOCAL GRANT-IN-AID CREDIT FOR RELOCATION AND RESTORATION OF HISTORIC STRUCTURES

*Section 602.*—Amends 110(d) of the Housing Act of 1949 to authorize “local grant-in-aid” credit for assistance provided by a public body in relocation and restoration activities related to properties of architectural or historic value.

### GRANTS TO NATIONAL TRUST FOR HISTORIC PRESERVATION TO COVER RESTORATION COSTS

*Section 603(a).*—Authorizes the Secretary to make grants from funds appropriated therefor, in amounts up to \$90,000 per structure, to the National Trust for Historic Preservation to cover the cost of restoring structures of historic or architectural value which such trust will maintain for historic purposes.

*Section 603(b).*—Authorizes appropriations of such sums as may be necessary for grants under subsection (a).

### URBAN PLANNING GRANTS FOR SURVEYS OF HISTORIC STRUCTURES

*Section 604.*—Amends section 701 of the Housing Act of 1954 by adding a new subsection (h), authorizing the Secretary to make grants to assist cities, other municipalities, and counties in making surveys (in accordance with criteria comparable to those used by the Secretary of the Interior for the National Register) of structures and sites determined to be of historic or architectural value in order to identify such structures and sites, determine the cost of their rehabilitation and restoration, and provide related information. Such a grant, which could be in an amount up to two-thirds of the cost of the survey involved, would be made to the appropriate planning agency as presently provided for or (if no such agency is qualified

and willing to receive and use the grant for such survey) directly to the city or municipality.

#### GRANTS FOR HISTORIC PRESERVATION

*Section 605(a).*—Amends the heading of title VII of the Housing Act of 1961 to refer to grants for historic preservation as well as those for open-space land and urban beautification.

*Section 605(b).*—Amends section 701 of the 1961 act to state that there is need for timely action to preserve and restore areas, sites, and structures of historic or architectural value.

*Section 605(c).*—States that title VII of the 1961 act may be used to assist in preserving areas and properties of historic or architectural value by their acquisition, improvement, and restoration.

*Section 605(d).*—Amends section 702(e) of the 1961 act to require consultation and exchange of information (including current listings on the National Register) between the Secretary and the Secretary of the Interior in connection with historic preservation grants.

*Sections 605 (e) and (f).*—Amend sections 706 and 708 of the 1961 act to authorize \$10 million for 90-percent grants for demonstration projects in historic preservation or open-space activities, as well as in urban beautification.

*Section 605(g).*—Adds provisions to the 1961 act to authorize the Secretary to make up to 50-percent grants to States and local public bodies for the acquisition, restoration, or improvement of areas, sites, and structures of historic or architectural value in urban areas in accord with the comprehensively planned development of the locality.

*Section 605(h).*—Provides that no grants for historic preservation may be made under the urban renewal, urban planning, or open space and urban beautification programs, beginning 3 years after the date of enactment of this act, except for activities in accord with criteria which the Secretary establishes as comparable to those used in connection with the National Register which is to be maintained by the Secretary of the Interior.

#### TITLE VII—URBAN RENEWAL

##### LOCAL GRANTS-IN-AID

*Section 701.*—Amends section 110(d) of the Housing Act of 1949 to authorize the Secretary to count as a local grant-in-aid credit 25 percent of expenditures, or \$3.5 million, whichever is less, for a publicly owned facility, the construction of which was begun not earlier than 3 years prior to the date of enactment of the act, if such facility (a) is to be used for cultural, exhibition or civic purposes, or for a city hall or public safety building, or is built or rehabilitated by a public university and is to be used for treatment of physical or mental disabilities or medical research; (b) is in or near the urban renewal project; (c) contributes materially to the objectives of the urban renewal plan; and (d) is not otherwise eligible as a local grant-in-aid.

##### AIR RIGHTS SITES IN URBAN RENEWAL PROJECTS

*Sections 702 (a) and (b).*—Amend sections 110(c) (1) and (7) of the Housing Act of 1949 to permit air rights sites in urban renewal projects to be used for industrial development if determined to be unsuitable

for use for low- and moderate-income housing. It also permits the cost of construction of foundations and platforms for air rights industrial sites to be counted as part of gross project cost.

#### ADDITIONAL REQUIREMENTS FOR REDEVELOPMENT OF URBAN RENEWAL AREA

*Sections 703 (a) and (b).*—Add to section 105 of the Housing Act of 1949 a requirement that any urban renewal area which is being redeveloped for predominantly residential uses will provide a substantial number of units of standard housing of low and moderate cost and result in marked progress in serving poor and disadvantaged people living in slum and blighted areas. This provision is made applicable only to urban renewal projects undertaken pursuant to urban renewal plans approved after the date of enactment of the act.

#### THREE-FOURTHS GRANTS FOR PROJECTS IN CERTAIN REDEVELOPMENT AREAS

*Section 704.*—Provides capital grant assistance on a three-fourths, rather than on the usual two-thirds basis to urban renewal projects in municipalities situated in areas which, at any time after a loan and grant contract has been entered into (before completion of the project) were designated as "redevelopment areas" under the Public Works and Economic Development Act of 1965 (or its predecessor the Area Redevelopment Act).

#### EXPENDITURES BY EDUCATIONAL INSTITUTIONS AND HOSPITALS

*Section 705.*—Amends section 112(a) of the Housing Act of 1949 to provide that costs incurred by universities and hospitals in connection with urban renewal projects shall, to the extent such expenditures are otherwise eligible, be deemed eligible as local grant-in-aid credit if the facilities, land, buildings, or structures involved by the expenditures are located within 1 mile of the urban renewal project.

#### SEWER SYSTEMS IN REDEVELOPMENT OF URBAN RENEWAL AREA

*Section 706.*—Adds to section 105 of the Housing Act of 1949 a new subsection (g) to the effect that contracts for loans or capital grants shall require that consideration has been given in the redevelopment of any urban renewal project, to the development of a sewer system to serve the urban renewal area which will, to the maximum extent feasible, provide for effective control of storm and sanitary wastes.

### TITLE VIII—RURAL HOUSING

*Section 801.*—Amends section 501(a) of the Housing Act of 1949 to remove the present requirement that existing farm and nonfarm rural dwellings and farm service buildings purchased with rural housing loans must have been "previously occupied."

*Section 802.*—Amends section 502(a) of the Housing Act of 1949 to permit the Secretary of Agriculture to accept a comaker in the case of any applicant for a rural housing loan under title V of such act who is deficient in repayment ability. Prior law permitted comakers only in the case of loans made to the elderly.

*Section 803.*—Amends section 504 of the Housing Act of 1949 to increase from \$1,000 to \$1,500 the maximum amount of a loan, grant, or combined loan and grant for repairs and improvements to owner-occupied rural dwellings or farm service buildings which are necessary to make them safe and sanitary.

*Sections 804 (a) and (b).*—Amend section 515 of the Housing Act of 1949 to expand the purposes of direct loans to private nonprofit corporations and consumer cooperatives under that section to include rental housing for the low-income rural nonelderly. Under prior law such loans were restricted to housing for the rural elderly of low or moderate income.

*Section 805(a).*—Amends section 515 of the Housing Act of 1949 to make cooperative housing eligible for direct or insured rural housing loans. Under prior law loans under section 515 could be made to consumer cooperatives, but only for the purpose of "rental" housing.

*Section 805(b).*—Amends section 515(b) of the Housing Act of 1949 to make insured rural housing loans available for housing for the rural nonelderly who have moderate incomes, as well as for the rural elderly.

*Section 805(c).*—Amends section 515(d)(4) of the Housing Act of 1949 to permit fees and charges paid by nonprofit corporations or consumer cooperatives for the services of nonprofit consulting organizations and foundations to be included as part of the development cost of housing financed with rural housing loans or loan insurance.

*Section 806.*—Amends section 517(a) of the Housing Act of 1949 to remove the existing \$300 million annual ceiling on new loans insured for families with low or moderate incomes and substitute an expiration date of October 1, 1969, thus making this insured rural housing loan program consistent with the section 515 insured loan program and with the urban housing programs which also expire on that date.

*Sections 807 (a) and (b).*—Amend section 501 of the Housing Act of 1949 to authorize the Secretary of Agriculture to extend financial assistance for refinancing of rural housing and essential farm service buildings when the lack of refinancing is likely to result in loss of an applicant's necessary dwelling or essential farm service building.

## TITLE IX—URBAN INFORMATION AND TECHNICAL ASSISTANCE SERVICES

### PURPOSE

*Section 901.*—Declares that the purpose of title IX is to assist States to make available information and data on urban needs and assistance programs and activities, and to provide technical assistance to small communities with respect to the solution of urban problems.

### GRANT AUTHORITY

*Section 902(a).*—Authorizes the Secretary to make grants to States to help finance programs to provide small communities having populations of less than 100,000 (1) information and data on urban needs and assistance programs and activities, and (2) technical assistance with respect to the solution of local problems.

*Section 902(b).*—Requires that a program assisted under this section shall (1) specify the activities to be carried on and justify their

necessity and costs, and (2) represent substantially increased or improved activities on the part of the applicant.

#### AMOUNT OF GRANT

*Section 903(a).*—Limits the Federal grant for an urban information and technical assistance program to 50 percent of its cost.

*Section 903(b).*—Prohibits the making of grants under this title to assist in assembling data, or providing information, to be used primarily in the day-to-day operations of State or local governing bodies and agencies.

#### COOPERATION AND COORDINATION

*Section 904(a).*—Requires Federal departments and agencies to cooperate with States in providing information to assist them in carrying out urban information and technical assistance programs.

*Section 904(b).*—Requires the Secretary to seek to insure the greatest practicable coordination of urban information and technical assistance programs established under this title.

#### DEFINITIONS

*Section 905.*—Defines certain terms for purposes of this title, including "State," which is to mean any State, Puerto Rico, the Virgin Islands, Guam, American Samoa, or an agency or instrumentality designated by the chief executive of any of the foregoing, or a state-wide agency or instrumentality of its political subdivisions designated by the chief executive; and "small communities," which is to mean communities with a population of less than 100,000.

#### APPROPRIATIONS

*Section 906.*—Authorizes grant appropriations of up to \$2.5 million for fiscal year 1967 and up to \$5 million for fiscal year 1968. Appropriations authorized are to remain available until expended.

### TITLE X—MISCELLANEOUS

#### HOUSING FOR THE ELDERLY OR HANDICAPPED

*Section 1001.*—Makes a change in the effective date of the 3-percent ceiling on the interest rate applicable to elderly or handicapped housing loans which was enacted by section 105 of the Housing and Urban Development Act of 1965. Under this change, the 3-percent ceiling would apply not only to loans made on or after the date of enactment of the 1965 act but also to loans made before such date if the construction involved was not begun before such date and was not completed prior to application for the benefits of such ceiling.

#### LOW-RENT HOUSING IN PRIVATE ACCOMMODATIONS—TERM OF LEASE

*Section 1002.*—Amends section 23(d) of the U.S. Housing Act of 1937 to provide that the term of the contract between the local public housing agency and the owner of housing to be used under the new program of low-rent housing in private accommodations enacted in

1965 may be as long as 60 months, rather than 36 months as previously provided.

#### APPLICATION OF DAVIS-BACON ACT TO LOW-RENT HOUSING PROJECTS CONSISTING OF PRIVATELY BUILT HOUSING

*Section 1003.*—Amends section 16(2) of the U.S. Housing Act of 1937 to require compliance with the prevailing wage provisions of the Davis-Bacon Act in the construction of privately owned structures to be used as low-rent housing (except under the section 23 program) in cases where an agreement that the structure will be so used is entered into by the local agency and the builder or sponsor before construction begins. In addition, payment of time and a half would be required for work performed in such cases in excess of 8 hours in a day or 40 hours in a week.

#### ASSISTANCE FOR HOUSING IN ALASKA

*Section 1004.*—Authorizes the appropriation of \$10 million for loans and grants to the State of Alaska (or an agency thereof) to assist in the provision of housing and related facilities, in accordance with a statewide program, for Alaskan natives and other Alaska residents otherwise not able to afford such housing. Grants cannot exceed 75 percent of the aggregate cost of the housing and related facilities to be constructed. Cost of a dwelling unit (including related facilities) cannot exceed an average of \$7,500 per dwelling unit.

#### FNMA PARTICIPATION IN FHA-INSURED CONSTRUCTION FINANCING

*Section 1005.*—Adds to section 305 of the National Housing Act a new subsection (i), authorizing the Federal National Mortgage Association to participate (up to 95 percent) in making FHA-insured advances during construction on a section 213 cooperative housing mortgage, or a section 221(d)(3) mortgage executed by a cooperative (including an investor-sponsor), a limited dividend corporation, a nonprofit corporation, or a builder-seller mortgagor qualified under section 221(e).

The private mortgagee (whose fee would be approved by the Secretary as to reasonableness) will do all the administrative work of servicing and processing the advances.

#### FNMA SPECIAL ASSISTANCE FOR FINANCING LOW-COST HOMES

*Section 1006.*—Contains a finding by the Congress that the sharp decline in new home construction over the past year threatens to undercut the present high level of prosperity and employment; that the substantial reduction which has taken place has had its greatest impact on families of modest income who are seeking to achieve the goal of homeownership; that this decline in homebuilding is due primarily to the shortage of mortgage financing on terms which moderate income families can afford; that policy objectives in the field of housing and community development are thereby being thwarted. This section states further that therefore the Congress expresses its intent that the special assistance funds made available to the Federal National Mortgage Association for financing new low-cost homes

(by Public Law 89-566) should be released immediately to halt the continuing decline in the construction of new homes for families of moderate income.

#### FNMA STANDBY COMMITMENTS

*Section 1007.*—Amends section 304(a) of the National Housing Act to eliminate the requirement that FNMA's advance commitments to purchase mortgages in its secondary market operations be issued only at specified prices.

#### PLANNING GRANTS FOR RESEARCH ON STATE STATUTES AFFECTING LOCAL GOVERNMENTS

*Section 1008.*—Amends section 701(b) of the Housing Act of 1954 to permit section 701 planning grant funds to be used, under the demonstration program (for which 5 percent of such funds are set aside), for grants to assist in studies and research on needed revisions in those State statutes which create, govern, or control local governmental operations.

#### PUBLIC FACILITY LOANS

*Section 1009.*—Adds to section 202 of the Housing Amendments of 1955 a new subsection (f), making section 202(c) restrictions and limitations inapplicable to assistance to municipalities for specific projects for cultural centers.

#### APPLYING ADVANCES IN TECHNOLOGY TO HOUSING AND URBAN DEVELOPMENT

*Section 1010(a).*—Authorizes the Secretary to encourage and assist the housing industry to reduce the cost and improve the quality of housing by the application to housing and urban development of advances in technology, and to encourage and assist the application of advances in technology to urban development activities.

*Section 1010(b).*—Specifies that research and studies conducted under this section shall include advances in technology relating to (1) design, (2) construction and rehabilitation methods, (3) manufacturing processes, (4) materials and products, and (5) building components.

*Section 1010(c).*—Authorizes the Secretary to carry out the research and study either directly or by contract with public bodies or agencies, or by working agreement with other Federal departments and agencies.

*Section 1010(d).*—Authorizes \$5 million for fiscal 1967 and \$10 million for fiscal 1968 to be appropriated for this program, and also authorizes funds appropriated to remain available until expended.

*Section 1010(e).*—Provides that nothing in the section shall limit the Secretary's authority under title III of the Housing Act of 1948, section 602 of the Housing Act of 1956, or any other provision of law.

#### URBAN ENVIRONMENTAL STUDIES

*Sections 1011(a)-(e).*—Direct the Secretary, in order to improve understanding of the environmental conditions necessary for the well-being of an urban society, to carry out a comprehensive program of studies, surveys, research, and analyses (directly, or by 2-year con-

tracts with public or private bodies or agencies, or by working agreement with other Federal agencies) to document and define urban environmental factors which must be controlled or eliminated, to establish a coordinated system of collecting and receiving information and data on urban ecological research and evaluations, and evaluating, disseminating, and utilizing information and data on urban ecological research.

The Secretary is also authorized to establish advisory committees to render advice and submit recommendations for carrying out the program, and members of such committees may receive up to \$100 per day when engaged in performing their duties.

