

This bill will permit small builders to participate in this FHA program. If this segment of the building industry is excluded, if our small and medium-sized builders are unable to make the contributions of which they are capable, our Nation stands to forfeit the resources which derive from a diversified homebuilding industry.

The Housing and Urban Development Amendments of 1966 will make other needed changes in the laws governing existing programs. I believe Congress must be willing to adopt amendments which will make these housing programs work better when they are based on actual working experience as these have demonstrated.

One such amendment would permit lenders, who make loans under the FHA title I property improvement program to collect the one-half of 1 percent insurance premium from the borrower. This is the only FHA program under which the cost of the insurance is not directly borne by the borrower. The volume of this program has declined greatly, and it is expected that by giving lenders the small increase recommended by the administration in the return on their loans, more loans will be made. Without such loans, homeowners, especially those of low- and moderate-incomes, may be unable to obtain emergency home repair credit without paying high or even exorbitant interest rates. This seems to me to be a desirable step.

The limit on the amount of a home mortgage insured by FHA under its special program for low and moderate incomes, and displaced families would be increased from \$11,000 to \$12,500 in the case of a one-family home, and from \$18,000 to \$20,000 in the case of a two-family home, and is made necessary by increased home costs.

Another amendment, which seems to me to have considerable merit, would permit local housing authorities to lease dwellings without regard to the 3-year limitation in the present law in cases where the housing is needed for low-income families displaced by urban renewal, highway construction, or other governmental actions. This provision would be very helpful to local housing authorities, and would enable them to provide housing for large displaced families, many of which have been on the waiting list for public housing for years. At the present time, local housing authorities cannot assure what will happen to these families when the presently authorized short-term leases end. The provision of longer term leases would prevent further insecurity to those displaced by urban renewal, highway construction, or other public improvements.

Still another provision in this bill would enable local housing authorities to lease housing to be constructed. Here, again, increasing interest is being shown by private builders and the private housing industry in general in working with public housing authorities in the development of housing for low-income families. This amendment would result in costs substantially lower than can be achieved by many local public housing authorities and would result in substantial savings to the taxpayers. This amendment would provide, as Dr. Robert C. Weaver, Secretary of the Housing and Urban Development Department, has said:

Additional stimulus for much greater participation by private building interests in the low-rent housing program.