

Mr. BLACKMON. This bill would make favorable financing under the section 221(d)(3), below market programs available for rehabilitation and for sale to low-income families. It would make it a reality that we think it is very important and necessary.

For some years, NAHB has stressed to the committee, the importance of rehabilitation—rather than completely bulldozing sections or neighborhoods.

We think this is more proper a way to handle this program. Two weeks ago, I spent some time in Harlem in New York, studying a rehabilitation program that is going on there that is very exciting. I think it will do a great deal for our low-income families.

NAHB for a long time has been strong in advocating home ownership. Now, I have one suggestion, after reading your bill, that I would like to make, if I might.

On page 5, lines 21 through 25, subsection (f) would forbid entirely a transfer of any dwelling financed under this program except to another low-income approved family. I think this is to be commended, but at the same time I would like to say, while I agree with the objective behind this subsection, it seems to me that instead of absolutely prohibiting the sale, unless it is to a low-income family, we might make it available to a low-income family, or to any approved purchaser, who would then be charged at the full market rate. If a family was not a low-income family, then it would pay the going FHA rate. You broaden your situation and you might find that if you have a low-income family who doesn't choose to buy and another family does, they would pay the going rate and it would not be using the below-market interest rate.

Mrs. SULLIVAN. What we had in mind—and this has been discussed—was that we do not want these low interest rates to be used for anyone except low-income families. But if the original purchaser, under this mortgage plan with the low interest rate, wished to sell, he could sell to someone else on the open market but would be prohibited from passing on the low interest rate. The mortgage would have to be financed then on the regular market at the going interest rate.

Mr. BLACKMON. I think we agree—as I read it, your bill permitted selling only to low-income purchasers and I wanted to broaden this just enough to make it available for low income or another, and that anyone else that purchased it would be required to pay the full market rate. This was true for the Tulsa demonstration project—they had a low market rate interest—but where the family got to where they could pay the going rate, they were required to pay that rather than getting the benefit; and this would release money available to take care of more low-income families.

Mrs. SULLIVAN. What I think we should plan to do, in the committee report, is to be very explicit that this low rate is intended only for those who met the requirements of a low-income family. But in the event that such a family later sold the property, in order for the purchaser to get the advantage of the low interest rate, it could only be sold to a family in that category. But if the owner wished to sell to anyone else, he could still do so but not pass on the advantage of a 3-percent mortgage interest rate. I think that could be made very explicit in the report. We did not want to leave it wide open in the bill and then have it misused. Our hope was that we could tie enough