

range which families eligible for rent subsidies can actually afford. This way, we save the Government the cost of the subsidy payment, which would be far more than the cost to the Government of these low-interest loans."

Under the Sullivan bill, a \$20 million revolving fund would be set aside initially out of Federal National Mortgage Association assets for the special nonprofit fix-up-and-sell housing loans. The loans would be insured by the Federal Housing Administration (FHA) and would be serviced by private mortgage companies.

Only properties located in areas or neighborhoods "sufficiently stable" and with adequate facilities to "support long-term values" or in neighborhoods which could be brought up to the "promise" of a stable environment through such rehabilitation would be eligible for inclusion in the program set out in the Sullivan bill.

Mrs. SULLIVAN. I have been working on this for some time. This bill represents the fruit of a lot of work by me, and by religious leaders and civic-minded business representatives in St. Louis, by the staff of the Housing Subcommittee, and by the technical assistance of people in your agency. I do not pretend that the bill is perfect in all respects, although I think it is in very creditable shape. And I realize that you can't speak officially for the administration, since there is no Budget Bureau position as yet. But I would like very much to hear whether, (1) you agree with the objectives in the bill; (2) whether you think it is workable. And then I would like to ask the agencies officially to study the bill, and study it really from A to Z, to give me any recommended changes or amendments which may be needed to perfect it.

Could I please have your comments on it?

Mr. BROWNSTEIN. I do know of your interest in this subject, Mrs. Sullivan, and I do know of the bill. It would achieve two things principally, first, it would provide sales housing for these impoverished families in the very low-income groups. And it is aimed also, I know, at large families. It would result in the upgrading of old housing in some of the areas, the rehabilitation of these houses. Certainly I know that the objectives are extremely laudable. From the standpoint of mechanics it could work; yes, I believe that this is possible.

It does, however, introduce a new dimension. And this is a sub-market interest rate program for sales housing. And this is something that we will consider, but it will have to be examined as you have suggested, very closely by the administration.

Mrs. SULLIVAN. Thank you. I hope that you can give it a close look and a fast one, because I want to have this information while we are still working on the overall housing legislation.

Secretary Weaver, would you describe how the Director of the Office of the Federal Coordinator would work? Would it be his job to coordinate only the programs of your Department that are involved in the demonstration, or would he try to coordinate HUD activities with those of other departments and agencies? Are his proposed powers broad enough to be effective in that regard? I think you gave a good description to Mr. Widnall.

Secretary WEAVER. Well, I think that in the first place, as I said earlier, the Federal Coordinator would not appear on the scene until there had been a program. So you would have a local program. He would sort of be the Federal counterpart to the local agency which would be responsible for coordinating and carrying out that local program. He would be an expeditor. The first thing that he would