

been integral parts of public housing operation since early days of the program, many developments have facilities which today are obsolete. Many contain outmoded electrical and utility systems, inadequate laundry facilities, lack of indoor and outdoor play spaces for children, to mention only a few examples.

Some public housing, especially that developed during and after World War II, was constructed with substitute materials, because they were the only materials available. In addition, there was a period in the decade of the 1950's when local housing authorities were requested by the Public Housing Administration to postpone important major maintenance and replacement while returning residual receipts to reduce the Federal contribution. All of these factors place a heavy responsibility on public housing officials in 1966 to do something about housing developments that are aging. An aggressive program of modernization undertaken now could pay large dividends in the future by extending the useful life of many housing developments well beyond the 40-year amortization period. This would provide a continuing source of good housing for low-income families at a cost far less than replacing outmoded developments with new construction.

We make the following specific recommendations:

(a) Amendment of the present annual contributions provision (sec. 10(b) of the United States Housing Act of 1937) to permit the payment to local housing authorities of the full annual contributions authorized under the statute on condition that any residual receipts after payment of the operating costs (including reserves) and required debt service, be utilized either for necessary modernization of older housing developments or prepayments on existing bonded debt.

(b) Amendment of United States Housing Act of 1937 to provide that, where modernization of a housing development is essential to its continuing usefulness for low-income families, the amortization period can be extended beyond the 40-year term, up to an additional 10 years, with annual contributions continuing in this period to assist in meeting the modernization cost. An important advantage of this method of meeting modernization cost is that it avoids the accumulation of large reserve funds over long periods of time.

We believe that these two provisions should be of substantial assistance in meeting the financial demands facing the public housing program over the next few years.

2. *Revision of the provision on the special subsidy for the elderly.*—In 1961, the Congress enacted an amendment to the Housing Act that made it possible for a local housing authority to receive up to \$10 in additional contribution for every dwelling unit occupied by an elderly family, where such amount, in the determination of the Public Housing Administration, was necessary to enable the public housing agency to lease the unit to the elderly family at a rent it could afford and to operate the project on a solvent basis. Experience over the past 4 years has demonstrated that many additional elderly families have been able to be housed in public housing because of this amendment. However, experience has also shown that the \$10 per unit per month figure does not nearly meet the gap between what most elderly can afford to pay and the operating costs of public housing.

Also, it should be pointed out, that to receive such a subsidy for elderly families, a local housing authority must show that, at the end of a fiscal year, it would not be able to maintain a solvent position, without such subsidy.

NAHRO recommends two actions. First that the provision in the law relative to elderly subsidy be amended to provide that the additional contribution be equivalent to the gap between the ability to pay of elderly households and the operating cost of the public housing operation (including provision for reserve but excluding debt services). Further, we would recommend that the language of this section of the law be amended to make such additional contribution available without the restrictive and administratively difficult tie to project solvency. Such amendments would make it possible for many more elderly to be housed in public housing, and particularly in housing developments especially designed for and occupied by elderly households.

3. *Amendment of the language of the Housing Act to encourage good as well as economical design.*—The only reference in the Housing Act to design in public housing is a provision requiring that projects be undertaken in such a manner that they will not be of elaborate or expensive design or materials. In order to reflect both local and national concern with good design, particularly for public housing, NAHRO strongly supports an amendment to the Housing Act which would encourage "good" as well as "economical" design.