#### MORTGAGE RELIEF FOR CERTAIN HOMEOWNERS

*Section 1012.*—Contains a series of clarifying amendments to section 107 of the Housing and Urban Development Act of 1965, the provision which authorizes the FHA and the VA to make mortgage payments where the mortgagor is unable to make the payments as a result of the closing of a Federal installation. In addition, the specified period for making such payments is extended from 1 to 2 years, or until the mortgagor notifies the FHA or the VA that he is able to resume payments, or until he ceases to be a "distressed mortgagor," whichever occurs earliest.

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

*Sections 1013 (a)-(j).*—Authorize the Secretary of Defense (1) to acquire, for 90 percent of its preclosing value, housing situated at or near a military base or installation which has been ordered to be closed where such housing is owned by a serviceman or other Federal employee whose employment or service there will be terminated by such closing, and (2) as an alternative to make cash payments, in amounts equal to the difference between the fair market value of the housing involved at the time of the sale or foreclosure and 95 percent of its preclosing fair market value, in similar situations (including situations where the housing has already been sold at a loss or taken by foreclosure). Appropriations for property acquisition may be made only as specifically authorized in military construction authorization acts, and moneys may be spent from the fund established to carry out the section only to the extent provided in appropriation acts. This section also repeals section 108 of the Housing and Urban Development Act of 1965, which it replaces.

#### COLLEGE HOUSING

*Section 1014(a).*—Amends section 404(b)(4) of the Housing Act of 1950 to make eligible for college housing loans State authorities established for the purpose of providing housing for students or faculties in private educational institutions.

*Section 1014(b).*—Amends section 401(d) of the Housing Act of 1950 to permit any portion of the statutory amount of annual increase in funds for loans for hospitals (\$30 million) which is not utilized for loans for this category, to be used for loans for "other educational facilities" under the college housing loan program.

STUDY CONCERNING RELIEF OF HOMEOWNERS IN PROXIMITY TO AIRPORTS

*Section 1015.*—Extends until 6 months after the enactment of this new act the time allowed the Secretary of Housing and Urban Development for reporting the results of his study (provided for in section 1113 of the Housing and Urban Development Act of 1965) concerning relief of homeowners who reside in the vicinity of airports. It also authorizes appropriation of \$100,000 for this study.

QUARTERS AND FACILITIES FOR FEDERAL HOME LOAN BANKS AND THE  
FEDERAL HOME LOAN BANK BOARD

*Section 1016(a).*—Amends section 12 of the Federal Home Loan Bank Act to permit Federal home loan banks, with the prior approval of the Federal Home Loan Bank Board, to purchase or construct appropriate quarters for the conduct of their banking business.

*Section 1016(b).*—Amends section 18 of the act to authorize the Board, utilizing the services of the General Services Administration, to acquire a site in the District of Columbia and construct thereon suitable buildings and facilities for the Board and its agencies (including the Federal Savings and Loan Insurance Corporation).

SMALL BUSINESS ACT

*Section 1017.*—Amends section 8(b) of the Small Business Act, which authorizes SBA to provide advice and counsel to small business firms, to permit members of nonprofit groups which cooperate with SBA to use available office facilities and related materials and services.

USE OF CERTAIN LANDS FOR CIVIL DEFENSE PURPOSES

*Section 1018.*—Amends section 2 of the act of August 10, 1949, to provide that a portion of the tract of land conveyed to the State of Maryland pursuant to that act may be used for civil defense purposes (instead of or in addition to National Guard purposes) without causing the land to revert to the United States.

MORTGAGE INSURANCE FOR LAND DEVELOPMENT—CLARIFYING  
AMENDMENTS

*Section 1019.*—Amends section 1001(d) of the National Housing Act to perfect the title X FHA mortgage insurance program for land development by adding clarifying language including "steam, gas, and electric lines and installations" and "industrial uses."

MISCELLANEOUS AND TECHNICAL AMENDMENTS

*Section 1020(a).*—Repeals the existing requirement (in section 106(d) of the Housing Act of 1949) that contracts under the urban renewal law which exceed \$1,000 may be made only after advertising for bids; such contracts would accordingly become subject to the general Federal law, which imposes the requirement of advertising only where the amount of the contract exceeds \$2,500.

*Sections 1020 (b), (c), (d), (e), (f), and (g).*—Make amendments which are technical or clerical in nature. (Subsections (e) and (g)

include amendments reflecting the new title XI of the National Housing Act which would be added by title V of the act.)

*Section 1020(h).*—Reenacts and amends section 102(h) of the Housing Amendments of 1955 (which in effect had been repealed by the recent law that established the Department of Housing and Urban Development) to reenact the directive contained in that provision for the appointment of a Special Assistant for Cooperative Housing. This section of the act adds to the duties of such assistant the cooperative housing programs under section 221(d)(3) of the National Housing Act and cooperatives receiving rent supplements under section 101 of the Housing and Urban Development Act of 1965.

## LEGISLATIVE HISTORY

Four weeks of hearings were held by the Subcommittee on Housing of the House Committee on Banking and Currency on housing and urban development legislation including the administration-proposed bills, H.R. 12341 (demonstration cities), H.R. 12946 (Urban Development Act), H.R. 13064 (housing and urban development amendments), H.R. 9256 (group medical practice facilities), and other pending legislation. These and other bills were incorporated into H.R. 15890, the Housing and Urban Development Act of 1966, which was reported from the full committee on June 28, 1966, House Report No. 1699. No rule was granted on this bill and there was no further action on it.

Meanwhile, the Subcommittee on Housing of the Senate Committee on Banking and Currency held hearings on pending legislation April 19-29, 1966. Two bills were reported by the Senate committee—S. 3711, the Housing and Urban Development Act of 1966, and S. 3708, the Demonstration Cities and Metropolitan Development Act. S. 3711 passed the Senate on August 12 by a vote of 61 to 3, and S. 3708 was approved by the Senate on August 19 by a vote of 53 to 22.

In the House, both Senate bills were referred to the Committee on Banking and Currency which, on September 1, reported S. 3708 with an amendment in the nature of a substitute incorporating the major features of H.R. 15890, S. 3708, and S. 3711. A rule was granted on September 21 (H. Res. 1023). The House version of S. 3708 was considered on the floor of the House on October 13 and 14. A motion to recommit which would have stricken the grant money from title I and all of title II was defeated by a vote of 175 to 149. The bill was then approved by a vote of 178 to 141. A conference with the Senate was held on October 17 and 18 and the conference report, House Report No. 2301, was approved by the Senate on October 18 and by the House on October 20 by a vote of 142 to 126. The act was signed into law on November 3, 1966.

# DEMONSTRATION CITIES AND METROPOLITAN DEVELOPMENT ACT OF 1966

OCTOBER 18, 1966.—Ordered to be printed

Mr. PATMAN, from the committee of conference, submitted the  
following

## CONFERENCE REPORT

[To accompany S. 3708]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3708) to assist comprehensive city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in those areas, to assist and encourage planned metropolitan development, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following: *That this Act may be cited as the "Demonstration Cities and Metropolitan Development Act of 1966".*

**Note.**—The Conference Report was approved by both Houses, transmitted to the President, and signed into law on November 3, 1966. The text can be found on page 43 of this compilation; therefore, only the statement of the managers on the part of the House is included at this point.

## STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3708) to assist comprehensive city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in those areas, to assist and encourage planned metropolitan development, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House struck out all of the Senate bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the House amendment and the Senate bill. Except for technical, clarifying, and conforming changes, the following statement explains the differences between the House amendment and the substitute agreed to in conference.

## TITLE I—COMPREHENSIVE CITY DEMONSTRATION PROGRAMS

*Priority of use of demonstration grant funds*

The House amendment provided that grants under the demonstration cities program would be used either for federally assisted projects or for other projects undertaken as part of such a program. The Senate bill provided that such grants shall be used to assist new projects not federally assisted and only if not necessary for such projects may they be used for federally assisted projects. The conference report contains the Senate language.

## TITLE II—PLANNED METROPOLITAN DEVELOPMENT

*Metropolitan expediter*

The Senate bill contained a provision not included in the House amendment authorizing the appointment of a metropolitan expediter upon request of local officials and after consultation with local officials. The conference report contains the Senate language with a modification requiring that the central city in any metropolitan area must request the appointment of such an official. The conferees wish to emphasize that this expediter is intended to be the servant of the cities in the metropolitan area, and his functions are limited to providing information, data, and assistance to local authorities and private individuals and entities in the area.

## TITLE III—FHA INSURANCE OPERATIONS

*Cooperative housing*

The House amendment contained provisions increasing each of the per family unit limitations under FHA section 213, cooperative housing program by \$2,500 and authorizing additional exterior land improvement to be financed under that program. The Senate bill contained neither provision and none is contained in the conference report.

*Eligibility for occupancy for section 221(d)(3) below-market-interest-rate housing*

The House amendment contained a provision prohibiting occupancy of section 221(d)(3) below-market-interest-rate housing by families with an annual income of \$10,000 or more. The Senate bill contained no such provision and none is contained in the conference report. The conferees, however, wish to emphasize that they expect the Secretary of Housing and Urban Development to limit this program to families of greatest need. The conferees recognize, of course, that higher ceilings are necessary in high-cost areas and for large families.

*Armed services housing mortgage insurance program*

The House amendment contained a provision which would have reactivated the Capehart FHA insurance program for the armed services. There was no such provision in the Senate bill and none is contained in the conference report.

*FHA section 810 program*

The House amendment contained a provision increasing from 5,000 to 10,000 the maximum number of units which may be covered by mortgages insured under FHA's program for off-base rental housing for the military. The House amendment would also have permitted additional types of mortgagors under this program. There were no comparable provisions in the Senate bill and none are contained in the conference report.

## TITLE IV—LAND DEVELOPMENT AND NEW COMMUNITIES

The House amendment contained a provision not included in the Senate bill increasing the maximum mortgage from \$10 million to \$25 million which FHA can insure for land development and authorizing this assistance for entire new communities. The conference report contains the House provision with three amendments which would terminate this authority on October 1, 1972; would require approval of any new community by the local governing body and by the Governor of the State (except in "home rule" cases); and would limit the total amount of insurance which can be outstanding under this provision at any one time to \$250 million.

## TITLE V—MORTGAGE INSURANCE FOR GROUP MEDICAL PRACTICE FACILITIES

The House amendment contained a provision authorizing FHA mortgage insurance for group practice medical facilities. The conference report retains this provision, with an amendment providing

that, while both profitmaking and nonprofit groups may participate in the program, the actual mortgagor under the new program must be a private nonprofit corporation.

#### TITLE VI—PRESERVATION OF HISTORIC STRUCTURES

##### *Loans for acquisition and rehabilitation of historic structures*

The House amendment contained a provision authorizing the use of below-market interest rate loans under section 312 of the Housing Act of 1964 for historic preservation purposes. There was no such provision in the Senate bill and none is contained in the conference report.

#### TITLE VII—URBAN RENEWAL

##### *Local grants-in-aid*

The House amendment contained a provision authorizing the Secretary to count as local credit for urban renewal purposes 25 percent of the cost of public facilities for cultural, exhibition, civic, or municipal purposes subject to certain other requirements. The conference report retains this provision with two amendments. First, the word "municipal" is stricken and the phrase "city hall or public safety building" is inserted, and second, certain medical facilities and mental health facilities could be included. Such credit would be limited to 25 percent of the cost of such facility or \$3.5 million, whichever is less. The conferees wish to emphasize that this provision is not intended as a "blank check" for the inclusion of such projects for urban renewal credit purposes and the provision includes the requirement that any such local project must "contribute materially to the objectives of the urban renewal plan or plans for such project or projects." The conferees further expect the Department of Housing and Urban Development to report back to the Congress by January of 1967 on the potential cost of section 701 of this act, together with recommendations for changes in existing law affecting local grants-in-aid.

##### *Application of prevailing wage requirements to multifamily housing in urban renewal areas*

The House amendment contained a provision which would have applied the Davis-Bacon Act prevailing wage requirement to conventionally financed multifamily housing built in urban renewal areas. There was no such provision in the Senate bill and none is contained in the conference report.

##### *Grant-in-aid credit under section 112 of the Housing Act of 1941*

The House amendment contained a provision defining the term "in the vicinity" as used in connection with local credits under urban renewal for certain expenditures by universities and hospitals to mean 1 mile and further giving the Secretary discretion to recognize expenditures beyond the 1-mile limit where he felt the facts justified it. The conference report contains the 1-mile provision but does not contain the discretionary authority beyond 1 mile.

##### *Sewer systems in urban renewal areas*

The House amendment contained a provision which would have required urban renewal areas to be served by storm sewer systems separate from sanitary sewer systems. There was no such provision

in the Senate bill. The conference report contains a provision requiring that to the maximum extent feasible urban renewal areas must be served by effective systems for the treatment of storm and sanitary wastes.

#### TITLE IX—URBAN INFORMATION AND TECHNICAL ASSISTANCE SERVICES

The Senate bill contained a provision authorizing matching grants (limited to appropriations of \$5 million for fiscal year 1967 and \$10 million for fiscal 1968) to States and metropolitan area agencies for the establishment of urban information and technical assistance centers. The conference report contains a provision authorizing matching grants through the States for technical assistance for communities up to 100,000 population, and authorizes the appropriation of \$2.5 million in fiscal 1967 and \$5 million for fiscal 1968 for this purpose.

#### TITLE X—MISCELLANEOUS

##### *Low-rent housing in private accommodations*

The House amendment contained a provision extending the maximum term of lease from 36 months to 60 months for private accommodations to be used as public housing but restricted the longer term to housing needed for displaced families. The conference report retained the increase in the maximum term to 60 months but does not restrict it to housing for displaced families.

##### *Open-space grants for development of existing open-space land*

The House amendment had a provision authorizing grants under the open space program for the development of land already owned by a municipality. There was no such provision in the Senate bill and none is contained in the conference report.

##### *Acquisition of property in areas affected by the closing of military bases*

The House amendment had a provision authorizing the Secretary of Defense to acquire the homes of property owners in areas affected by the closing of military bases or to make certain payments where the property had already been sold by the owner or the owner had lost it through foreclosure. The conference report contains the House amendment with perfecting modifications.

##### *Leasing of housing for bachelor military personnel*

The House amendment contained a provision authorizing the Secretary of Defense to lease for periods of up to 15 years appropriate housing for use as bachelor officer quarters. There was no comparable provision in the Senate bill and none is contained in the conference report.

##### *Hydrology research*

The House amendment contained a provision authorizing HUD to conduct studies and research concerning urban hydrology. There was no comparable provision in the Senate bill and none is contained in the conference report.

*Studies of State laws affecting cities*

The House amendment contained a provision authorizing the limited use of urban planning grant funds for studies of State laws affecting municipalities. This is retained in the conference report but the conferees wish to make clear that it is not intended that these funds be used in any way for lobbying State legislatures.

*Certain items not included in the conference report*

The Senate conferees strongly urged the adoption of five provisions approved by the Senate. These were: FHA mortgage insurance for seasonal homes, fellowships for graduate training in historic preservation, clarification of existing authority for the leasing of privately built housing for use as public housing, authority for FNMA to purchase mortgages insured or guaranteed prior to August 2, 1954, and a provision to conform to nomenclature used in various housing laws to reflect the creation of the Department of Housing and Urban Development. While the House conferees were impressed with the merits of these provisions, it was felt that they could not be accepted at this time, but there was agreement that the House Committee on Banking and Currency would take prompt action on them early next year.

WRIGHT PATMAN,  
ABRAHAM J. MULTER,  
WM. A. BARRETT,  
LEONOR SULLIVAN,  
HENRY S. REUSS,  
THOMAS L. ASHLEY,  
WILLIAM B. WIDNALL,

*Managers on the Part of the House.*

## An Act

To assist comprehensive city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in those areas, to assist and encourage planned metropolitan development, and for other purposes.

*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 "Demonstration Cities and Metropolitan Development Act of 1966".

### TITLE I—COMPREHENSIVE CITY DEMONSTRATION PROGRAMS

#### FINDINGS AND DECLARATION OF PURPOSE

SEC. 101. The Congress hereby finds and declares that improving the quality of urban life is the most critical domestic problem facing the United States. The persistence of widespread urban slums and blight, the concentration of persons of low income in older urban areas, and the unmet needs for additional housing and community facilities and services arising from rapid expansion of our urban population have resulted in a marked deterioration in the quality of the environment and the lives of large numbers of our people while the Nation as a whole prospers.

