

In conclusion, we support the enactment of the bills before this committee and believe that our proposed amendments will better enable the fulfillment of their objectives.

(The amendments and supplementary statement referred to follow:)

AMENDMENTS PROPOSED BY COOPERATIVE LEAGUE OF THE U.S.A.

We are in favor of the enactment of the four bills before your committee: the demonstration cities bill, the urban development bill, the Housing and Urban Development Amendments of 1966, and the group practice facilities bill. In supporting this legislation, we recommend the following amendments which we believe will better accomplish the purposes of the program and serve the public interests:

1. In the demonstration cities program, amendments are required to assure that an adequate additional housing supply is provided for our growing population and for those who would be displaced in carrying out this and other governmental programs. To produce this additional supply of housing for moderate and low-income families, substantial increases are required in the authorizations for these programs. Moreover, it is necessary to utilize vacant land outside of the cities, as well as the land within the cities. These requirements should be added as conditions which a city must meet to qualify for the additional Federal aid contemplated by the demonstration cities program.

2. We wholeheartedly support the amendments contained in section 102 of the housing and urban development amendments which will remove technical obstacles in transferring management-type cooperative mortgages to the mutual insurance fund. The amendments would permit mortgagees to use the FHA general insurance fund debentures for paying the mortgage insurance premiums on mortgages covering cooperative housing where the mortgages have been transferred to the cooperative housing mutual fund. Likewise, the mortgagees should be permitted to use a mutual fund debenture (issued in connection with the mortgage transferred to the mutual fund) to pay mortgage insurance premiums on mortgages under the general insurance fund. Since these changes remove the basis for objections by mortgagees to a transfer of mortgages to the mutual fund, the present law would be amended to remove the requirement that the mortgagee consent before FHA can transfer insurance of cooperative housing mortgages to the mutual fund.

3. We strongly oppose the repealer which is listed among the technical amendments in nomenclature in title II of the housing and urban amendments bill. This would abolish the FHA position of special assistant for cooperative housing which Congress established in section 102(b) of the Housing Amendments of 1955. Certainly such a repeal is not a technical amendment or change in nomenclature. It is a matter of major importance and substance. The Cooperative League of the U.S.A. urges and recommends that this provision in the present law should not be repealed. Instead, it should be strengthened and reaffirmed for the following reasons:

(a) In enacting the existing law 11 years ago, the Congress carefully considered the need for such legislation which was supported by cooperative, consumer, and public interest groups. That need not only continues today, but is even more urgent.

(b) There is a need for the special assistant and supporting staff which will have the responsibility (under the Commissioner's supervision) to devise uniform policies, procedures, and documents for use in the cooperative housing program. Cooperative housing is different from single-family homes and multifamily rental projects. The differences must be recognized and reflected in policies, procedures, and documents which are prepared by those who have a special knowledge and experience with this program.

(c) The retention of such a special assistant and staff on cooperative housing is necessary to avoid the establishment of different policies and different methods that would result if there was a diffusion and scattering of responsibility for policies among the insuring, zone, or other offices of FHA instead of the present concentration of responsibility therefor in the special assistant for cooperative housing.

(d) In certain insuring offices there is an unfamiliarity with cooperatives and a lack of sympathy with them because they are new in the particular area. There