

Extension of FHA mortgage insurance for veterans (H.R. 11857 and H.R. 11858) *NAHB positions and recommendations*

These bills would amend the FHA mortgage insurance program for veterans, authorized by section 206 of the Housing and Urban Development Act of 1965. Existing law makes liberal FHA mortgage insurance available only for veterans who have not received benefits under the Veterans' Administration program for purchasing, constructing, or repairing homes. The bills would remove this prohibition and make the FHA program available whether or not VA benefits had been received.

NAHB strongly supports H.R. 11857 and H.R. 11858, identical bills which have bipartisan support. If enacted, an additional 6 million veterans of World War II and the Korean conflict would become eligible for low-down-payment FHA-insured mortgages at no cost to the Treasury.

ATTACHMENT B—PROPOSED AMENDMENTS TO H.R. 13064

(The Housing and Urban Development Amendments of 1966)

I. MORTGAGE INSURANCE FOR COLLEGE HOUSING FACILITIES

(A) Section 207 of the National Housing Act is amended by—

(1) Inserting in subsection (a) (1) immediately after "designed principally for residential use" the following: "(including housing of the type constructed with financial assistance pursuant to title IV of the Housing Act of 1950)";

(2) Inserting at the end of the second paragraph of subsection (b) (2) the following: "Nothing in this subsection shall be construed to prohibit the insurance of a mortgage under this section covering property on which there is or is to be located housing for students or faculties of an 'educational institution' as defined in section 404(b) of the Housing Act of 1950."; and

(3) Inserting in subsection (c) (3) after the first semicolon the following: "except that with respect to housing to consist of dormitories of the type constructed with financial assistance pursuant to title IV of the Housing Act of 1950, not to exceed \$5,000 per sleeping accommodation";.

Explanation

This amendment would authorize FHA mortgage insurance for housing facilities for college students and faculties of the type constructed with financial assistance under title IV of the Housing Act of 1950, the college housing loan program. Mortgage insurance would be provided under FHA's section 207 regular rental housing program.

Under the college housing loan program, the Secretary of Housing and Urban Development makes direct loans (at 3 percent interest rates) to assist institutions of higher education in the provision of housing and related facilities for students and faculty where such assistance is not otherwise available on equally favorable terms. We understand that the program level for college housing loans for fiscal year 1967 is approximately \$300 million.

As college enrollments continue to rise, the need intensifies for additional housing facilities for college students and faculties. In the context of available college housing funds, HUD cannot finance all the needed facilities. Accordingly, FHA mortgage insurance is recommended to supplement assistance to college housing being provided under the existing college housing loan program.

Private enterprise is already active in this field. The availability of FHA mortgage insurance for college housing (which would be provided at the current 5¼ percent interest rate) would increase private activity, especially in dormitory-type construction not presently eligible for section 207 mortgage insurance. In addition, private construction and ownership of housing facilities would benefit colleges and universities by (1) freeing their debt capacities so that they can undertake other projects (such as infirmaries and student unions) which private enterprise is not equipped to handle, and (2) providing them with greater flexibility in meeting a broad variety of housing needs.