

great opportunity for anything more than a broad general cross section of the country as we see it.

Mrs. SULLIVAN. I agree with you that they should not all be cities of the same size. We must have a variety of sizes in order to be able to make a proper evaluation.

That is all. Thank you.

Thank you, Mr. Chairman.

Mr. BARRETT. Thank you.

Mr. HARVEY?

Mr. HARVEY. Mr. Fay, you have made a very fine statement.

I just have one statement. I wonder if you could tell me what would be the costs of these various amendments as you propose?

Mr. FAY. As I pointed out, three of them would not have any costs involved. The costs of the others, 1, 2, and 4, is something that we would have to get some information on. And we will be glad to do that and furnish it to the committee for the record, Mr. Chairman.

Mr. HARVEY. I would like to have that for the record.

Mr. BARRETT. Without objection, it is so ordered.

(The information requested follows:)

COST OF NAHRO'S PROPOSED AMENDMENTS TO THE HOUSING ACT OF 1937

As indicated in our testimony, three of the six proposed NAHRO amendments would have no financial impact on the Federal contribution. These are:

Amendment 3. Amendment to the language of the Housing Act to encourage good as well as economical design

Amendment 5. Authorization for over-income tenants to remain in occupancy and pay economic rent

Amendment 6. Authorization for sale of portions of low-rent housing developments to nonprofit housing sponsors, under appropriate circumstances

The remaining three proposed amendments could have some financial impact, although in two cases (Nos. 1 and 4), the Federal contribution could be the same or less, depending on the alternative selected.

Amendment 1. Amendment to permit modernization and updating of older low-rent housing developments

(a) *Full fixed annual contribution.*—NAHRO recommends that the full fixed annual contribution be made available to local housing authorities, with residual receipts (after operating expenses and reserve allocations) going either for modernization and updating needs or for prepayment of existing bonded debt. The full fixed annual contribution available to local housing authorities under contracts with the Public Housing Administration for fiscal 1966 is \$253 million. The amount actually to be paid, after deduction of local housing authority residual receipts, is estimated at \$233 million. If the full fixed annual contribution were available, it would mean an additional resource of some \$20 million for local housing authorities. This additional financial resource would be most immediately useful to those authorities now returning residual receipts to the Federal Government, but which have modernization and updating needs which cannot be met by present reserve fund restrictions and inadequacies. If some portion of these residual receipts were used to prepay existing bonded debt, it would result in a net saving to the Federal Government because of reduction in interest costs. Availability of the fixed contribution would also make possible a more effective budgeting process for all local housing authorities because they could anticipate the amount of Federal contribution in advance, without having to wait for the actual income and expense at the end of the fiscal year. It would also encourage economical management since any residual receipts would become available for needed and desirable local purposes.

This amendment would provide for an additional Federal contribution (now authorized, but not appropriated) of about \$20 million annually. However, in the event that some of this additional contribution were used by local housing authorities for prepayment of bonded debt, it could result in a net saving in Federal expenditure.