

Last year, the HHFA announced that the FHA "will avoid acceptance of applications for mortgage insurance on properties which would be competitive with the urban renewal development, unless sufficient market demand is evident for both. Because of the Federal interest already committed to the success of the urban renewal project, FHA will not jeopardize the market for the proposed housing in the urban renewal area by issuing commitments to insure loans on other housing that would preempt the market demand for housing planned in the urban renewal project area."

Applying this principle to the new towns, which would also involve a federally committed interest, we view the proposal as adversely affecting private development through FHA in any of the surrounding area upon FHA determination that both might compete for the same housing market.

Last year we submitted for the record excerpts from two issues of House and Home magazine listing 61 new communities being developed by private enterprise without Federal assistance in land assembly and site improvement. During the 1965 hearing before this subcommittee, the then HHFA Administrator's only comment on this evidence was admiration for what private enterprise was doing and a desire to help them do better. We respectfully suggest that the involvement of the Federal Government into new subsidy programs should rest on a firmer foundation. Certainly we ought to see how well the existing title X program, with its \$10 million ceiling, works prior to increasing this amount to \$25 million and enlarging the scope of the Secretary's powers. The burden of proof is on the Secretary to justify his case for the Federal Government's further involvement in controlling the future use of land. He has submitted no evidence that private enterprise is unable to accomplish this purpose. On the other hand, the preponderance of the evidence points to the impressive record of private enterprise in this area, accomplished without Federal criteria to determine whether the plans for the new community are appropriate, and without Federal financial assistance in the assembly of the land and its site improvement.

H.R. 13064, THE HOUSING AND URBAN DEVELOPMENT AMENDMENTS OF
1966

We are limiting our testimony on this bill to the two sections relating to privately owned housing leased by local housing authorities in making available existing housing for rental to low-income families.

The first of the two amendments—section 104 of H.R. 13064—would permit local housing authorities to lease dwellings without regard to the 1- to 3-year lease limitation provision where the housing is needed for low-income families displaced by Government action. The justification for the amendment is to remove any threat of dislocating the family, again presumably after the 3-year lease expires. When we realize that the normal lease for rental housing is 1 year and month-to-month thereafter, the argument for leases of perhaps 10 to 20 years has no validity. This program is designed to make privately owned housing available for low-income families. A long-term lease makes the housing for all practical purposes publicly owned. The amendment is unnecessary; it makes a fundamental change in a worthy program enacted less than 1 year ago, and the amendment should be rejected.