

MAJOR PROVISIONS OF THE  
"HOUSING AND URBAN DEVELOPMENT ACT  
OF 1968"

(H. R. 17989, as ordered reported by the House  
Committee on Banking and Currency on June 20, 1968)

TITLE I -- Sales Housing-- Low and Moderate Income Families

Home Ownership

- \* Income Eligibility--families of "low and moderate" income.
- \* Subsidy--Difference between 20 percent of homeowner's income after deducting \$200 for each minor child and monthly mortgage payment. Market interest rates may be subsidized down to a minimum of one percent.

ESTIMATED MONTHLY ASSISTANCE PAYMENTS UNDER SEC. 215, BY MORTGAGE AMOUNT AND HOMEOWNER'S ANNUAL INCOME BASED ON 6 1/2-PERCENT 35-YEAR MORTGAGE WITH 1 1/2-PERCENT MORTGAGE INSURANCE PREMIUM

Adjusted annual income <sup>1</sup>	20 percent of monthly income	Mortgage amount						
		\$3,000	\$4,000	\$5,000	\$6,000	\$7,500	\$10,000	\$15,000
\$3,000	50	\$17.63	\$22.84	\$35.72	(-)	(-)	(-)	(-)
\$3,600	60	7.63	22.84	35.66	\$73.34	\$37.15	(-)	(-)
\$4,200	70		17.84	29.66	45.32	54.85	\$66.68	(-)
\$4,800	80		(-)	19.66	36.52	44.85	65.77	\$76.20
\$5,400	90			9.66	25.52	34.85	56.27	76.20
\$6,000	100				16.54	24.85	45.27	67.52
\$6,600	110				6.52	14.85	25.27	57.52
\$7,200	120					(-)	26.27	47.52
\$7,800	130						16.27	37.52
Monthly payment due the mortgage		67.63	82.84	93.66	116.52	121.85	145.27	167.52
Maximum subsidy		30.48	38.10	45.72	53.34	57.15	66.50	76.20

<sup>1</sup> Total income of 1 family less \$200 for each minor child and any income earned by a minor child.  
<sup>2</sup> Cost to buyer would exceed 25 percent of his monthly income in addition to assistance payments in order to meet payments on this mortgage amount.  
<sup>3</sup> Less than \$5

Source: Department of Housing and Urban Development.

- \* Maximum mortgage amounts--\$15,000 per unit generally, but \$17,500 for families of five or more (additional \$2,500 in high cost area.)
- \* Structures eligible--new construction, substantial rehabilitation, and existing housing.
- \* Contract Authorization--\$75 million for FY 1969; \$100 million for FY 1970; \$125 million for FY 1971. (subject to appropriations.)

Special Mortgage Risks

- \* Special FHA mortgage insurance for "low and moderate income" families who cannot meet regular credit standards, but who are "reasonably satisfactory" risks with budget and related counseling.
- \* Authorizes FHA mortgage insurance in older, declining urban areas on the basis of "acceptable risk."

Aid to Nonprofit Sponsors

- \* Technical assistance and information.

- \* 80 percent interest-free loans to cover preconstruction costs.
- \* \$7.5 million authorization for 1st year; \$10 million in FY 1970.

National Home Ownership Foundation

- \* A corporation to provide technical and limited financial assistance to help provide housing for lower income families.
- \* Appropriation of \$10 million authorized.

Insurance Protection for Home Owners

- \* Secretary to develop insurance plan in cooperation with private industry against foreclosure because income curtailed.

TITLE II-- Rental Housing for Low and Moderate Income Families

- \* Sponsors--nonprofit, limited dividend or cooperatives.
- \* Income levels and authorization--same as in Title I Homeownership

ESTIMATED REDUCTION IN MONTHLY RENTAL UNDER SEC. 236, BY MORTGAGE AMOUNT AND TENANT'S ANNUAL INCOME BASED ON 6 1/2 PERCENT 40-YEAR MORTGAGE WITH 1 1/2 PERCENT MORTGAGE INSURANCE PREMIUM

Annual income	20 percent of monthly income	Mortgage amount					
		\$8,000	\$10,000	\$12,000	\$14,000	\$15,000	\$17,000
\$3,000	\$50	\$31.45	(-)	(-)	(-)	(-)	(-)
\$3,400	57	31.45	\$39.31	(-)	(-)	(-)	(-)
\$4,000	67	31.45	39.31	(-)	(-)	(-)	(-)
\$4,600	77	25.27	39.31	\$47.18	(-)	(-)	(-)
\$5,200	87	15.27	36.15	47.18	\$55.04	\$58.97	\$66.83
\$5,300	97	5.27	26.15	47.18	55.04	58.97	66.83
\$6,400	107		16.15	40.79	55.04	58.97	66.83
\$7,000	117		6.15	30.79	55.04	58.97	66.83
\$7,600	127			20.79	45.40	53.33	56.83
Basic rental charge		70.82	83.84	100.61	117.36	121.36	127.53
Fair market rental charge		102.27	123.15	147.79	172.40	180.33	194.42

1 Rounded.  
 - Cost to tenant would exceed 30 percent of his monthly income in order to meet basic rental on this mortgage amount.  
 Source: Department of Housing and Urban Development.