The Congress further finds and declares that cities, of all sizes, do not have adequate resources to deal effectively with the critical problems facing them, and that Federal assistance in addition to that now authorized by the urban renewal program and other existing Federal grant-in-aid programs is essential to enable cities to plan, develop, and conduct programs to improve their physical environment, increase their supply of adequate housing for low- and moderate-income people, and provide educational and social services vital to health and welfare.

The purposes of this title are to provide additional financial and technical assistance to enable cities of all sizes (with equal regard to the problems of small as well as large cities) to plan, develop, and carry out locally prepared and scheduled comprehensive city demonstration programs containing new and imaginative proposals to rebuild or revitalize large slum and blighted areas; to expand housing, job, and income opportunities; to reduce dependence on welfare payments; to improve educational facilities and programs; to combat disease and ill health; to reduce the incidence of crime and delinquency; to enhance recreational and cultural opportunities; to establish better access between homes and jobs; and generally to improve living conditions for the people who live in such areas, and to accomplish these objectives through the most effective and economical concentration and coordination of Federal, State, and local public and private efforts to improve the quality of urban life.

#### BASIC AUTHORITY

SEC. 102. The Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") is authorized to make grants and provide technical assistance, as provided by this title, to enable city demonstration agencies (as defined in section 112(2)) to plan, develop, and carry out comprehensive city demonstration programs in accordance with the purposes of this title.

## ELIGIBILITY FOR ASSISTANCE

SEC. 103. (a) A comprehensive city demonstration program is eligible for assistance under sections 105 and 107 only if—

(1) physical and social problems in the area of the city covered by the program are such that a comprehensive city demonstration program is necessary to carry out the policy of the Congress as expressed in section 101;

(2) the program is of sufficient magnitude to make a substantial impact on the physical and social problems and to remove or arrest blight and decay in entire sections or neighborhoods; to contribute to the sound development of the entire city; to make marked progress in reducing social and educational disadvantages, ill health, underemployment, and enforced idleness; and to provide educational, health, and social services necessary to serve the poor and disadvantaged in the area, widespread citizen participation in the program, maximum opportunities for employing residents of the area in all phases of the program, and enlarged opportunities for work and training;

(3) the program, including rebuilding or restoration, will contribute to a well-balanced city with a substantial increase in the supply of standard housing of low and moderate cost, maximum opportunities in the choice of housing accommodations for all citizens of all income levels, adequate public facilities (including those needed for education, health and social services, transportation, and recreation), commercial facilities adequate to serve the residential areas, and ease of access between the residential areas and centers of employment;

(4) the various projects and activities to be undertaken in connection with such programs are scheduled to be initiated within a reasonably short period of time; adequate local resources are, or will be, available for the completion of the program as scheduled, and, in the carrying out of the program, the fullest utilization possible will be made of private initiative and enterprise; administrative machinery is available at the local level for carrying out the program on a consolidated and coordinated basis; substantive local laws, regulations, and other requirements are, or can be expected to be, consistent with the objectives of the program; there exists a relocation plan meeting the requirements of the regulations referred to in section 107; the local governing body has approved the program and, where appropriate, applications for assistance under the program; agencies whose cooperation is necessary to the success of the program have indicated their intent to furnish such cooperation; the program is consistent with comprehensive planning for the entire urban or metropolitan area; and the locality will maintain, during the period an approved comprehensive city demonstration program is being carried out, a level of aggregate expenditures for activities similar to those being assisted under this title which is not less than the level of aggregate expenditures for such activities prior to initiation of the comprehensive city demonstration program; and

(5) the program meets such additional requirements as the Secretary may establish to carry out the purposes of this title: *Provided*, That the authority of the Secretary under this paragraph shall not be used to impose criteria or establish requirements except those which are related and essential to the specific provisions of this title.

(b) In implementing this title the Secretary shall—

(1) emphasize local initiative in the planning, development, and implementation of comprehensive city demonstration programs;

(2) insure, in conjunction with other appropriate Federal departments and agencies and at the direction of the President, maximum coordination of Federal assistance provided in connection with this title, prompt response to local initiative, and maximum flexibility in programing, consistent with the requirements of law and sound administrative practice; and

(3) encourage city demonstration agencies to (A) enhance neighborhoods by applying a high standard of design, (B) maintain, as appropriate, natural and historic sites and distinctive neighborhood characteristics, and (C) make maximum possible use of new and improved technology and design, including cost reduction techniques.

(c) The preparation of demonstration city programs should include to the maximum extent feasible (1) the performance of analyses that provide explicit and systematic comparisons of the costs and benefits, financial and otherwise, of alternative possible actions or courses of action designed to fulfill urban needs; and (2) the establishment of programing systems designed to assure effective use of such analyses by city demonstration agencies and by other government bodies.

(d) Nothing in this section shall authorize the Secretary to require (or condition the availability or amount of financial assistance authorized to be provided under this title upon) the adoption by any community of a program (1) by which pupils now resident in a school district not within the confines of the area covered by the city demonstration program shall be transferred to a school or school district including all or part of such area, or (2) by which pupils now resident in a school district within the confines of the area covered by the city demonstration program shall be transferred to a school or school district not including a part of such area.

#### FINANCIAL ASSISTANCE FOR PLANNING COMPREHENSIVE CITY DEMONSTRATION PROGRAMS

SEC. 104. (a) The Secretary is authorized to make grants to, and to contract with, city demonstration agencies to pay 80 per centum of the cost of planning and developing comprehensive city demonstration programs.

(b) Financial assistance will be provided under this section only if (1) the application for such assistance has been approved by the local governing body of the city, and (2) the Secretary has determined that there exist (A) administrative machinery through which coordination of all related planning activities of local agencies can be achieved, and (B) evidence that necessary cooperation of agencies engaged in related local planning can be obtained.

#### FINANCIAL ASSISTANCE FOR APPROVED COMPREHENSIVE CITY DEMONSTRATION PROGRAMS

SEC. 105. (a) The Secretary is authorized to approve comprehensive city demonstration programs if, after review of the plans, he determines that such plans satisfy the criteria for such programs set forth in section 103.

(b) The Secretary is authorized to make grants to, and to contract with, city demonstration agencies to pay 80 per centum of the cost of administering approved comprehensive city demonstration programs, but not the cost of administering any project or activity assisted under a Federal grant-in-aid program.

(c) To assist the city to carry out the projects or activities included within an approved comprehensive city demonstration program, the Secretary is authorized to make grants to the city demonstration agency of not to exceed 80 per centum of the aggregate amount of non-Federal contributions otherwise required to be made to all projects or activities assisted by Federal grant-in-aid programs (as defined in section 112(1)) which are carried out in connection with such demonstration program: *Provided*, That no Federal grant-in-aid program shall be considered to be carried out in connection with such demonstration program unless it is closely related to the physical and social problems in the area of the city covered by the program and unless it can reasonably be expected to have a noticeable effect upon such problems. The specific amount of any such grant shall take into account the number and intensity of the economic and social pressures in the sections or neighborhoods involved, such as those involving or resulting from population density, poverty levels, unemployment rate, public welfare participation, educational levels, health and disease characteristics, crime and delinquency rate, and degree of substandard and dilapidated housing. The amount of non-Federal contribution required for each project in a Federal grant-in-aid program shall be certified to the Secretary by the Federal department or agency (other than the Department of Housing and Urban Development) administering such program, and the Secretary shall accept such certification in computing the grants hereunder.

(d) Grant funds provided to assist projects and activities included within an approved comprehensive city demonstration program pursuant to subsection (c) of this section shall be made available to assist new and additional projects and activities not assisted under a Federal grant-in-aid program. To the extent such funds are not necessary to support fully such new and additional projects and activities, they may be used and credited as part or all of the required non-Federal contribution to projects or activities, assisted under a Federal grant-in-aid program, which are part of an approved comprehensive city demonstration program. Such grant funds, however, shall not be used—

- (1) for the general administration of local governments; or
- (2) to replace non-Federal contributions in any federally aided project or activity included in an approved comprehensive city demonstration program, if prior to the filing of an application for assistance under section 104 an agreement has been entered into with any Federal agency obligating such non-Federal contributions with respect to such project or activity.

#### TECHNICAL ASSISTANCE

SEC. 106. The Secretary is authorized to undertake such activities as he determines to be desirable to provide, either directly or by contracts or other arrangements, technical assistance to city demonstration agencies to assist such agencies in planning, developing, and administering comprehensive city demonstration programs.

## RELOCATION REQUIREMENTS AND PAYMENTS

SEC. 107. (a) A comprehensive city demonstration program shall include a plan for the relocation of individuals, families, business concerns, and nonprofit organizations displaced or to be displaced in the carrying out of such program. The relocation plan shall be consistent with regulations prescribed by the Secretary to assure that (1) the provisions and procedures included in the plan meet relocation standards equivalent to those prescribed under section 105(c) of the Housing Act of 1949 with respect to urban renewal projects assisted under title I of that Act, and (2) relocation activities are coordinated to the maximum extent feasible with the increase in the supply of decent, safe, and sanitary housing for families and individuals of low or moderate income, as provided under the comprehensive city demonstration program, or otherwise, in order to best maintain the available supply of housing for all such families and individuals throughout the city.

(b) (1) To the extent not otherwise authorized under any Federal law, financial assistance extended to a city demonstration agency under section 105 shall include grants to cover the full cost of relocation payments, as herein defined. Such grants shall be in addition to other financial assistance extended to such agency under section 105.

(2) The term "relocation payments" means payments by a city demonstration agency to a displaced individual, family, business concern, or nonprofit 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 section 114 (b), (c), (d), and (e) of the Housing Act of 1949 with respect to projects assisted under title I thereof.

(c) Subsection (b) shall not be applicable with respect to any displacement occurring prior to the date of the enactment of this Act.

## CONTINUED AVAILABILITY OF FEDERAL GRANT-IN-AID PROGRAM FUNDS

SEC. 108. Notwithstanding any other provision of law, unless hereafter enacted expressly in limitation of the provisions of this section, funds appropriated for a Federal grant-in-aid program which are reserved for any projects or activities assisted under such grant-in-aid program and undertaken in connection with an approved comprehensive city demonstration program shall remain available until expended.

## CONSULTATION

SEC. 109. In carrying out the provisions of this title, including the issuance of regulations, the Secretary shall consult with other Federal departments and agencies administering Federal grant-in-aid programs. The Secretary shall consult with each Federal department and agency affected by each comprehensive city demonstration program before entering into a commitment to make grants for such program under section 105.

## LABOR STANDARDS

SEC. 110. (a) All laborers and mechanics employed by contractors or subcontractors in the construction, rehabilitation, alteration, or repair of projects which—

(1) are federally assisted in whole or in part under this title  
and

(2) are not otherwise subject to section 212 of the National Housing Act, section 16(2) of the United States Housing Act of 1937, section 109 of the Housing Act of 1949, or any other provision of Federal law imposing labor standards on federally assisted construction, 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): *Provided*, That this section shall apply to the construction, rehabilitation, alteration, or repair of residential property only if such residential property is designed for residential use for eight or more families. No financial assistance shall be extended to any such projects unless adequate assurance is first obtained 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. 1332-15), and section 2 of the Act of June 13, 1934, as amended (48 Stat. 948; 40 U.S.C. 276c), and the Contract Work Hours Standards Act (76 Stat. 357).

#### APPROPRIATIONS

SEC. 111. (a) There are authorized to be appropriated, for the purpose of financial assistance and administrative expenses under sections 104 and 106, not to exceed \$12,000,000 for the fiscal year ending June 30, 1967, and not to exceed \$12,000,000 for the fiscal year ending June 30, 1968.

(b) There are authorized to be appropriated, for the purpose of financial assistance and administrative expenses under sections 105, 106, and 107, not to exceed \$400,000,000 for the fiscal year ending June 30, 1968, and not to exceed \$500,000,000 for the fiscal year ending June 30, 1969.

(c) Appropriations authorized under this section shall remain available until expended.

#### DEFINITIONS

SEC. 112. As used in this title—

(1) "Federal grant-in-aid program" means a program of Federal financial assistance other than loans and other than the assistance provided by this title.

(2) "City demonstration agency" means the city, the county, or any local public agency established or designated by the local governing body of such city or county to administer the comprehensive city demonstration program.

(3) "City" means any municipality (or two or more municipalities acting jointly) or any county or other public body (or two or more acting jointly) having general governmental powers.

(4) "Local" agencies include State agencies and instrumentalities providing services or resources to a city or locality, and "local" resources include those provided to a city or locality by a State or its agency or instrumentality.

#### GRANT AUTHORITY FOR URBAN RENEWAL PROJECTS WHICH ARE PART OF APPROVED COMPREHENSIVE CITY DEMONSTRATION PROGRAMS

SEC. 113. Section 103(b) of the Housing Act of 1949 is amended by inserting after the first sentence the following new sentence: "In addition to the authority to make grants provided in the first sentence of this subsection, the Secretary may contract to make grants under

this title, on or after July 1, 1967, in an amount not to exceed \$250,000,000: *Provided*, That the authority to contract to make grants provided by this sentence shall be exercised only with respect to an urban renewal project which is identified and scheduled to be carried out as one of the projects or activities included within an approved comprehensive city demonstration program assisted under the provisions of section 105(c) of the Demonstration Cities and Metropolitan Development Act of 1966."

#### STATE LIMIT

SEC. 114. Grants made under section 105 for projects in any one State shall not exceed in the aggregate 15 per centum of the aggregate amount of funds authorized to be appropriated under section 111.

### TITLE II—PLANNED METROPOLITAN DEVELOPMENT

#### FINDINGS AND DECLARATION OF PURPOSE

SEC. 201. (a) The Congress hereby finds that the welfare of the Nation and of its people is directly dependent upon the sound and orderly development and the effective organization and functioning of the metropolitan areas in which two-thirds of its people live and work.

It further finds that the continuing rapid growth of these areas makes it essential that they prepare, keep current, and carry out comprehensive plans and programs for their orderly physical development with a view to meeting efficiently all their economic and social needs.

It further finds that metropolitan areas are especially handicapped in this task by the complexity and scope of governmental services required in such rapidly growing areas, the multiplicity of political jurisdictions and agencies involved, and the inadequacy of the operational and administrative arrangements available for cooperation among them.

It further finds that present requirements for areawide planning and programing in connection with various Federal programs have materially assisted in the solution of metropolitan problems, but that greater coordination of Federal programs and additional participation and cooperation are needed from the States and localities in perfecting and carrying out such efforts.

(b) It is the purpose of this title to provide, through greater coordination of Federal programs and through supplementary grants for certain federally assisted development projects, additional encouragement and assistance to States and localities for making comprehensive metropolitan planning and programing effective.

#### COOPERATION BETWEEN FEDERAL AGENCIES

SEC. 202. In order to insure that all Federal programs related to metropolitan development are carried out in a coordinated manner—

(1) the Secretary is authorized to call upon other Federal agencies to supply such statistical data, program reports, and other materials as he deems necessary to discharge his responsibilities for metropolitan development, and to assist the President in coordinating the metropolitan development efforts of all Federal agencies; and

(2) all Federal agencies which are engaged in administering programs related to metropolitan development, or which otherwise perform functions relating thereto, shall, to the maximum extent practicable, consult with and seek advice from all other

significantly affected Federal departments and agencies in an effort to assure fully coordinated programs.

#### METROPOLITAN EXPEDITERS

SEC. 203. Upon the request of the duly authorized local officials of the central city in any metropolitan area, and after consultation with local governmental authorities throughout the metropolitan area with respect to whether or not the Secretary should make an appointment under this section (and with respect to the individuals who might be so appointed), the Secretary may appoint a metropolitan expeditor for such area whenever he finds a need for the services specified in this section. The metropolitan expeditor shall provide information, data, and assistance to local authorities and private individuals and entities within the metropolitan area, and to all relevant Federal departments and agencies, with respect to all programs and activities conducted within such metropolitan area by the Department of Housing and Urban Development, and with respect to other public and private activities and needs within such metropolitan area which relate to the programs and activities of the Department.

