

made up to 50 percent of the costs of the programs with the qualification that total grants could not exceed \$5 million before July 1, 1967, nor \$10 million before July 1, 1968.

The American Bankers Association supports titles I, III, and IV of H.R. 12946 in view of the inability of the many public bodies to cope with these situations without Federal help in the way of funds, talent, and coordination study. There is a widespread need for better information and easier access to information. It is noted that transportation, sewers, water, recreation, and development of open space areas are to be included. These are the elements that knit a region together and should receive every encouragement. These elements are essential to proper urban development and for the protection of real estate values.

Title II would broaden the program of FHA mortgage insurance of privately financed land development for "new subdivisions" to include "new towns." The amount permitted for a single land development project would be increased from \$10 million (the present maximum amount available for new subdivisions) to \$25 million. The ABA reaffirms its opposition to this "new town" program which not only involves excessive Federal planning but is also unnecessary since large developments can be handled within present authorization or private financing. To date, FHA has approved a loan for only one subdivision under its existing authority. After more extensive use has been made of the present authorization for new subdivisions, the Congress will be in a better position to judge the feasibility of this much more extensive program. There are many examples of "new towns" that have been developed with private financing.

Title II would also authorize Federal loans to State or local land development agencies to finance the acquisition of land (to be used in later development of new subdivisions and new towns) at rates based on the cost of money to the Treasury (currently about 4 percent). The proposal would make it possible for governmental bodies to acquire raw land at low interest rates with direct Government loans and would restrict use of acquired land to uses spelled out in a development plan.

The ABA is opposed to title II as we feel a better method for acquiring land for development purposes would be to finance the acquisition with private capital insured by the FHA similar to the loans which finance new subdivisions.

#### HOUSING AND URBAN DEVELOPMENT AMENDMENTS—H.R. 13064 AND H.R. 13065

Section 101 would permit premiums charged for FHA title I property improvements loans, made or refinanced within 1 year after the date of enactment, to be paid by the borrower rather than the lender.

The ABA supports this change as it will permit the FHA title I program to compete on a more equal basis with other forms of consumer lending. This may encourage lenders to use the title I program and help counteract the recent fall off in volume of title I loans. However, we recommend that this change should be made permanent rather than limiting it to 1 year.

The ABA supports section 103 which would increase the maximum mortgage limitations on single family dwellings financed under FHA's section 221(d)(2) home mortgage insurance program for low and moderate income and displaced families from \$11,000 to \$12,500 and on two-family dwellings from \$18,000 to \$20,000. Present economic conditions and costs make this increase desirable.

Section 104 would permit local housing authorities to lease dwellings for low-income families for more than the present 3-year limit when such families are displaced by urban renewal, highway construction or other governmental action. The ABA is opposed to this section as a long-term lease would make a fundamental change in this program which was intended to make privately owned (not publicly owned) housing available for low-income families as a supplement to the public housing program. We believe that an optional renewal clause would afford relief in such cases. The intent of the present law is to provide temporary housing for those displaced. Three years should suffice to enable displaced persons to locate permanent housing elsewhere. If the lease is made for too long a period, the property would take on many of the characteristics of public ownership.

The ABA supports section 106 which would establish a program designed to encourage and assist the housing industry in reducing the cost and improving the quality of housing through the application of technological advances.