

would be eligible in projects financed even before the 1965 Housing Act was passed.

Nor would these funds meet the need in new projects under this direct loan program which will continue to increase rapidly as the new 3 percent interest rate enables more and more potential sponsors to participate in this program which serves the needs of the lower middle income older people so well.

We urge your committee to support S. 2520 which would enable the Department of Housing and Urban Development to make direct loans covering 100 percent of development cost for new or rehabilitated nursing homes to nonprofit groups, limited dividend corporations and public bodies.

Provisions of S. 2520 which has been introduced by Senator Harrison J. Williams of New Jersey would permit loans to be made at a maximum interest rate of 3 percent and for 50-year terms. It has been estimated that this bill would permit nursing home charges to be reduced by as much as \$30 a month in comparison with nursing homes financed with FHA 232 mortgage insurance.

It is the experience of the leaders of our clubs across America that older Americans require built-in access to health facilities and social services. Good planning of housing developments should include common space for senior activities—including craft shops, meeting rooms, and lounges. Space should also be available for a health center, dining room and other facilities to reduce isolation, provide meaningful activity and stimulate good health, in the retirement years.

But the members of the Housing Subcommittee know that the installation of these vital common spaces tremendously increases the cost of construction and requires the elderly residents of the project to bear higher rental charges to meet these costs.

It is therefore our hope that the committee will provide these much-needed facilities under the existing nonprofit, consumer cooperative and public programs in the Department of Housing and Urban Development by instituting a program of grants for the capital cost of necessary related facilities such as these. These facilities might be used by elderly persons in the entire community—not limited only to residents of the project.

Frankly, the rapid growth of the elderly population calls for a serious research and evaluation program into all aspects of senior citizens housing. We must learn more about the types of housing needed and must provide adequate funds to research such a program. We must also seek to provide a program of grants to States—preferably administered by the Department of Housing and Urban Development—to provide communities with the necessary technical assistance to evaluate and review needs and plans for housing needs for the elderly.

We also urge the Federal Government to make grants to States, communities and national nonprofit organizations for initial working capital and "seed money" for the necessary working capital required for elderly housing—despite the availability of 100 percent development loans or mortgage insurance loans.

We urge that low interest direct loans and grants for rehabilitation in urban renewal areas be made available to low-income elderly homeowners who live in substandard housing anywhere. It will benefit the health, safety, and comfort of the elderly and help to upgrade neighborhoods.

The Federal Government should also make grants to low-income elderly homeowners forced to relocate because of government action, such as urban renewal, etc., to assist them to purchase another home if they wish. Many elderly forced to relocate in this way now own their homes mortgage free and wish to continue homeownership. However, the cost of a modest and suitable replacement home is generally greater than the proceeds received in the sale of their existing home. It should not be difficult to work out a grant to cover the difference with proper safeguards with respect to resale, maximum cost and maximum income limits, etc.

PALO ALTO MEDICAL CLINIC,
Palo Alto, Calif., March 22, 1966.

HON. WRIGHT PATMAN,
Chairman, Banking and Currency Committee,
House of Representatives,
Washington, D.C.

DEAR MR. PATMAN: I am writing you with some suggestions as to the pending legislation in regard to group practice.

I have been associated with group practice for 40 years and have been the head of one of the largest community oriented groups in the country, the