#### COORDINATION OF FEDERAL AIDS IN METROPOLITAN AREAS

SEC. 204. (a) All applications made after June 30, 1967, for Federal loans or grants to assist in carrying out open-space land projects or for the planning or construction of hospitals, airports, libraries, water supply and distribution facilities, sewerage facilities and waste treatment works, highways, transportation facilities, and water development and land conservation projects within any metropolitan area shall be submitted for review—

(1) to any areawide agency which is designated to perform metropolitan or regional planning for the area within which the assistance is to be used, and which is, to the greatest practicable extent, composed of or responsible to the elected officials of a unit of areawide government or of the units of general local government within whose jurisdiction such agency is authorized to engage in such planning, and

(2) if made by a special purpose unit of local government, to the unit or units of general local government with authority to operate in the area within which the project is to be located.

(b)(1) Except as provided in paragraph (2) of this subsection, each application shall be accompanied (A) by the comments and recommendations with respect to the project involved by the areawide agency and governing bodies of the units of general local government to which the application has been submitted for review, and (B) by a statement by the applicant that such comments and recommendations have been considered prior to formal submission of the application. Such comments shall include information concerning the extent to which the project is consistent with comprehensive planning developed or in the process of development for the metropolitan area or the unit of general local government, as the case may be, and the extent to which such project contributes to the fulfillment of such planning. The comments and recommendations and the statement referred to in this paragraph shall, except in the case referred to in paragraph (2) of this subsection, be reviewed by the agency of the Federal Government to which such application is submitted for the sole purpose of assisting it in determining whether the application is in accordance with the provisions of Federal law which govern the making of the loans or grants.

(2) An application for a Federal loan or grant need not be accompanied by the comments and recommendations and the statements referred to in paragraph (1) of this subsection, if the applicant certifies that a plan or description of the project, meeting the requirements of such rules and regulations as may be prescribed under subsection (c), or such application, has lain before an appropriate area-wide agency or instrumentality or unit of general local government for a period of sixty days without comments or recommendations thereon being made by such agency or instrumentality.

(3) The requirements of paragraphs (1) and (2) shall also apply to any amendment of the application which, in light of the purposes of this title, involves a major change in the project covered by the application prior to such amendment.

(c) The Bureau of the Budget, or such other agency as may be designated by the President, is hereby authorized to prescribe such rules and regulations as are deemed appropriate for the effective administration of this section.

#### GRANTS TO ASSIST IN PLANNED METROPOLITAN DEVELOPMENT

SEC. 205. (a) The Secretary is authorized to make supplementary grants to applicant State and local public bodies and agencies carrying out, or assisting in carrying out, metropolitan development projects meeting the requirements of this section.

(b) Grants may be made under this section only for metropolitan development projects in metropolitan areas for which it has been demonstrated, to the satisfaction of the Secretary, that—

(1) metropolitanwide comprehensive planning and programing provide an adequate basis for evaluating (A) the location, financing, and scheduling of individual public facility projects (including but not limited to hospitals and libraries; sewer, water, and sewage treatment facilities; highway, mass transit, airport, and other transportation facilities; and recreation and other open-space areas) whether or not federally assisted; and (B) other proposed land development or uses, which projects or uses, because of their size, density, type, or location, have public metropolitanwide or interjurisdictional significance;

(2) adequate metropolitanwide institutional or other arrangements exist for coordinating, on the basis of such metropolitanwide comprehensive planning and programing, local public policies and activities affecting the development of the area; and

(3) public facility projects and other land development or uses which have a major impact on the development of the area are, in fact, being carried out in accord with such metropolitanwide comprehensive planning and programing.

(c)(1) Where the applicant for a grant under this section is a unit of general local government, it must demonstrate to the satisfaction of the Secretary that, taking into consideration the scope of its authority and responsibilities, it is adequately assuring that public facility projects and other land development or uses of public metropolitanwide or interjurisdictional significance are being, and will be, carried out in accord with metropolitan planning and programing meeting the requirements of subsection (b). In making this determination the Secretary shall give special consideration to whether the applicant is effectively assisting in, and conforming to, metropolitan planning and programing through (A) the location and scheduling of public facility projects, whether or not federally assisted; and (B) the establishment and consistent administration of zoning codes, subdivision regulations, and similar land-use and density controls.

(2) Where the applicant for a grant under this section is not a unit of general local government, both it and the unit of general local government having jurisdiction over the location of the project must meet the requirements of this subsection.

(d) In making the determinations required under this section, the Secretary shall obtain, and give full consideration to, the comments of the body or bodies (State or local) responsible for comprehensive planning and programing for the metropolitan area.

(e) No grant shall be made under this section with respect to a metropolitan development project for which a Federal grant has been made, or a contract of assistance has been entered into, under the legislation referred to in paragraph (2) of section 208, prior to February 21, 1966, or more than one year prior to the date on which the Secretary has made the determinations required under this section with respect to the applicant and to the area in which the project is located: *Provided*, That in the case of a project for which a contract of assistance under the legislation referred to in paragraph (2) of section 208 has been entered into after June 30, 1967, no grant shall be made under this section unless an application for such grant has been made on or before the date of such contract.

(f) Nothing in this section shall authorize the Secretary to require (or condition the availability or amount of financial assistance authorized to be provided under this title upon) the adoption by any community of a program to achieve a racial balance or to eliminate racial imbalance within school districts within the metropolitanwide area.

#### EXTENT OF GRANT

SEC. 206. (a) A grant under section 205 shall not exceed (1) 20 per centum of the cost of the project for which the grant is made; nor (2) the Federal grant made with respect to the project under the legislation referred to in paragraph (2) of section 208. In no case shall the total Federal contributions to the cost of such project be more than 80 per centum. Notwithstanding any other provision of law, including requirements with respect to non-Federal contributions, grants under section 205 shall be eligible for inclusion (directly or through refunds or credits) as part of the financing for such projects: *Provided*, That projects or activities on the basis of which assistance is provided under section 105(c) shall not be eligible for assistance under section 205.

(b) There are authorized to be appropriated for grants under section 205 not to exceed \$25,000,000 for the fiscal year ending June 30, 1967, and not to exceed \$50,000,000 for the fiscal year ending June 30, 1968. Appropriations authorized under this section shall remain available until expended.

#### CONSULTATION AND CERTIFICATION

SEC. 207. In carrying out his authority under section 205, including the issuance of regulations, the Secretary shall consult with the Department of the Interior; the Department of Health, Education, and Welfare; the Department of Commerce; and the Federal Aviation Agency with respect to metropolitan development projects assisted by those departments and agencies; and he shall, for the purpose of section 206, accept their respective certifications as to the cost of those projects and the amount of the non-Federal contribution paid or to be paid to that cost.

## DEFINITIONS

SEC. 208. As used in this title—

(1) "Metropolitan development" means all projects or programs for the acquisition, use, and development of open-space land; and the planning and construction of hospitals, libraries, airports, water supply and distribution facilities, sewerage facilities and waste treatment works, transportation facilities, highways, water development and land conservation, and other public works facilities.

(2) "Metropolitan development project" means a project assisted or to be assisted under section 702 of the Housing and Urban Development Act of 1965; title II of the Library Services and Construction Act; section 606 of the Public Health Service Act; section 8 of the Federal Water Pollution Control Act; section 120(a) of title 23, United States Code; section 12 of the Federal Airport Act; section 3 of the Urban Mass Transportation Act of 1964; title VII of the Housing Act of 1961; or section 5(e) of the Land and Water Conservation Fund Act of 1965; or under section 101(a) (1) of the Public Works and Economic Development Act of 1965 (for a project of a type which the Secretary determines to be eligible for assistance under any of the other provisions listed above).

(3) "State" means any State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or an agency or instrumentality of any of the foregoing.

(4) "Metropolitan area" means a standard metropolitan statistical area as established by the Bureau of the Budget, subject however to such modifications and extensions as the Secretary may determine to be appropriate for the purposes of this title.

(5) "Comprehensive planning" includes the following, to the extent directly related to area needs or needs of a unit of general local government: (A) preparation, as a guide for long-range development, of general physical plans with respect to the pattern and intensity of land use and the provision of public facilities, including transportation facilities; (B) programing of capital improvements based on a determination of relative urgency; (C) long-range fiscal plans for implementing such plans and programs; and (D) proposed regulatory and administrative measures which aid in achieving coordination of all related plans of the departments or subdivisions of the governments concerned and intergovernmental coordination of related planned activities among the State and local governmental agencies concerned.

(6) "Hospital" means any public health center or general, tuberculosis, mental, chronic disease, or other type of hospital and related facilities, such as laboratories, outpatient departments, nurses' home and training facilities, and central service facilities normally operated in connection with hospitals, but does not include any hospital furnishing primarily domiciliary care.

(7) "Areawide agency" means an official State or metropolitan or regional agency empowered under State or local laws or under an interstate compact or agreement to perform comprehensive planning in an area; an organization of the type referred to in section 701(g) of the Housing Act of 1954; or such other agency or instrumentality as may be designated by the Governor (or, in the case of metropolitan areas crossing State lines, any one or more of such agencies or instrumentalities as may be designated by the Governors of the States involved) to perform such planning.

(8) "Special purpose unit of local government" means any special district, public-purpose corporation, or other limited-purpose political subdivision of a State, but shall not include a school district.

(9) "Unit of general local government" means any city, county, town, parish, village, or other general-purpose political subdivision of a State.

(10) "Secretary" means the Secretary of Housing and Urban Development.

#### STATE LIMIT

SEC. 209. Grants made under section 205 for projects in any one State shall not exceed in the aggregate 15 per centum of the aggregate amount of funds authorized to be appropriated pursuant to section 206(b).

### TITLE III—FHA INSURANCE OPERATIONS

#### FHA MORTGAGE FINANCING FOR VETERANS

SEC. 301. The next to last sentence of section 203(b)(2) of the National Housing Act is amended by striking out "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 inserting in lieu thereof the following: "If the mortgagor is a veteran,".

#### AREAS AFFECTED BY CIVIL DISORDERS

SEC. 302. Section 203 of the National Housing Act is amended by adding at the end thereof the following new subsection:

"(1) The Secretary is authorized to insure under this section any mortgage meeting the requirements of this section, other than the requirement in subsection (c) relating to economic soundness, if he determines that (1) the dwelling covered by the mortgage is situated in an area in which rioting or other civil disorders have occurred or are threatened, (2) as a result of such actual or threatened rioting or other disorders the property with respect to which the mortgage is executed cannot meet the normal requirements with respect to economic soundness, and (3) such property is an acceptable risk giving due consideration to the need for providing adequate housing for families of low and moderate income in such area."

#### COOPERATIVE HOUSING INSURANCE FUND

SEC. 303. (a) Section 213(m) of the National Housing Act is amended by striking out ", 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".

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

(1) by striking out "insured under this section and sections 207, 231, and 232" and inserting in lieu thereof "the insurance of which is the obligation of either the Management Fund or the General Insurance Fund"; and

(2) by adding at the end thereof the following new sentence: "Premium charges on the insurance of mortgages or loans transferred to the Management Fund or insured pursuant to commitments transferred to the Management Fund may be payable in

debentures which are the obligation of either the Management Fund or the General Insurance Fund."

(c) (1) The fourth sentence of section 213(k) of such Act is amended to read as follows: "The Secretary is directed to transfer to the Management Fund from the General Insurance Fund an amount equal to the total of the premium payments theretofore made with respect to the insurance of mortgages and loans transferred to the Management Fund pursuant to subsection (m) minus the total of any administrative expenses theretofore incurred in connection with such mortgages and loans, plus such other amounts as the Secretary determines to be necessary and appropriate."

(2) The second proviso in section 213(1) of such Act is amended by striking out "pursuant to subsection (k) or (o)" and inserting in lieu thereof "pursuant to subsection (o)".

#### SUPPLEMENTARY FINANCING FOR COOPERATIVE HOUSING

SEC. 304. Section 213(j) (2) (A) of the National Housing Act is amended by adding at the end thereof the following: "except that, in the case of improvements or additional community facilities, the outstanding indebtedness may be increased by an amount equal to 97 per centum of the amount which the Secretary estimates will be the value of such improvements or facilities, and the new outstanding indebtedness may exceed the original principal obligation of the mortgage if such new outstanding indebtedness does not exceed the limitations imposed by subsection (b) ;".

#### MORTGAGE LIMITS UNDER SECTION 220 SALES HOUSING MORTGAGE INSURANCE PROGRAM

SEC. 305. (a) Section 220(d) (3) (A) (i) of the National Housing Act is amended by striking out "(3) 75 per centum of such replacement cost in excess of \$20,000" and inserting in lieu thereof "(3) 80 per centum of such replacement cost in excess of \$20,000".

(b) Section 220(d) (3) (A) (i) of such Act is further amended by adding before the semicolon at the end thereof the following: "*Provided further*, That if the mortgagor is a veteran 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 (1) 100 per centum of \$15,000 of the Commissioner's estimate of replacement cost of the property, as of the date the mortgage is accepted for insurance, (2) 90 per centum of such replacement cost in excess of \$15,000 but not in excess of \$20,000, and (3) 85 per centum of such replacement cost 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".

#### INCREASED MORTGAGE LIMITATIONS UNDER SECTION 220(d) (3) (B) FOR SMALL PROJECTS CONTAINING LARGER FAMILY DWELLING UNITS

SEC. 306. (a) Section 220(d) (3) (B) (iii) of the National Housing Act is amended by inserting after "; and except that" the following: "with respect to rehabilitation projects involving not more than five family units, the Secretary may by regulation increase by 25 per centum any of the foregoing dollar amount limitations contained in

this clause which are applicable to units with two, three, or four or more bedrooms: *Provided, That*”.

(b) Section 220(d)(3)(B)(iii) of such Act is further amended—  
 (1) by inserting immediately before “by not to exceed 45 per centum” the following: “(as determined after the application of the preceding proviso)”; and

(2) by striking out “*Provided, That nothing*” and inserting in lieu thereof “*Provided further, That nothing*”.

#### MORTGAGE LIMITS FOR HOMES UNDER SECTION 221(d)(2)

SEC. 307. Section 221(d)(2)(A) of the National Housing Act is amended by striking out “\$11,000” and “\$18,000” and inserting in lieu thereof “\$12,500” and “\$20,000”, respectively.

#### NONDWELLING FACILITIES IN SECTION 221 PROJECTS IN URBAN RENEWAL AREAS

SEC. 308. Section 221(f) of the National Housing Act is amended by inserting before the period at the end of the first sentence the following: “: *Provided, That in the case of any such property or project located in an urban renewal area, the provisions of section 220(d)(3)(B)(iv) shall apply with respect to the nondwelling facilities which may be included in the mortgage if the mortgagor waives the right to receive dividends on its equity investment in the portion thereof devoted to community and shopping facilities*”.

#### SINGLE OCCUPANTS IN SECTION 221(d)(3) HOUSING

SEC. 309. Section 221(f) of the National Housing Act is amended by adding at the end thereof the following new sentence: “Low- and moderate-income persons who are less than 62 years of age shall be eligible for occupancy of dwelling units in a project financed with a mortgage insured under subsection (d)(3), but not more than 10 per centum of the dwelling units in any such project shall be available for occupancy by such persons.”

#### INSURANCE OF MORTGAGES UNDER SECTION 221 TO FINANCE PURCHASE AND REHABILITATION BY NONPROFIT ORGANIZATIONS OF HOUSING FOR RESALE TO LOW-INCOME PURCHASERS

SEC. 310. (a) Section 221 of the National Housing Act is amended by adding at the end thereof the following new subsection:

“(h)(1) In addition to mortgages insured under the other provisions of this section, the Secretary is authorized, upon application by the mortgagee, to insure under this subsection as hereinafter provided any mortgage (including advances under such mortgage during rehabilitation) which is executed by a nonprofit organization to finance the purchase and rehabilitation of deteriorating or substandard housing for subsequent resale to low-income home purchasers and, upon such terms and conditions as the Secretary may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.

“(2) To be eligible for insurance under paragraph (1) of this subsection, a mortgage shall—

“(A) be executed by a private nonprofit corporation or association approved for purposes of this subsection by the Secretary, for the purpose of financing the purchase of property (comprising one or more tracts or parcels, whether or not contiguous) upon

which there is located deteriorating or substandard housing consisting of five or more single-family dwellings of detached, semi-detached, or row construction and of rehabilitating such dwellings with a view to subsequent resale as hereinafter provided:

"(B) be secured by the property which is to be purchased and rehabilitated with the proceeds thereof;

"(C) be in a principal amount not exceeding the appraised value of the property at the time of its purchase under the mortgage plus the estimated cost of the rehabilitation;

"(D) bear interest (exclusive of premium charges for insurance and service charge, if any) at the rate in effect under the proviso in subsection (d) (5) at the time of execution;

"(E) provide for complete amortization (subject to paragraph (5) (E)) by periodic payments within such term as the Secretary may prescribe; and

"(F) provide for the release of individual single-family dwellings from the lien of the mortgage upon the sale of the rehabilitated dwellings in accordance with paragraph (5).

