

SUMMARY OF HOUSING AND URBAN DEVELOPMENT ACT OF 1968

An expanded supply of housing for low-income and moderate-income families is the key objective of the Housing and Urban Development Act of 1968.

The Act authorizes a 3-year program aimed at producing an estimated 1.5 million new and rehabilitated housing units, with highest priority and emphasis placed on meeting the needs of families for which the national goal of "a decent home and a suitable living environment for every American family" has not become a reality.

The Act's new programs include:

- * Homeownership assistance through subsidized interest rates which could provide housing for 500,000 low and moderate-income families.
- * Rental and cooperative housing, also through subsidized interest rates, which could make 450,000 dwellings available for low and moderate-income families.
- * Credit assistance and family counseling services to help families with special problems of debt and budget management to attain homeownership.
- * Mortgage insurance for homes qualifying as "acceptable risks" in older, declining urban neighborhoods.
- * Aid to nonprofit sponsors of low and moderate-income housing, including information, advice, and technical assistance; and interest-free loans to cover up to 80 percent of preconstruction costs.
- * National Homeownership Foundation to carry out a continuing program of encouraging private and public organizations to provide increased homeownership and housing opportunities for lower income families. The Foundation will encourage investment in and sponsorship of housing development, provide technical assistance and advisory services to public and private organizations, and make loans and grants to cover expenses of organizations engaged in carrying out housing programs.
- * National Housing Partnerships to encourage maximum participation by private investors in programs and projects to provide low and moderate-income housing. This will join new capital sources with business and organization skills in the construction and operation of housing for the low-income market; and will bring large-scale capital into the field on a private basis.

* Federal reinsurance against abnormal property insurance losses from riots and other civil commotion; and a National Flood Insurance program to make insurance available for residential and small business properties in flooded areas.

* * * * *

Existing programs are also expanded and improved by the Act. It continues authorizations for public housing to provide 375,000 new units in three years and adds authority to provide social services for tenants in public housing; rent supplements, which would support an additional 145,000 dwelling units; model cities, urban renewal, open space land, and water and sewer facilities. It expands urban planning grants and provides grants for planning in non-metropolitan areas. It modifies the college housing program. It includes provisions for rural housing.

A new financing method for urban renewal permits neighborhood redevelopment which permits improvement activity to begin while planning is in progress. The New Communities program is expanded; FNMA's secondary market operations are transferred to a new privately-owned corporation; mortgage insurance is provided for nonprofit hospitals; rehabilitation loans and grants programs are liberalized and expanded.