

these programs in high cost areas. In the case of the 221(d)(3) program, this means a lifting of cost limitations which prohibit the construction of high rise buildings which are all that are feasible in cities like Philadelphia, where high land cost makes low-rise construction unfeasible. This could be done if construction cost ceilings were based on permitting the prospective residents to pay 25 percent of their incomes for housing expense, as is the case under the new rent supplement program, rather than the present 20 percent. The sales housing program administered by FHA under section 221(d)(2), should similarly be amended to raise the mortgage limits to permit realistic use of this program as a resource for the relocation of persons displaced by governmental action.

Loans could also be made to nonprofit and limited-dividend corporations seeking to build new middle-income housing but lacking the necessary funds to organize and operate prior to receiving long-term financing. Federal loans to cover these organizational expenses would require very little money but would be likely to offer immeasurable aid in encouraging participation under existing programs in which such groups and corporations are eligible.

The 3-percent loans and direct grants for rehabilitation of housing made available to families living in urban renewal and federally aided code enforcement areas will be of enormous help in accelerating the rehabilitation of some older areas to the levels that we have so long strived for, but neither of these programs is of any aid to persons living outside of these special project areas. May I suggest as I did last year that the FHA title I program be revised to permit maximum loans of \$5,000 for home improvement rather than the \$3,500 at present and that the term of these loans be extended to 7 rather than 5 years. I am aware that the interest rate is higher than under other programs, and for this reason, many people did not agree with this approach. But the fact remains that this program has been one of the most successful ever operated by the Federal Housing Administration. Borrowers and lenders alike are familiar with it, and it operates with a minimum of paperwork and delay. I note that one of the administration bills recommends that lenders be permitted to collect the one-half of 1 percent insurance premium on these loans from the borrower, in order to revive this program which has recently been declining. This may help; I think my recommendation may do as much without increasing the interest rate to the borrower.

During the past few years, we have seen the section 202 program of the Community Facilities Administration become, in a short time, one of the most successful housing programs ever launched by the Federal Government. The direct loan program for housing for the elderly has grown so rapidly that the \$150 million for a 4-year period provided last year is already greatly inadequate to meet the demand. As a result, I must reiterate my suggestion made last year that this program be given an increased authorization of \$250 million a year for the next 4 years. The program should also be amended to permit the rehabilitation of existing property which would meet the needs of the elderly. At present, acquisition and rehabilitation of such property is ineligible for financing under section 202. The financing of nonprofit nursing homes under section 202 should also be authorized under the same terms as nonprofit housing projects for the elderly. This would make it possible to reduce nursing home charges by as much as \$30 a month in comparison with nursing homes financed with FHA section 232 mortgage insurance. Finally, capital grants should be authorized for the construction of related facilities, such as clinics, community rooms, craft shops and the like, in nonprofit housing for the elderly.

Much has been done in recent years to extend relocation assistance to persons displaced as a result of governmental action but, I believe, Federal legislative changes are still badly needed.

Last year, benefits previously available only to those displaced by urban renewal were extended to all those displaced by the programs of the then Housing and Home Finance Agency. I hope that this year the Congress will see fit to extend these privileges still further to include all persons displaced by Federal action of any kind, to be administered on an equal basis to all. In addition, financial assistance to low-income families should be made more flexible and further liberalized, so as to guarantee their firm establishment in their new locations through such means as payment of security deposits for rent and utilities or grants for purchase of furnishings. Also, the relocation adjustment payments authorized in 1964 should be broadened into a rent certificate program to supple-