"(3) No mortgage shall be insured under paragraph (1) unless the mortgagor shall have demonstrated to the satisfaction of the Secretary that (A) the property to be rehabilitated is located in a neighborhood which is sufficiently stable and contains sufficient public facilities and amenities to support long-term values, or (B) the rehabilitation to be carried out by the mortgagor plus its related activities and the activities of other owners of housing in the neighborhood, together with actions to be taken by public authorities, will be of such scope and quality as to give reasonable promise that a stable environment will be created in the neighborhood.

"(4) The aggregate principal balance of all mortgages insured under paragraph (1) and outstanding at any one time shall not exceed \$20,000,000.

"(5) (A) No mortgage shall be insured under paragraph (1) unless the mortgagor enters into an agreement (in form and substance satisfactory to the Secretary) that it will offer to sell the dwellings involved, upon completion of their rehabilitation, to individuals or families (hereinafter referred to as 'low-income purchasers') determined by the Secretary to have incomes below the maximum amount specified (with respect to the area involved) in section 101(c) (1) of the Housing and Urban Development Act of 1965.

"(B) The Secretary is authorized to insure under this paragraph mortgages executed to finance the sale of individual dwellings to low-income purchasers as provided in subparagraph (A). Any such mortgage shall—

"(i) be in a principal amount equal to that portion of the unpaid balance of the principal mortgage covering the property (insured under paragraph (1)) which is allocable to the individual dwelling involved; and

"(ii) bear interest at the same rate as the principal mortgage, and provide for complete amortization by periodic payments within a term equal to the remaining term (determined without regard to subparagraph (E)) of such principal mortgage.

"(C) The price for which any individual dwelling is sold to a low-income purchaser under this paragraph shall be the amount of the mortgage covering the sale as determined under subparagraph (B), except that the purchaser shall in addition thereto be required to pay on account of the property at the time of purchase such amount (which shall not be less than \$200, but which may be applied in whole or in part toward closing costs) as the Secretary may determine to be reasonable and appropriate in the circumstances.

"(D) Upon the sale under this paragraph of any individual dwelling, such dwelling shall be released from the lien of the principal mortgage, and such mortgage shall thereupon be replaced by an individual mortgage insured under this paragraph to the extent of the portion of its unpaid balance which is allocable to the dwelling covered by such individual mortgage. Until all of the individual dwellings in the property covered by the principal mortgage have been sold, the mortgagor shall hold and operate the dwellings remaining unsold at any given time as though they constituted rental units in a project covered by a mortgage which is insured under subsection (d) (3) (and which receives the benefits of the interest rate provided for in the proviso in subsection (d) (5)).

"(E) Upon the sale under this paragraph of all of the individual dwellings in the property covered by the principal mortgage, and the release of all individual dwellings from the lien of the principal mortgage, the insurance of the principal mortgage shall be terminated and no adjusted premium charge shall be charged by the Secretary upon such termination.

"(F) Any mortgage insured under this paragraph shall contain a provision that if the low-income mortgagor does not continue to occupy the property the interest rate shall increase to the highest rate permissible under this section and the regulations of the Secretary effective at the time of commitment for insurance of the principal mortgage; except that the increase in interest rate shall not be applicable if the property is sold and the purchaser is (i) the nonprofit organization which executed the principal mortgage, (ii) a public housing agency having jurisdiction under the United States Housing Act of 1937 over the area where the dwelling is located, or (iii) a low-income purchaser approved for the purposes of this paragraph by the Secretary."

(b) (1) Section 221 (g) (1) of such Act is amended by inserting after "paragraph (2) of subsection (d) of this section" the following: "or paragraph (5) of subsection (h) of this section".

(2) Section 221 (g) (2) of such Act is amended by inserting after "paragraph (3) or (4) of subsection (d) of this section" the following: "or paragraph (1) of subsection (h) of this section".

(c) Section 221 (f) of such Act is amended by inserting after "Housing Act of 1961," in the fourth sentence "or which meet the requirements of subsection (h),".

(d) Section 305 (h) of such Act is amended by striking out "section 221 (d) (3)" and inserting in lieu thereof "sections 221 (d) (3) and 221 (h)".

APPLICATION OF DAVIS-BACON ACT TO COOPERATIVE HOUSING PROJECTS  
INSURED UNDER SECTION 221 (d) (3) AND (d) (4) AND MORTGAGES  
INSURED UNDER SECTION 221 (h) (1)

SEC. 311. The third sentence of section 212 (a) of the National Housing Act is amended by striking out "subsection (d) (3) or (d) (4)." and inserting in lieu thereof "subsection (d) (3) or (d) (4) and (deeming the term 'construction' as used in the first sentence of this subsection to mean rehabilitation) of any mortgage described in subsection (h) (1) which covers property on which there is located a dwelling or dwellings designed principally for residential use for more than eight families; except that compliance with such provisions may be waived by the Secretary—

"(1) with respect to mortgages described in such subsection (d) (3) or (d) (4), in cases or classes of cases where laborers or mechanics (not otherwise employed at any time in the construc-

tion of the project) voluntarily donate their services without compensation for the purpose of lowering their housing costs in a cooperative housing project and the Secretary determines that any amounts saved thereby are fully credited to the cooperative undertaking the construction, and

"(2) with respect to mortgages described in such subsection (h)(1), in cases or classes of cases where prospective owners of such dwellings voluntarily donate their services without compensation, or other persons (not otherwise employed at any time in the rehabilitation of the property) voluntarily donate their services without compensation, and the Secretary determines that any amounts saved thereby are fully credited to the nonprofit organization undertaking the rehabilitation."

#### WAIVER OF DEDUCTION ON ASSIGNMENT OF PROPERTY TO SECRETARY IN LIEU OF FORECLOSURE

SEC. 312. Title V of the National Housing Act is amended by adding at the end thereof the following new section:

#### "WAIVER OF DEDUCTION ON ASSIGNMENT OF PROPERTY TO SECRETARY IN LIEU OF FORECLOSURE

"SEC. 523. Notwithstanding any other provision of this Act, from and after the date of the enactment of the Demonstration Cities and Metropolitan Development Act of 1966, the Secretary, under such terms and conditions as he may approve, may waive all or a part of the 1 per centum deduction otherwise made from insurance benefits with respect to multifamily housing or land development mortgages assigned to him, where the assignment is made at his request in lieu of foreclosure of the mortgage."

### TITLE IV—LAND DEVELOPMENT AND NEW COMMUNITIES

#### EXPERIMENTAL MORTGAGE INSURANCE PROGRAM FOR NEW COMMUNITIES

SEC. 401. (a) Title X of the National Housing Act is amended by inserting after section 1003 the following new section 1004 and redesignating the remaining sections accordingly:

#### "NEW COMMUNITIES

"SEC. 1004. (a) New communities consisting of developments, satisfying all other requirements under this title, may be approved under this section by the Secretary for mortgage insurance if they meet the requirements of subsection (b) of this section.

"(b) A development shall be eligible for approval as a new community if the Secretary determines it will, in view of its size and scope, make a substantial contribution to the sound and economic growth of the area within which it is located in the form of—

"(1) substantial economies, made possible through large-scale development, in the provision of improved residential sites;

"(2) adequate housing to be provided for those who would be employed in the community or the surrounding area;

"(3) maximum accessibility from the new residential sites to industrial or other employment centers and commercial, recreational, and cultural facilities in or near the community; and

"(4) maximum accessibility to any major central city in the area.

"(c) No development shall be approved as a new community by the Secretary under this section unless the construction of such development has been approved by the local governing body or bodies of the locality or localities in which it will be located and by the Governor of the State in which such locality or localities are situated: *Provided*, That if such locality or localities have been delegated general powers of local self-government by State law or State constitution, as determined by the Secretary, the approval of the Governor shall not be required.

"(d) The aggregate amount of mortgages insured under this title with respect to new communities approved under this section and outstanding at any one time shall not exceed \$250,000,000."

(b) No mortgage shall be insured under title X of the National Housing Act with respect to a new community approved under section 1004 of such Act (as added by subsection (a) of this section) after October 1, 1972, except pursuant to a commitment to insure entered into before that date.

#### MORTGAGE AMOUNT AND TERM

SEC. 402. (a) Section 1002(c) of the National Housing Act is amended by striking out "\$10,000,000" and inserting in lieu thereof "\$25,000,000".

(b) Section 1002(d) (1) of such Act is amended to read as follows:

"(1) contain repayment provisions satisfactory to the Secretary and have a maturity not to exceed seven years, or such longer maturity as the Secretary deems reasonable (A) in the case of a privately owned system for water or sewerage, and (B) in the case of a new community approved under section 1004;"

#### ENCOURAGEMENT OF SMALL BUILDERS

SEC. 403. The section of the National Housing Act redesignated as section 1005 by section 401 of this Act is amended by inserting "particularly small builders," after "broad participation by builders,".

#### WATER AND SEWERAGE FACILITIES

SEC. 404. The section of the National Housing Act redesignated as section 1006 by section 401 of this Act is amended to read as follows:

#### "WATER AND SEWERAGE FACILITIES

"SEC. 1006. 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—

"(a) in the case of systems for water, the land may be served by privately or cooperatively owned systems which are consistent with other existing or prospective systems within the area; are approved as adequate by the Secretary; and are regulated or supervised by the State or political subdivision or an agency thereof, or (in the absence of such State or local regulation or supervision) are otherwise regulated in a manner acceptable to the Secretary, with respect to user rates and charges, capital structure, methods of operation, rate of return, and conditions and terms of any sale or transfer; and

"(b) in the case of systems for sewerage, the land may be served by—

"(1) existing privately or cooperatively owned systems (including reasonable extensions thereto) which are approved as adequate by the Secretary, and which are regulated or supervised by the State or political subdivision or an agency thereof, or (in the absence of such State or local regulation or supervision) are otherwise regulated in a manner acceptable to the Secretary; or

"(2) if it is necessary to develop a new system and the Secretary determines that public ownership of such a system is not feasible, an adequate privately or cooperatively owned new system (A) which he finds consistent with other existing or prospective systems within the area, (B) which during the period of such ownership will be regulated or supervised by the State or political subdivision or an agency thereof, or (in the absence of such State or local regulation or supervision) will be otherwise regulated in a manner acceptable to the Secretary, with respect to user rates and charges, capital structure, methods of operation, and rate of return, and (C) regarding which he receives assurances, satisfactory to him, with respect to eventual public ownership and operation of the system and with respect to the conditions and terms of any sale or transfer."

#### FEDERAL NATIONAL MORTGAGE ASSOCIATION SPECIAL ASSISTANCE FOR NEW COMMUNITIES

SEC. 405. Section 302(b) of the National Housing Act is amended by inserting after "or title VIII," in the proviso the following: "or under title X with respect to a new community approved under section 1004 thereof,".

#### URBAN PLANNING GRANTS

SEC. 406. Section 701(a) (4) of the Housing Act of 1954 is amended by inserting before the semicolon at the end thereof the following: "or for areas where rapid urbanization is expected to result on land developed or to be developed as a new community approved under section 1004 of the National Housing Act".

#### PUBLIC FACILITY LOANS

SEC. 407. Section 202(b) (4) of the Housing Amendments of 1955 is amended by adding before the period at the end of the second sentence the following: "or (iii) to be provided in connection with the establishment of a new community approved under section 1004 of the National Housing Act".

### TITLE V—MORTGAGE INSURANCE FOR GROUP PRACTICE FACILITIES

#### PURPOSE

SEC. 501. It is the purpose of this title to assure the availability of credit on reasonable terms to units or organizations engaged in the group practice of medicine, optometry, or dentistry, particularly those in smaller communities and those sponsored by cooperative or other nonprofit organizations, to assist in financing the construction and equipment of group practice facilities.

## ESTABLISHMENT OF PROGRAM

SEC. 502. (a) The National Housing Act is amended by adding at the end thereof the following new title:

**"TITLE XI—MORTGAGE INSURANCE FOR GROUP  
PRACTICE FACILITIES**

**"INSURANCE OF MORTGAGES**

"SEC. 1101. (a) The Secretary is authorized (1) to insure mortgages (including advances on such mortgages during construction), upon such terms and conditions as he may prescribe, in accordance with the provisions of this title, and (2) to make commitments for the insuring of such mortgages prior to the date of their execution or disbursement thereon. No mortgage shall be insured under this title after October 1, 1969, except pursuant to a commitment to insure issued before that date.

"(b) To be eligible for insurance under this title, the mortgage shall (1) be executed by a mortgagor that is a group practice unit or organization, approved by the Secretary, (2) be made to and held by a mortgagee approved by the Secretary as responsible and able to service the mortgage properly, and (3) cover a property or project which is approved for mortgage insurance prior to the beginning of construction or rehabilitation and is designed for use as a group practice facility which the Secretary finds will be constructed in an economical manner, will not be of elaborate or extravagant design or materials, and will be adequate and suitable for carrying out the purposes of this title. No mortgage shall be insured under this title unless it is shown to the satisfaction of the Secretary that the applicant would be unable to obtain the mortgage loan without such insurance on terms comparable to those specified in subsection (c).

"(c) The mortgage shall—

"(1) not exceed \$5,000,000;

"(2) not exceed 90 per centum of the amount which the Secretary estimates will be the value of the property or project when construction or rehabilitation is completed. The value of the property may include the land and the proposed physical improvements, equipment, utilities within the boundaries of the property, architects' fees, taxes, and interest accruing during construction or rehabilitation, and other miscellaneous charges incident to construction or rehabilitation and approved by the Secretary;

"(3) have a maturity satisfactory to the Secretary but not to exceed twenty-five years, and provide for complete amortization of the principal obligation by periodic payments within such term as the Secretary shall prescribe; and

"(4) bear interest (exclusive of premium charges for insurance, and service charges if any) at a rate of not to exceed 5 per centum per annum of the amount of the principal obligation outstanding at any time, or not to exceed such rate (not in excess of 6 per centum per annum) as the Secretary finds necessary to meet the mortgage market.

"(d) Any contract of insurance executed by the Secretary under this title shall be conclusive evidence of the eligibility of the mortgage for insurance, and the validity of any contract for 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 misrepresentation on the part of such approved mortgagee.

"(e) Each mortgage insured under this title shall contain an undertaking (in accordance with regulations prescribed under this title and in force at the time the mortgage is approved for insurance) to the effect that, except as authorized by the Secretary and the mortgagee, the property will be used as a group practice facility until the mortgage has been paid in full or the contract of insurance otherwise terminated.

"(f) No mortgage shall be insured under this title unless the mortgagor and the mortgagee certify (1) that they will keep such records relating to the mortgage transaction and indebtedness, to the construction of the facility covered by the mortgage, and to the use of such facility as a group practice facility as are prescribed by the Secretary at the time of such certification, (2) that they will make such reports as may from time to time be required by the Secretary pertaining to such matters, and (3) that the Secretary shall have access to and the right to examine and audit such records.

#### "PREMIUMS

"SEC. 1102. The Secretary shall fix premium charges for the insurance of mortgages under this title, but such charges shall not be more than 1 per centum per annum of the amount of the principal obligation of the mortgage outstanding at any time, without taking into account delinquent payments or prepayments. In addition to the premium charge, the Secretary is authorized to charge and collect such amounts as he may deem reasonable for the analysis of a proposed project and the appraisal and inspection of the property and improvements. Where the principal obligation of any mortgage accepted for insurance under this title is paid in full prior to the maturity date, the Secretary is authorized to require the payment by the mortgagee of an adjusted premium charge. This charge shall be in such amount as the Secretary determines to be equitable, but not in excess of the aggregate amount of the premium charges that the mortgagee would otherwise have been required to pay if the mortgage had continued to be insured until the maturity date. Where such prepayment occurs, the Secretary is authorized to refund to the mortgagee for the account of the mortgagor all, or such portion as he shall determine to be equitable, of the current unearned premium charges theretofore paid. Premium charges fixed under this section shall be payable by the mortgagee either in cash, or in debentures which are the obligation of the General Insurance Fund at par plus accrued interest, at such times and in such manner as may be prescribed by the Secretary.

