

Explanation

This amendment would (1) increase the limit on the amount of a property improvement loan that can be insured by the FHA under its title I property improvement program from \$3,500 to \$5,000, and (2) permit the loans to have a maturity of up to 7 years rather than the present 5 years.

Home repair costs continue to increase along with home construction costs. Increasing the title I loan amount is necessary to enable the property improvement program to assist homeowners in maintaining their properties. In addition, the longer term will help to reduce monthly financing costs and thereby bring the benefits of the program to more homeowners.

VII. ELIMINATION OF BUILDER'S COST CERTIFICATION ON SMALL RENTAL PROJECTS

(A) Section 227(a) of the National Housing Act is amended by inserting "consisting of 25 or more units" immediately before "approved for mortgage insurance".

Explanation

This amendment would exempt from the requirements of cost certification new or rehabilitated multifamily projects consisting of less than 25 units. Under the existing law, all such projects are subject to cost certification requirements.

Many small builders are unwilling to undertake small rental projects due to the burdensome requirements involved in cost certification. This amendment, by exempting small rental projects from these requirements, would facilitate the construction of small projects by small builders, particularly in urban renewal areas where a demand exists for such projects. It would also encourage participation by small builders in many urban renewal projects.

VIII. DISPOSAL OF LAND IN URBAN RENEWAL AREAS FOR LOW- AND MODERATE-INCOME SALES HOUSING

(A) Section 107(a) of the Housing Act of 1949 is amended by inserting before the period at the end thereof the following: " : *Provided*, that any real property held as part of an urban renewal project may be made available to any purchaser at fair value for use by such purchaser in the provision of sales housing for occupancy by families of low- or moderate-income".

Explanation

This amendment would permit the sale of real property in an urban renewal area at a reduced price to any purchaser who will use such real property to provide sales housing for low- or moderate-income families.

Under existing law, property in an urban renewal area may be sold at fair value for the "provision of new or rehabilitated rental or cooperative housing for occupancy of families of moderate income," rather than at the regular market value of the property. This reduced purchase price is not available for property to be used for sales housing for families of low and moderate income.

This amendment would remove the anomaly of a higher price for land to be used for rental housing than for low- or moderate-cost sales housing. Its enactment should spur the construction of single-family homes for low- and moderate-income families in those urban renewal areas where the provision of sales housing is in accordance with urban renewal plans for such areas.

IX. INCREASED AUTHORIZATION FOR SECTION 810 DEFENSE RENTAL HOUSING

(A) Section 810(1) of the National Housing Act is amended by striking out "five thousand" and inserting in lieu thereof "ten thousand".

Explanation

This section would increase from 5,000 to 10,000 the number of units which may be constructed under the section 810 program of mortgage insurance for rental housing.

It is our understanding that the Department of Defense has allocated all units authorized to be insured under the program. In view of the recent buildup of our Armed Forces and the increased need for housing adjacent to many defense establishments, the NAHB strongly recommends reactivating the section 810 program.