

Housing Bill

Spurs Building

Mr. Sweet

By BILL JORDAN

The Housing and Urban Development Act of 1968, or "Omnibus" housing law, has been referred to as a Marshall Plan for housing.

Some title or other of the 300-plus page bill gets in the news almost daily as another industry is touched in some way, and it has been said by those with authority that the bill is, without doubt, the most comprehensive housing program in American history.

In addition to providing housing for low-income families, the bill provides for some profit-making opportunities for real estate men. And, as National Real Estate Board President Lyn E. Davis has pointed out, there are a number of sections designed to aid middle-income families across the country by easing the stringency in the mortgage market.

NOT BY LOBBY

Davis said last week that these provisions did not result from lobbying efforts, but "from the realization by senators and representatives that the severe tightening in the mortgage market in 1966 affected more than those who wanted to buy or sell a house—it had a dampening effect on the entire economy and created hardships on an extensive spectrum of the economy."

As to profit making, the bill opens up a whole new market for builders, developers, investors and brokers as it offers an opportunity for home ownership to a segment of the population that could never before afford to own homes.

In a copyrighted article, the Institute for Business Planning recently outlined some of the new incentives for the private sector.

NEW CORPORATION

Under Title IX of the act, a new national housing corporation that is not a federal agency was created. The corporation will work with private investors in a partnership arrangement. The partnership will subscribe up to 25 per cent of initial equity investments in the development of low and moderate housing developments. In addition large discounts will be obtained by the corporation through a mass national group purchasing pool

and passed on to partner-builders.

Under Title III, the act provides for FHA to insure home improvement loans or loans to finance additions to multi-family rental projects that are already financed with FHA mortgages. Loans are limited to 90 per cent of FHA's estimate of the value of the improvements and to an amount not to exceed the total mortgage limitation when added to the mortgage balance.

EASIER TERMS

While providing a means to improve older areas of the nation's cities, this title also will stimulate business in the construction and home improvement business. Easier terms provide an added incentive to home owners to make improvements. The top amount on home improvement loans has been raised from \$3,500 to \$5,000. Payoff time has been extended to 7 years and 32 days.

The act should result in increased activity in the construction of condominium-type housing, as it specifies that a down payment of only 20 per cent of the amount of the purchase price over \$20,000 is required. The percentage required down of the amount under \$20,000 remains the same.

NO LIMIT

The act provides for mortgages to be made available by federal savings and loan associations for mobile homes for the first time. There is no limit as to price on these mortgages.

All the incentives are too numerous to mention but run all the way from government-backed property insurance in high-risk areas to financing aid for college building programs.

Lyn Davis summed it up with this statement: "With the improvement in the mortgage market, the innovations created by the 1968 Housing Act, the growth in the economy and the many other optimistic signs, increased availability and accessibility of homes for Americans is likely to be the most important aspect of housing in 1969."