#### "PAYMENT OF INSURANCE BENEFITS

"SEC. 1103. The mortgagee shall be entitled to receive the benefits of the insurance under this title in the manner provided in subsection (g) of section 207 with respect to mortgages insured under that section. For such purpose the provisions of subsections (g), (h), (i), (j), (k), (l), and (n) of section 207 shall apply to mortgages insured under this title and all references in such subsections to section 207 shall be deemed to refer to this title.

#### "REGULATIONS

"SEC. 1104. The Secretary shall prescribe such regulations as may be necessary to carry out this title, after consulting with the Secretary of Health, Education, and Welfare with respect to any health or medical aspects of the program under this title which may be involved in such regulations.

## "ADMINISTRATION

"SEC. 1105. (a) At the request of individuals or organizations operating or contemplating the operation of group practice facilities (as defined in section 1106(1)), the Secretary may provide or obtain technical assistance in the planning for and construction of such facilities.

"(b) With a view to avoiding unnecessary duplication of existing staffs and facilities of the Federal Government, the Secretary is authorized to utilize available services and facilities of any agency of the Federal Government in carrying out the provisions of this title, and to pay for such services and facilities, either in advance or by way of reimbursement, in accordance with an agreement between the Secretary and the head of such agency.

## "DEFINITIONS

"SEC. 1106. For the purposes of this title—

"(1) The term 'group practice facility' means a facility in a State for the provision of preventive, diagnostic, and treatment services to ambulatory patients (in which patient care is under the professional supervision of persons licensed to practice medicine in the State or, in the case of optometric care or treatment, is under the professional supervision of persons licensed to practice optometry in the State, or, in the case of dental diagnosis or treatment, is under the professional supervision of persons licensed to practice dentistry in the State) and which is primarily for the provision of such health services by a medical or dental group.

"(2) The term 'medical or dental group' means a partnership or other association or group of persons licensed to practice medicine or surgery in the State, or of persons licensed to practice optometry in the State, or of persons licensed to practice dentistry in the State, or of any combination of such persons, who, as their principal professional activity and as a group responsibility, engage or undertake to engage in the coordinated practice of their profession primarily in one or more group practice facilities, and who (in this connection) share common overhead expenses (if and to the extent such expenses are paid by members of the group), medical and other records, and substantial portions of the equipment and the professional, technical, and administrative staffs, and which partnership or association or group is composed of at least such professional personnel and make available at least such health services as may be provided in regulations prescribed under this title.

"(3) The term 'group practice unit or organization' means—

"(A) a private nonprofit agency or organization undertaking to provide, directly or through arrangements with a medical or dental group, comprehensive medical care, optometric care, or dental care, or any combination thereof, which may include hospitalization, to members or subscribers primarily on a group practice prepayments basis; or

"(B) a private nonprofit agency or organization established for the purpose of improving the availability of medical, optometric, or dental care in the community or having some function or functions related to the provision of such care, which will, through lease or other arrangement, make the group practice facility with respect to which assistance has been requested under this title available to a medical or dental group for use by it.

"(4) The term 'nonprofit organization' means a corporation, association, foundation, trust, or other organization no part of the net earnings of which inures, or may lawfully inure, to the benefit of any

private shareholder or individual except, in the case of an organization the purposes of which include the provision of personal health services to its members or subscribers or their dependents under a plan of such organization for the provision of such services to them (which plan may include the provision of other services or insurance benefits to them), through the provision of such health services (or such other services or insurance benefits) to such members or subscribers or dependents under such plan.

"(5) The term 'State' includes the Commonwealth of Puerto Rico, Guam, the Virgin Islands, American Samoa, and the District of Columbia.

"(6) The term 'mortgage' means a first mortgage on real estate in fee simple, or on the interest of either the lessor or lessee thereof (A) under a lease for not less than ninety-nine years which is renewable, or (B) under a lease having a period of not less than fifty years to run from the date the mortgage was executed. The term 'first mortgage' means 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 any mortgage may be in the form of one or more trust mortgages or mortgage indentures or deeds of trust, securing notes, bonds, or other credit instruments, and, by the same instrument or by a separate instrument, may create a security interest in initial equipment, whether or not attached to the realty.

"(7) The term 'mortgagee' means the original lender under a mortgage, and his or its successors and assigns, and includes the holders of credit instruments issued under a trust mortgage or deed of trust pursuant to which such holders act by and through a trustee named therein.

"(8) The term 'mortgagor' means the original borrower under a mortgage and his or its successors and assigns."

(b) The first sentence of section 227 of such Act is amended by inserting after "new or rehabilitated multifamily housing" the following: "or a property or project described in title XI".

#### LABOR STANDARDS

SEC. 503. Section 212(a) of the National Housing Act is amended by adding at the end thereof the following new sentence: "The provisions of this section shall also apply to the insurance of any mortgage under title XI; and each laborer or mechanic employed on any facility covered by a mortgage insured under such title shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any workweek in excess of eight hours in any workday or forty hours in the workweek, as the case may be."

#### AMENDMENTS TO OTHER FEDERAL LAWS

SEC. 504. (a) (1) The sixth sentence of paragraph "Seventh" of section 5136 of the Revised Statutes, as amended (12 U.S.C. 24), is amended by inserting after "Federal Home Loan Banks," the following: "or obligations which are insured by the Secretary of Housing and Urban Development under title XI of the National Housing Act".

(2) The third sentence of the first paragraph of section 24 of the Federal Reserve Act, as amended (12 U.S.C. 371), is amended by inserting after "or sections 1471-1484 of title 42," the following: "or

which are insured by the Secretary of Housing and Urban Development pursuant to title XI of the National Housing Act.”

(b) Subsection (a) of section 304 of the Trust Indenture Act of 1939 (15 U.S.C. 77ddd) is amended by striking out the word “or” at the end of paragraph (8); by striking out the period at the end of paragraph (9) and inserting in lieu thereof a semicolon and the word “or”; and by adding after paragraph (9) a new paragraph as follows:

“(10) any security issued under a mortgage or trust deed indenture as to which a contract of insurance under title XI of the National Housing Act is in effect; and any such security shall be deemed to be exempt from the provisions of the Securities Act of 1933 to the same extent as though such security were specifically enumerated in section 3(a)(2), as amended, of the Securities Act of 1933 (15 U.S.C. 77c(a)(2)).”

(c) Section 263 of chapter X of the Bankruptcy Act (11 U.S.C. 663) is amended by adding at the end thereof the following: “Nothing contained in this chapter shall be deemed to affect or apply to the creditors of any corporation under a mortgage insured pursuant to title XI of the National Housing Act.”

## TITLE VI—PRESERVATION OF HISTORIC STRUCTURES

### PRESERVATION OF HISTORIC STRUCTURES AS PART OF URBAN RENEWAL PROJECTS

SEC. 601. (a) Section 110(b) of the Housing Act of 1949 is amended by inserting “historic and architectural preservation,” after “land acquisition,”.

(b) Section 110(c)(6) of such Act is amended by inserting “to promote historic and architectural preservation,” after “deterioration,”.

(c) Section 110(c) of such Act is further amended by striking out “and” at the end of clause (8), and by striking out clause (9) and inserting in lieu thereof the following:

“(9) relocation within or outside the project area of structures which will be restored and maintained for architectural or historic purposes; and

“(10) restoration of acquired properties of historic or architectural value.”

### LOCAL GRANT-IN-AID CREDIT FOR RELOCATION AND RESTORATION OF HISTORIC STRUCTURES

SEC. 602. Clause (2) of section 110(d) of the Housing Act of 1949 is amended by striking out “clause (2) and clause (3)” and inserting in lieu thereof “clauses (2), (3), (9), and (10)”.

### GRANTS TO NATIONAL TRUST FOR HISTORIC PRESERVATION TO COVER RESTORATION COSTS

SEC. 603. (a) The Secretary of Housing and Urban Development is authorized to make grants to the National Trust for Historic Preservation, on such terms and conditions and in such amounts (not exceeding \$90,000 with respect to any one structure) as he deems appropriate, to cover the costs incurred by such Trust in renovating or restoring structures which it considers to be of historic or architectural value and which it has accepted and will maintain (after such renovation or restoration) for historic purposes.

(b) There are authorized to be appropriated such sums as may be necessary for the grants to be made under subsection (a).

## URBAN PLANNING GRANTS FOR SURVEYS OF HISTORIC STRUCTURES

SEC. 604. Section 701 of the Housing Act of 1954 is amended by adding at the end thereof the following new subsection:

"(h) In addition to the other grants authorized by this section, the Secretary is authorized to make grants to assist any city, other municipality, or county in making a survey of the structures and sites in such locality which are determined by its appropriate authorities to be of historic or architectural value. Any such survey shall be designed to identify the historic structures and sites in the locality, determine the cost of their rehabilitation or restoration, and provide such other information as may be necessary or appropriate to serve as a foundation for a balanced and effective program of historic preservation in such locality. The aspects of any such survey which relate to the identification of historic and architectural values shall be conducted in accordance with criteria found by the Secretary to be comparable to those used in establishing the National Register maintained by the Secretary of the Interior under other provisions of law; and the results of each such survey shall be made available to the Secretary of the Interior. A grant under this subsection shall not exceed two-thirds of the cost of the survey for which it is made, and shall be made to the appropriate agency or entity specified in paragraphs (1) through (9) of subsection (a) or, if there is no such agency or entity which is qualified and willing to receive the grant and provide for its utilization in accordance with this subsection, directly to the city, other municipality, or county involved."

## GRANTS FOR HISTORIC PRESERVATION

SEC. 605. (a) The heading of title VII of the Housing Act of 1961 is amended to read as follows:

**"TITLE VII—OPEN-SPACE LAND, URBAN BEAUTIFICATION, AND HISTORIC PRESERVATION"**

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

"(c) The Congress further finds that there is a need for timely action to preserve and restore areas, sites, and structures of historic or architectural value in order that these remaining evidences of our past history and heritage shall not be lost or destroyed through the expansion and development of the Nation's urban areas."

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

(1) by inserting after "urban development," the following: "to assist in preserving areas and properties of historic or architectural value,"; and

(2) by striking out "and (2)" and inserting in lieu thereof "(2) acquire, improve, and restore areas, sites, and structures of historic or architectural value, and (3)".

(d) Section 702(e) of such Act is amended to read as follows:

"(e) The Secretary shall consult with the Secretary of the Interior on the general policies to be followed in reviewing applications for grants under this title. To assist the Secretary in such review, the Secretary of the Interior shall furnish him (1) appropriate information on the status of national and statewide recreation and historic preservation planning as it affects the areas to be assisted with such grants, and (2) the current listing of any districts, sites, buildings, structures, and objects significant in American history, architecture,

archeology, and culture which may be contained on a National Register maintained by the Secretary of the Interior pursuant to other provisions of law. The Secretary shall provide current information to the Secretary of the Interior from time to time on significant program developments."

(e) Section 706 of such Act is amended by striking out the proviso.

(f) Section 708 of such Act is amended by inserting "(a)" after "SEC. 708.", by inserting "(b)" before "The" in the second paragraph, and by adding at the end thereof a new subsection as follows:

"(c) Notwithstanding any other provision of this title, the Secretary may use not to exceed \$10,000,000 of the sum authorized for contracts under this title 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 title."

(g) Title VII of such Act is amended by redesignating section 709 as section 710, and by adding after section 708 a new section as follows:

#### "GRANTS FOR HISTORIC PRESERVATION"

"SEC. 709. The Secretary is authorized to enter into contracts to make grants to States and local public bodies to assist in the acquisition of title to or other permanent interests in areas, sites, and structures of historic or architectural value in urban areas, and in their restoration and improvement for public use and benefit, in accord with the comprehensively planned development of the locality. The amount of any such grant shall not exceed 50 per centum of the total cost, as approved by the Secretary, of the assisted activities. The remainder of such cost shall be provided from non-Federal sources."

(h) Commencing three years after the date of the enactment of this Act, no grant shall be made (except pursuant to a contract or commitment entered into less than three years after such date) under section 709 of the Housing Act of 1961 or section 701(h) of the Housing Act of 1954, or under section 103 of the Housing Act of 1949 to the extent that it is to be used for historic or architectural preservation, except with respect to districts, sites, buildings, structures, and objects which the Secretary of Housing and Urban Development finds meet criteria comparable to those used in establishing the National Register maintained by the Secretary of the Interior pursuant to other provisions of law.

### TITLE VII—URBAN RENEWAL

#### LOCAL GRANTS-IN-AID

SEC. 701. Section 110(d) of the Housing Act of 1949 is amended by inserting immediately after the colon at the end of the first proviso the following: "*Provided further*, That any publicly owned facility, the construction of which was begun not earlier than three years prior to the date of enactment of the Demonstration Cities and Metropolitan Development Act of 1966, shall be deemed to benefit an urban renewal project or projects to the extent of 25 per centum of the total benefits of such facility, or \$3,500,000, whichever is less, if such facility (A) (i) is used, or is to be used, by the public predominantly for cultural, exhibition, or civic purposes, or is a city hall or a public safety building, or (ii) is a facility, constructed or rehabilitated by a public university, which is or will be devoted to the treatment of physical or mental disabilities and illness or to medical research; (B) is located within, adjacent to, or in the immediate vicinity of such urban

renewal project or projects; (C) is found to contribute materially to the objectives of the urban renewal plan or plans for such project or projects; and (D) is not otherwise eligible as a local grant-in-aid.”.

#### AIR RIGHTS SITES IN URBAN RENEWAL PROJECTS

SEC. 702. (a) Section 110(c)(1) of the Housing Act of 1949 is amended by inserting in clause (iv), between the word “income” and the colon immediately preceding the first proviso, the following: “or, if the area is found by the local public agency to be unsuitable for use for low or moderate income housing, for use for industrial development”.

(b) Section 110(c)(7) of such Act is amended by inserting immediately before the semicolon the following: “, or construction of foundations and platforms necessary for the provision of air rights sites for industrial development”.

#### ADDITIONAL REQUIREMENTS FOR REDEVELOPMENT OF URBAN RENEWAL AREA

SEC. 703. (a) Section 105 of the Housing Act of 1949 is amended by adding at the end thereof the following new subsection:

“(f) The redevelopment of the urban renewal area, unless such redevelopment is for predominantly nonresidential uses, will provide a substantial number of units of standard housing of low and moderate cost and result in marked progress in serving the poor and disadvantaged people living in slum and blighted areas.”

(b) The amendment made by subsection (a) shall apply only in the case of contracts for loans or capital grants which are made with respect to urban renewal projects undertaken pursuant to urban renewal plans approved after the date of the enactment of this Act.

#### THREE-FOURTHS GRANTS FOR PROJECTS IN CERTAIN REDEVELOPMENT AREAS

SEC. 704. Section 103(a)(2)(B) of the Housing Act of 1949 is amended by inserting after “to avoid hardship,” the following: “or at any time after such contract or contracts are entered into and prior to the time the final grant payment has been made pursuant thereto,”.

#### EXPENDITURES BY EDUCATIONAL INSTITUTIONS AND HOSPITALS

SEC. 705. Section 112(a) of the Housing Act of 1949 is amended by inserting before the period at the end thereof the following: “: *Provided further*, That no such expenditure shall be deemed ineligible as a local grant-in-aid in connection with an urban renewal project, to the extent that the expenditure is otherwise eligible, if the facilities, land, buildings, or structures with respect to which the expenditure is made are located within one mile of the project”.

#### REQUIREMENT OF SEPARATE SEWER SYSTEMS IN REDEVELOPMENT OF URBAN RENEWAL AREA

SEC. 706. Section 105 of the Housing Act of 1949 is amended by adding at the end thereof (after the new subsection added by section 703 of this Act) the following new subsection:

“(g) Consideration has been given to development of a sewer system to serve the urban renewal area which will, to the maximum extent feasible, provide for effective control of storm and sanitary wastes.”

## TITLE VIII—RURAL HOUSING

SEC. 801. Section 501(a) of the Housing Act of 1949 is amended by striking out "previously occupied" wherever it appears.

SEC. 802. Section 502(a) of the Housing Act of 1949 is amended by striking out "In cases of applicants who are elderly persons, the" and inserting in lieu thereof "The".