- \* Subsidy--Same as in Title I; occupants would pay 20 percent of income toward rent.

Rent Supplements

- \* A two-year authorization; \$40 million for FY 1970; \$100 million for FY 1971.

Public Housing

- \* A three-year authorization; \$100 million on date of enactment; \$150 million in FY 1970 and \$150 million FY 1971.
- \* Authorization of up to \$20 million for improved management activities and tenant services in FY 1969; and up to \$40 million in FY 1970.

TITLE III -- FHA Insurance Operations

- \* Home Improvement Loans--increases loan limitation from \$3,500 to \$5,000; extends maturity from five to seven years. Small increase in financing charge.
- \* Other technical FHA amendments.

TITLE IV -- Urban Renewal

- \* Neighborhood Development Program--new financing approach for renewal projects funded by annual increments.
- \* Increase authorization for renewal projects by \$1.4 billion in FY 1970; for renewal projects in model cities, \$350 million for FY 1969.
- \* Rehabilitation Grants--increased from \$1,500 to \$3,000 to low-income home owners.
- \* Rehabilitation Loans--program extended to June 30, 1973.
- \* Interim Assistance--new grant program for alleviating harmful conditions in blighted areas where renewal or code enforcement planned but immediate action needed.
- \* Majority of housing units in a community's future residentially redeveloped projects must be for low and moderate families and persons, but at least 20 percent of the units must be for low income families.

TITLE V -- Urban Planning and Facilities

- \* Comprehensive urban planning grants for rural areas through State planning agencies; authorization increased \$35 million for FY 1969; \$125 million for FY 1970.
- \* Planned Area-wide Development--extends to non-metropolitan areas supplementary planning grants up to 20 percent of project cost if planning and coordinating standards met.
- \* Water and Sewer Facilities--Interim planning requirements extended to October 1, 1969; and previous unused authorization restored, plus an additional \$300 million for FY 1968 and FY 1969. Total available authorization for FY 1970 \$885 million.
- \* Open Space land--\$150 million authorization for FY 1970.

TITLE VI -- Urban Mass Transportation

- \* Authorizes \$190 million for a FY 1970 total of \$230 million.
- \* Emergency Mass Transportation Program extended from November 1, 1968 to October 1, 1969.

TITLE VII -- Secondary Mortgage Market

- \* FNMA's present Secondary Market operation would be turned over to a Government chartered private corporation know as FNMA.
- \* The present special assistance and management and liquidating functions to be operated by the new Government National Mortgage Association. (GNMA)
- \* Increase of \$500 million special assistance on July 1, 1969.
- \* GNMA authorized to guarantee securities backed by FHA and VA mortgage and loans insured by Farmers Home Administration.

TITLE VIII -- National Housing Partnership (NHP)

- \* NHP would join with local investors to mobilize private capital and business skills to build low and moderate income housing.
- \* Investors as limited partnership have no liability beyond investment; investors do have possible tax advantage on any partnership losses.

TITLE IX -- Rural Housing

- \* Authorizes direct and insured loans in rural areas for low and moderate income families and to coops for rental housing where Title I or II assistance not available. Interest supplements available.
- \* Grants and loans administered by Secretary of Agriculture to assist mutual and self help housing.

TITLE X -- National Insurance Development Corporation

- \* Federal program of reinsurance against property loss from riots to private insurance companies so as to continue regular line coverage against extraordinary losses.
- \* Losses to be shared by companies, the State, and by the corporation.
- \* FAIR plans required to assure property owners fair access to property insurance.
- \* Rehabilitation loans and grants would be available to property owners to assist them in bringing their property up to insurable standards (amendment in Title IV).

TITLE XI -- Flood Insurance

- \* Amends House passed Flood Insurance Bill to provide a ceiling of \$150 million in borrowing authority.

TITLE XII -- FHA Mortgage Insurance for Nonprofit Hospitals

- \* New FHA mortgage insurance program for nonprofit groups to build and rehabilitate hospitals.
- \* Maximum mortgage amount not to exceed \$25 million and 90 percent replacement cost.

TITLE XIII -- Housing Goals and Annual Housing Report

- \* Congress affirms national housing goals in 1949 Housing Act.
- \* Congress determines the need within next 10 years for construction and rehabilitation of 26 million units, 6 million of which are for low and moderate income families.
- \* Report by HUD Secretary annually to President and Council of Economic Advisors of number of new and rehabilitated units in the past year, whether 10 year goal is being met, and legislative and administrative recommendations.

TITLE XIV -- Miscellaneous

- \* \$1 billion authorization for Model Cities for FY 1970 and \$12 million planning authorization for FY 1969.
- \* A new College Housing program, involving grants to reduce the cost of borrowing from private sources. Grants limited to \$10 million annually (\$20 million annually after June, 1969.)
- \* A new Assistant HUD Secretary for Research and Development.
- \* A limited expansion of lending  powers of savings and loan institutions.