SEC. 803. Section 504 of the Housing Act of 1949 is amended by striking out "\$1,000" and inserting in lieu thereof "\$1,500".

SEC. 804. (a) Section 515(a) of the Housing Act of 1949 is amended by inserting after "income" the following: "or other persons and families of low income".

(b) Section 515(d)(1) of such Act is amended by striking out "elderly persons or elderly families" and inserting in lieu thereof "occupants eligible under this section".

SEC. 805. (a) Subsections (a) and (b) of section 515 of the Housing Act of 1949 are each amended by striking out "rental housing" and inserting in lieu thereof "rental or cooperative housing".

(b) Section 515(b) of such Act is amended by inserting after "families" the following: "or other persons and families of moderate income".

(c) Section 515(d)(4) of such Act is amended by adding at the end thereof the following: "Such fees and charges may include payments to qualified consulting organizations or foundations which operate on a nonprofit basis and which render services or assistance to nonprofit corporations or consumer cooperatives who provide housing and related facilities."

SEC. 806. Section 517(a)(1) of the Housing Act of 1949 is amended—

(1) by inserting "and" before "(B)"; and

(2) by striking out "and (C)" and all that follows and inserting in lieu thereof the following: "but no loan under this paragraph shall be insured or made after October 1, 1969, except pursuant to a commitment entered into before that date; and".

SEC. 807. (a) Section 501(a) of the Housing Act of 1949 is amended by inserting before the period at the end thereof the following: "and (4) to an owner described in clause (1), (2), or (3) for refinancing indebtedness which—

"(A) was incurred for an eligible purpose described in such clause,

"(B) if not refinanced, is likely to result at an early date in loss of the applicant's necessary dwelling or essential farm service buildings,

"(C) is not held or insured by the United States or any agency thereof, and

"(D) was incurred prior to the enactment of this clause."

(b) Section 501(c) of such Act is amended by inserting before the semicolon at the end of clause (1) the following: "or that he is the owner of a farm or other real estate in a rural area who needs refinancing of indebtedness described in clause (4) of subsection (a)".

## TITLE IX—URBAN INFORMATION AND TECHNICAL ASSISTANCE SERVICES

## PURPOSE

SEC. 901. It is the purpose of this title to assist States to make available information and data on urban needs and assistance programs and activities, and to provide technical assistance, to small communities with respect to the solution of urban problems.

## GRANT AUTHORITY

SEC. 902. (a) The Secretary is authorized to make grants to States to help finance programs to provide information and data on urban needs and assistance programs and activities, and to provide technical assistance, to small communities with respect to the solution of local problems. Activities aided by such grants may include—

- (1) the assembly, correlation, and dissemination of urban physical, social, and economic development information and data for the purpose of informing local governments of small communities, and interested organizations and individuals, of the availability and status of Federal, State, and local programs and other resources and data for the solution of urban problems; and
  - (2) providing technical assistance with respect to the solution of urban problems to any small community requesting such assistance.
- (b) A program assisted under this section shall—
- (1) specify the information and technical assistance activities to be carried on and justify the needs for the costs of such activities; and
  - (2) represent substantially increased or improved activities on the part of the applicant State agency.

## AMOUNT OF GRANT

SEC. 903. (a) A grant under this section shall not exceed 50 per centum of the cost of the activities carried on under an approved urban information and technical assistance program.

(b) No grant shall be made under this title to assist in assembling data, or providing information, to be used primarily in the day to day operations of State or local governing bodies and agencies.

## COOPERATION AND COORDINATION

SEC. 904. (a) Federal departments and agencies shall cooperate with States in providing information to assist in carrying out the purpose of this title.

(b) In the administration of this title, the Secretary shall seek to ensure the greatest practicable coordination of urban information and technical assistance programs established under this title.

## DEFINITIONS

SEC. 905. As used in this title—

(1) "State" means any State of the United States, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, or an agency or instrumentality designated by the chief executive of any of the foregoing, or a statewide agency or instrumentality of its political subdivisions designated by such chief executive.

(2) "Secretary" means the Secretary of Housing and Urban Development.

(3) "Small communities" means communities having populations of less than one hundred thousand according to the most recent decennial census.

## APPROPRIATIONS

SEC. 906. There are authorized to be appropriated for the purpose of carrying out the provisions of this title not to exceed \$2,500,000 for the fiscal year ending June 30, 1967, and not to exceed \$5,000,000 for the fiscal year ending June 30, 1968. Appropriations authorized under this section shall remain available until expended.

## TITLE X—MISCELLANEOUS

## HOUSING FOR THE ELDERLY OR HANDICAPPED

SEC. 1001. Section 105(b) of the Housing and Urban Development Act of 1965 is amended—

- (1) by inserting "(1)" after "(b)";
  - (2) by striking out "Effective with respect to loans made on or after the date of the enactment of this Act, section" and inserting in lieu thereof "Section"; and
  - (3) by adding at the end thereof a new paragraph as follows:
- "(2) The interest rate provided by the amendment made in paragraph (1) shall be applicable (A) with respect to any loan made on or after August 10, 1965, and (B) with respect to any loan made prior to such date if construction of the housing or related facilities to be assisted by such loan was not commenced prior to such date, and not completed prior to the filing of an application for the benefits of such interest rate."

## LOW-RENT HOUSING IN PRIVATE ACCOMMODATIONS—TERM OF LEASE

SEC. 1002. Section 23(d) of the United States Housing Act of 1937 is amended by striking out "thirty-six months" and inserting in lieu thereof "sixty months".

APPLICATION OF DAVIS-BACON ACT TO LOW-RENT HOUSING PROJECTS  
CONSISTING OF PRIVATELY BUILT HOUSING

SEC. 1003. Section 16(2) of the United States Housing Act of 1937 is amended by inserting after "the development of the project involved" the following: "(including a project for the use of privately built housing in any case, other than under the authority of section 23 of this Act, where the public housing agency and the builder or sponsor enter into an agreement for such use before construction or rehabilitation is commenced), and that each such laborer or mechanic shall receive compensation at a rate not less than one and one-half times his basic rate of pay for all hours worked in any workweek in excess of eight hours in any workday or forty hours in the workweek, as the case may be".

## ASSISTANCE FOR HOUSING IN ALASKA

SEC. 1004. (a) The Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") is authorized to make loans and grants to the State of Alaska, or any duly authorized agency or instrumentality thereof, in accordance with a statewide program prepared by such State, agency, or instrumentality, and approved by the Secretary, to assist in the provision of housing and related facilities for Alaska natives and other Alaska residents who are otherwise unable to finance such housing and related facilities upon terms and conditions which they can afford. The program shall (1) specify the

minimum and maximum standards for such housing and related facilities (not to exceed an average of \$7,500 per dwelling unit); (2) to the extent feasible, encourage the proposed users of such housing and related facilities to utilize mutual and self-help in the construction thereof; and (3) provide experience, and encourage continued participation, in self-government and individual home ownership.

(b) Grants under this section shall not exceed 75 per centum of the aggregate cost of the housing and related facilities to be constructed under an approved program.

(c) There is authorized to be appropriated not to exceed \$10,000,000 to carry out the purposes of this section.

#### FEDERAL NATIONAL MORTGAGE ASSOCIATION PARTICIPATION IN FEDERAL HOUSING ADMINISTRATION-INSURED CONSTRUCTION FINANCING

SEC. 1005. Section 305 of the National Housing Act is amended by adding at the end thereof the following new subsection:

"(i) In any case where the Association makes a commitment to purchase under this section (1) a mortgage insured under section 213, (2) a mortgage insured under section 220, or (3) a mortgage insured under section 221(d)(3) and executed by a cooperative (including an investor-sponsor), a limited dividend corporation, a private non-profit corporation or association, or a mortgagor qualified under section 221(e), such commitment may provide for participation by the Association in the making of insured advances on the mortgage during construction. Such participation shall be limited to 95 per centum of the amount of each of the advances involved, and the mortgagee providing the balance of such amount shall perform all necessary servicing and processing of such advances until the final insurance endorsement of the mortgage. The Secretary of Housing and Urban Development shall approve the reasonableness of the fee to be paid a participating mortgagee, taking into account its services and the extent of its participation in the advances."

#### FEDERAL NATIONAL MORTGAGE ASSOCIATION SPECIAL ASSISTANCE FOR FINANCING LOW-COST HOMES

SEC. 1006. The Congress hereby finds that the sharp decline in new home construction over the past year threatens to undercut our present high level of prosperity and employment as such declines have in the past; that the substantial reduction which has taken place has had its greatest impact on families of modest income who are seeking to achieve the goal of homeownership; that this decline in homebuilding is due primarily to the shortage of mortgage financing on terms which moderate income families can afford; and that our national policy objectives in the field of housing and community development are thereby being thwarted. The Congress therefore expresses its intent that the special assistance funds made available to the Federal National Mortgage Association for the financing of new low-cost homes by the Act of September 10, 1966 (Public Law 89-556), should be released immediately to halt the continuing decline in the construction of new homes for families of moderate income.

#### FEDERAL NATIONAL MORTGAGE ASSOCIATION STANDBY COMMITMENTS

SEC. 1007. Section 304(a)(1) of the National Housing Act is amended by striking out the last sentence.

## PLANNING GRANTS FOR RESEARCH ON STATE STATUTES AFFECTING LOCAL GOVERNMENTS

SEC. 1008. Section 701(b) of the Housing Act of 1954 is amended by inserting before the period at the end thereof the following: “, and for grants to assist in the conduct of studies and research relating to needed revisions in State statutes which create, govern, or control local governments and local governmental operations”.

## PUBLIC FACILITY LOANS

SEC. 1009. Section 202 of the Housing Amendments of 1955 is amended by adding at the end thereof a new subsection as follows:

“(f) The restrictions and limitations set forth in subsection (c) of this section shall not apply to assistance to municipalities, other political subdivisions and instrumentalities of one or more States, and Indian tribes, for specific projects for cultural centers, including but not limited to, museums, art centers and galleries, and theaters and other physical facilities for the performing arts, which would be of cultural, educational, and informational value to the communities and areas where the centers would be located.”

## APPLYING ADVANCES IN TECHNOLOGY TO HOUSING AND URBAN DEVELOPMENT

SEC. 1010. (a) To encourage and assist the housing industry to continue to reduce the cost and improve the quality of housing by the application to home construction of advances in technology, and to encourage and assist the application of advances in technology to urban development activities, the Secretary of Housing and Urban Development (hereinafter referred to as the “Secretary”) is directed to—

(1) conduct research and studies to test and demonstrate new and improved techniques and methods of applying advances in technology to housing construction, rehabilitation, and maintenance, and to urban development activities; and

(2) encourage and promote the acceptance and application of new and improved techniques and methods of constructing, rehabilitating, and maintaining housing, and the application of advances in technology to urban development activities, by all segments of the housing industry, communities, industries engaged in urban development activities, and the general public.

(b) Research and studies conducted under this section shall be designed to test and demonstrate the applicability to housing construction, rehabilitation, and maintenance, and urban development activities, of advances in technology relating to (1) design concepts, (2) construction and rehabilitation methods, (3) manufacturing processes, (4) materials and products, and (5) building components.

(c) The Secretary is authorized to carry out the research and studies authorized by this section either directly or by contract with public or private bodies or agencies, or by working agreement with departments and agencies of the Federal Government, as he may determine to be desirable. Contracts may be made by the Secretary for research and studies authorized by this section for work to continue not more than two years from the date of any such contract.

(d) There are authorized to be appropriated to carry out the provisions of this section not to exceed \$5,000,000 for the fiscal year ending June 30, 1967, and not to exceed \$10,000,000 for the fiscal year ending June 30, 1968. All funds so appropriated shall remain available until expended.

(e) Nothing contained in this section shall limit any authority of the Secretary under title III of the Housing Act of 1948, section 602 of the Housing Act of 1956, or any other provision of law.

#### URBAN ENVIRONMENTAL STUDIES

SEC. 1011. (a) The Congress finds that, with the ever-increasing concentration of the Nation's population in urban centers, there has occurred a marked change in the environmental conditions under which most people live and work; that such change is characterized by the progressive substitution of a highly complex, man-contrived environment for an environment conditioned primarily by nature; that the beneficent or malignant influence of environment on all living creatures is well recognized; and that much more knowledge is urgently needed concerning the effect on human beings of highly urbanized surroundings. It is the purpose of this section to authorize a comprehensive program of research, studies, surveys, and analyses to improve understanding of the environmental conditions necessary for the well-being of an urban society, and for the intelligent planning and development of viable urban centers.

(b) In order to carry out the purpose of this section, the Secretary is authorized and directed to—

(1) conduct studies, surveys, research, and analyses with respect to the ecological factors involved in urban living;

(2) document and define urban environmental factors which need to be controlled or eliminated for the well-being of urban life;

(3) establish a system of collecting and receiving information and data on urban ecological research and evaluations which are in process or are being planned by public or private agencies, or individuals;

(4) evaluate and disseminate information pertaining to urban ecology to public and private agencies or organizations, or individuals, in the form of reports or otherwise;

(5) initiate and utilize urban ecological information in urban development projects initiated or assisted by the Department of Housing and Urban Development; and

(6) establish through interagency consultation the coordinated utilization of urban ecological information in projects undertaken or assisted by the Federal Government which affect the growth or development of urban areas.

(c) (1) The Secretary is authorized to establish such advisory committees as he deems desirable for the purpose of rendering advice and submitting recommendations for carrying out the purpose of this section. Such advisory committees shall render such advice to the Secretary upon his request and may submit such recommendations to the Secretary at any time on their own initiative. The Secretary may designate employees of the Department of Housing and Urban Development to assist such committees.

(2) Members of such advisory committees shall receive not to exceed \$100 per day when engaged in the actual performance of their duties, in addition to reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties.

(d) The Secretary is authorized to carry out the studies, surveys, research, and analyses authorized by this section either directly or by contract with public or private bodies or agencies, or by working agreement with departments and agencies of the Federal Government, as he may determine to be desirable. Contracts may be made by the Secretary for work under this subsection to continue not more than two years from the date of any such contract.

(e) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section. All funds so appropriated shall remain available until expended when so provided in appropriation Acts.

MORTGAGE RELIEF FOR CERTAIN HOMEOWNERS

SEC. 1012. That part of section 107 of the Housing and Urban Development Act of 1965 which precedes subsection (f) is amended to read as follows:

"MORTGAGE RELIEF FOR CERTAIN HOMEOWNERS

"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 Secretary of Housing and Urban Development 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) was employed by the Federal Government at, or was assigned as a serviceman to, a military base or other Federal installation and whose employment or service at such base or installation was terminated subsequent to November 1, 1964, as the result of the closing (in whole or in part) of such base or installation; and

"(B) is the owner-occupant of a dwelling situated at or near such base or installation and upon which there is a mortgage securing a loan which is in default because of the inability of such individual to make payments due under such mortgage.

"(b)(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 due 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 such action is necessary to avoid foreclosure.

"(3) Prior to the issuance to any distressed mortgagor of a certificate of moratorium under paragraph (2), the Federal mortgage agency, the mortgagor, and the mortgagee shall enter into a binding agreement under which—

"(A) the mortgagor 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), together with interest thereon at a rate not to exceed the rate provided in the mortgage; the manner and time in which such payments shall be made to be

determined by the Federal mortgage agency having due regard for the purposes sought to be achieved by this section; and

"(B) the Federal mortgage agency will be subrogated to the rights of the mortgagee to the extent of payments made pursuant to such certificate, which rights, however, shall be subject to the prior right of the mortgagee to receive the full amount payable under the mortgage.

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

"(A) two years from the date on which such certificate was issued;

"(B) thirty days after the date on which the mortgagor gives notice in writing to the Federal mortgage agency that he is able to resume his obligation to make payments due under his mortgage; or

"(C) thirty days after the date on which the Federal mortgage agency determines that the mortgagor to whom such certificate was issued has ceased to be a distressed mortgagor as defined in subsection (a) (3).

"(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 due 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 may include, in addition to the payments referred to in paragraph (1), an amount equal to the unpaid payments under such mortgage prior to the issuance of such certificate, plus a reasonable allowance for foreclosure costs actually paid by the mortgagee if a foreclosure action was dismissed as a result of the issuance of a moratorium certificate. Payments by the Federal mortgage agency may also include payments of taxes and insurance premiums on the mortgaged property as deemed necessary when these items are not provided for through payments to a tax and insurance account held by the interested mortgagee.

"(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 due 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 Secretary of Housing and Urban Development for the purpose of extending financial assistance in behalf of distressed mortgagors as provided in subsection (c) and for paying administrative expenses incurred in connection with such assistance, and (2) a fund which shall be available to the Administrator of Veterans' Affairs for the same purpose, except administrative expenses. 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 programs 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 Secretary of Housing and Urban Development, 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."

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

SEC. 1013. (a) Notwithstanding any other provision of law, the Secretary of Defense is authorized to acquire title to, hold, manage, and dispose of, or, in lieu thereof, to reimburse for certain losses upon private sale of, or foreclosure against, 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, a Federal employee employed at or in connection with such base or installation (other than a temporary employee serving under a time limitation) or a serviceman assigned thereto;

(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 or in connection with such base or installation; and

(3) that as the result of the actual or pending closing of such base or installation, in whole or in part, there is no present market for the sale of such property upon reasonable terms and conditions.

(b) In order to be eligible for the benefits of this section such employees or military personnel must be or have been—

(1) assigned to or employed at or in connection with the installation or activity at the time of public announcement of the closure action,

(2) transferred from such installation or activity, or terminated as employees as a result of reduction-in-force, within six months prior to public announcement of the closure action, or

(3) transferred from the installation or activity on an overseas tour unaccompanied by dependents within fifteen months prior to public announcement of the closure action:

*Provided*, That, at the time of public announcement of the closure action, or at the time of transfer or termination as set forth above, such personnel or employees must—

(i) have been the owner-occupant of the dwelling, or

(ii) have vacated the owned dwelling as a result of being ordered into on-post housing during a six-month period prior to the closure announcement:

*Provided further*, That as a consequence of such closure such employees or personnel must—

(i) be required to relocate because of military transfer or acceptance of employment beyond a normal commuting distance from the dwelling for which compensation is sought, or

(ii) be unemployed, not as a matter of personal choice, and able to demonstrate such financial hardship that they are unable to meet their mortgage payments and related expenses.

(c) Such persons as the Secretary of Defense may determine to be eligible under the criteria set forth above shall elect either (1) to receive a cash payment as compensation for losses which may be or have been sustained in a private sale, in an amount not to exceed the difference between (A) 95 per centum of the fair market value of their property (as such value is determined by the Secretary of Defense) prior to public announcement of intention to close all or part of the military base or installation and (B) the fair market value of such property (as such value is so determined) at the time of the sale, or (2) to receive, as purchase price for their property, an amount not to exceed 90 per centum of prior fair market value as such value is determined by the Secretary of Defense, or the amount of the outstanding mortgages. Cash payment as compensation for losses sustained in a private sale shall not be made in any case in which the property is encumbered by a mortgage loan guaranteed, insured, or held by a Federal agency unless such mortgage loan is paid, assumed by a purchaser satisfactory to such Federal agency, or otherwise fully satisfied at or prior to the time such cash payment is made. Except in cases of payment as compensation for losses, in the event of foreclosure by mortgagees commenced on or after public announcement of intention to close all or part of the military base or installation and prior to the one hundred and twentieth day after the enactment of this Act, the Secretary of Defense may reimburse or pay on account of eligible persons such sums as may be paid or be otherwise due and owing by such persons as the result of such foreclosure, including (without limiting the generality of the foregoing) direct costs of judicial foreclosure, expenses and liabilities enforceable according to the terms of their mortgages or promissory notes, and the amount of debts, if any, established against such persons by a Federal agency in the case of loans made, guaranteed, or insured by such agency following liquidation of the security for such loans.

(d) There shall be in the Treasury a fund which shall be available to the Secretary of Defense for the purpose of extending the financial assistance provided above. The capital of such fund shall consist of such sums as may, from time to time, be appropriated thereto, and shall consist also of receipts from the management, rental, or sale of properties acquired under this section, which receipts shall be credited to the fund and shall be available, together with funds appropriated therefor, for purchase or reimbursement purposes as provided above, as well as to defray expenses arising in connection with the acquisition, management, and disposal of such properties, including payment of principal, interest, and expenses of mortgages or other indebtedness thereon, and including the cost of staff services and contract services, costs of insurance, and other indemnity. Any part of such receipts not required for such expenses shall be covered into the Treasury as miscellaneous receipts. Properties acquired under this section shall be conveyed to, and acquired in the name of, the United States. The Secretary of Defense shall have the power to deal with, rent, renovate, and dispose of, whether by sales for cash or credit or otherwise, any properties so acquired: *Provided, however,* That no contract for acquisition, or acquisition, shall be deemed to constitute a contract for or acquisition of family housing units in support of military installations or activities within the meaning of section 406(a) of the Act of August 30, 1957 (42 U.S.C. 1594i), nor shall it be deemed a transaction within the contemplation of section 2662 of title 10, United States Code.

(e) Payments from the fund created by this section may be made in lieu of taxes to any State or political subdivision thereof, with respect to real property, including improvements thereon, acquired

and held under this section. The amount so paid for any year upon such property shall not exceed the taxes which would be paid to the State or subdivision, as the case may be, upon such property if it were not exempt from taxation, and shall reflect such allowance as may be considered appropriate for expenditures, if any, by the Government for streets, utilities, or other public services to serve such property.

(f) The title to any property acquired under this section, the eligibility for, and the amounts of, cash payable, and the administration of the preceding provisions of this section, shall conform to such requirements, and shall be administered under such conditions and regulations, as the Secretary of Defense may prescribe. Such regulations shall also prescribe the terms and conditions under which payments may be made and instruments accepted under this section, and all the determinations and decisions made pursuant to such regulations by the Secretary of Defense regarding such payments and conveyances and the terms and conditions under which they are approved or disapproved, shall be final and conclusive and shall not be subject to judicial review.

(g) The Secretary of Defense is authorized to enter into such agreement with the Secretary of Housing and Urban Development as may be appropriate for the purposes of economy and efficiency of administration of this section. Such agreement may provide authority to the Secretary of Housing and Urban Development and his designee to make any or all of the determinations and take any or all of the actions which the Secretary of Defense is authorized to undertake pursuant to the preceding provisions of this section. Any such determinations shall be entitled to finality to the same extent as if made by the Secretary of Defense, and, in event the Secretaries of Defense and Housing and Urban Development so elect, the fund established pursuant to subsection (d) of this section shall be available to the Secretary of Housing and Urban Development to carry out the purposes thereof.

(h) Section 223(a) (8) of the National Housing Act is amended to read as follows:

“(8) executed in connection with the sale by the Government of any housing acquired pursuant to section 1013 of the Demonstration Cities and Metropolitan Development Act of 1966.”

(i) No funds may be appropriated for the acquisition of any property under authority of this section unless such funds have been specifically authorized for such purpose in a military construction authorization act, and no moneys in the fund created pursuant to subsection (d) of this section may be expended for any purpose except as may be provided in appropriation Acts.

(j) Section 108 of the Housing and Urban Development Act of 1965 is repealed.

#### COLLEGE HOUSING

SEC. 1014. (a) Section 404(b)(4) of the Housing Act of 1950 is amended by striking out “public” immediately before “educational institution”.

(b) Section 401(d) of such Act is amended by inserting before the period at the end thereof the following: “and, notwithstanding the first proviso of this subsection, the amount of this annual increase which is not utilized for loans for hospitals may be utilized for loans for other educational facilities, as defined herein”.

STUDY CONCERNING RELIEF OF HOMEOWNERS IN PROXIMITY TO AIRPORTS

SEC. 1015. Section 1113 of the Housing and Urban Development Act of 1965 is amended—

- (1) by inserting "(a)" after "SEC. 1113.";
- (2) by striking out "one year after the date of the enactment of this Act" and inserting in lieu thereof "six months after the date of the enactment of the Demonstration Cities and Metropolitan Development Act of 1966"; and
- (3) by adding at the end thereof the following new subsection:  
 "(b) There is authorized to be appropriated the sum of \$100,000 to carry out subsection (a)."

QUARTERS AND FACILITIES FOR FEDERAL HOME LOAN BANKS AND  
THE FEDERAL HOME LOAN BANK BOARD

SEC. 1016. (a) The second sentence of section 12 of the Federal Home Loan Bank Act (12 U.S.C. 1432) is amended by striking out "but no bank building shall be bought or erected to house any such bank, nor shall any such bank make any lease" and inserting in lieu thereof "but, except with the prior approval of the board, no bank building shall be bought or erected to house any such bank, or leased by such bank under any lease".

(b) Section 18 of such Act (12 U.S.C. 1438) is amended—

- (1) by adding at the end of subsection (b) the following new sentence: "Such assessments may include such amounts as the board may deem advisable for carrying out the provisions of subsection (c) of this section."; and
- (2) by adding at the end thereof the following new subsection:  
 "(c) (1) The board, utilizing the services of the Administrator of General Services (hereinafter referred to as the 'Administrator'), and subject to any limitation hereon which may hereafter be imposed in appropriation Acts, is hereby authorized—

"(A) to acquire, in the name of the United States, real property in the District of Columbia, for the purposes set forth in this subsection;

"(B) to construct, develop, furnish, and equip such buildings thereon and such facilities as in its judgment may be appropriate to provide, to such extent as the board may deem advisable, suitable and adequate quarters and facilities for the board and the agencies under its administration or supervision;

"(C) to enlarge, remodel, or reconstruct any of the same; and

"(D) to make or enter into contracts for any of the foregoing.

"(2) The board may require of the respective banks, and they shall make to the board, such advances of funds for the purposes set out in paragraph (1) as in the sole judgment of the board may from time to time be advisable. Such advances shall be in addition to the assessments authorized in subsection (b) and shall be apportioned by the board among the banks in proportion to the total assets of the respective banks, determined in such manner and as of such times as the board may prescribe. Each such advance shall bear interest at the rate of 4½ per centum per annum from the date of the advance and shall be repaid by the board in such installments and over such period, not longer than twenty-five years from the making of the advance, as the board may determine. Payments of interest and principal upon such advances shall be made from receipts of the board or from other sources which may from time to time be available to the board. The obligation of the board to make any such payment shall not be

regarded as an obligation of the United States. To such extent as the board may prescribe any such obligation shall be regarded as a legal investment for the purposes of subsections (g) and (h) of section 11 and for the purposes of section 16.

"(3) The plans and designs for such buildings and facilities and for any such enlargement, remodeling, or reconstruction shall, to such extent as the chairman of the board may request, be subject to his approval.

"(4) Upon the making of arrangements mutually agreeable to the board and the Administrator, which arrangements may be modified from time to time by mutual agreement between them and may include but shall not be limited to the making of payments by the board and such agencies to the Administrator and by the Administrator to the board, the custody, management, and control of such buildings and facilities and of such real property shall be vested in the Administrator in accordance therewith. Until the making of such arrangements such custody, management, and control, including the assignment and allotment and the reassignment and reallocation of building and other space, shall be vested in the board.

"(5) Any proceeds (including advances) received by the board in connection with this subsection, and any proceeds from the sale or other disposition of real or other property acquired by the board under this subsection, shall be considered as receipts of the board, and obligations and expenditures of the board and such agencies in connection with this subsection shall not be considered as administrative expenses. As used in this subsection, the term 'property' shall include interests in property.

"(6) With respect to its functions under this subsection the board shall (A) annually prepare and submit a budget program as provided in title I of the Government Corporation Control Act with regard to wholly owned Government corporations, and for purposes of this sentence, the terms 'wholly owned Government corporations' and 'Government corporations', wherever used in such title, shall include the board, and (B) maintain an integral set of accounts which shall be audited annually by the General Accounting Office in accordance with the principles and procedures applicable to commercial corporate transactions as provided in such title, and no other audit, settlement, or adjustment shall be required with respect to transactions under this subsection or with respect to claims, demands, or accounts by or against any person arising thereunder. The first budget program shall be for the first full fiscal year beginning on or after the date of the enactment of this subsection, and the first audit shall be for the remainder of the fiscal year in which this subsection is enacted. Except as otherwise provided in this subsection or by the board, the provisions of this subsection and the functions thereby or thereunder subsisting shall be applicable and exercisable notwithstanding and without regard to the Act of June 20, 1938 (D.C. Code, secs. 5-413-5-428), except that the proviso of section 16 thereof shall apply to any building constructed under this subsection, and section 306 of the Act of July 30, 1947 (61 Stat. 584), or any other provision of law relating to the construction, alteration, repair, or furnishing of public or other buildings or structures or the obtaining of sites therefor, but any person or body in whom any such function is vested may provide for delegation or redelegation of the exercise of such function.

"(7) No obligation shall be incurred and no expenditure, except in liquidation of obligation, shall be made pursuant to the first two subparagraphs of paragraph (1) of this subsection if the total amount of all obligations incurred pursuant thereto would thereupon exceed

\$13,200,000, or such greater amount as may be provided in an appropriation Act or other law."

#### SMALL BUSINESS ACT

SEC. 1017. Paragraph (1) of section 8(b) of the Small Business Act is amended by inserting "(A)" after "(1)", by inserting "and" after "Administration;", and by adding at the end thereof a new subparagraph as follows:

"(B) to allow an individual or group of persons cooperating with it in furtherance of the purposes of subparagraph (A) to make such use of its office facilities and related materials and services as it deems appropriate;"

#### USE OF CERTAIN LANDS FOR CIVIL DEFENSE PURPOSES

SEC. 1018. Section 2 of the Act entitled "An Act to provide for the conveyance of a tract of land in Prince Georges County, Maryland, to the State of Maryland for use as a site for a National Guard Armory and for training the National Guard or for other military purposes", approved August 10, 1949 (63 Stat. 592), is amended by striking out "The land" and inserting in lieu thereof "(a) Except as provided in subsection (b) of this section, the land" and by adding at the end thereof the following new subsection:

"(b) The Secretary of Housing and Urban Development shall execute the necessary instrument or instruments to provide that a certain portion of land, not to exceed two acres, on the easterly side of the land described in the first section of this Act, as more particularly determined and designated by the Secretary of the Army, may be used for civil defense or other emergency preparedness purposes or the purposes stated in subsection (a) and that such use shall not cause the reverter clause set forth herein to become operable."

#### MORTGAGE INSURANCE FOR LAND DEVELOPMENT—CLARIFYING AMENDMENTS

SEC. 1019. Section 1001(d) of the National Housing Act is amended—

(1) by striking out "sewerage disposal installations," and inserting in lieu thereof "sewage disposal installations, steam, gas, and electric lines and installations,";

(2) by striking out the semicolon after "or common use", and inserting in lieu thereof a period and the following new sentence: "Related uses may include industrial uses, with sites for such uses to be in proper proportion to the size and scope of the development.";

(3) by striking out "but such term" and inserting in lieu thereof: "The term improvements"; and

(4) by inserting after "sewage disposal installation," in clause (1) the following: "or a steam, gas, or electric line or installation,".

#### MISCELLANEOUS AND TECHNICAL AMENDMENTS

SEC. 1020. (a) Section 106(d) of the Housing Act of 1949 is repealed.

(b) Section 227(a) of the National Housing Act is amended by striking out "subsection (b) (2)" in clause (vi) and inserting in lieu thereof "subsection (b)".

(c) The last sentence of section 305(e) of the National Housing Act is amended by striking out "supplementing" and inserting in lieu thereof "supplementary".

(d) Section 308 of the National Housing Act is amended by striking out "(a)".

(e) Section 512 of the National Housing Act is amended by striking out "or IX" and inserting in lieu thereof "IX, X, or XI".

(f) Section 1001(c) of the National Housing Act is amended by striking out "'mortgage'" and inserting in lieu thereof "'mortgagee'".

(g) Section 1 of the National Housing Act is amended by striking out "and X" wherever it appears and inserting in lieu thereof "X, and XI".

(h) Section 102(h) of the Housing Amendments of 1955 is amended by striking out "section 213 of the National Housing Act, as amended, the Commissioner" and inserting in lieu thereof "section 213 of the National Housing Act, section 221(d)(3) of the National Housing Act, and section 101 of the Housing and Urban Development Act of 1965 (insofar as the provisions of such sections relate to cooperative housing), the Secretary of Housing and Urban Development", and by striking out "such section" each place it appears and inserting in lieu thereof "such sections".

