

been established between HEW and PHA in the operation of low-rent public housing projects where HEW and local and State agencies bring concerted social services to low-rent-project occupants. We also expect closer contact and collaboration with the Department of Agriculture regarding possible program overlap in smaller communities.

(d) *With State governments or their instrumentalities.*—This will occur in the areas of supplying various kinds of social services to the occupants of rent supplement housing. This will probably occur with highest intensity in rent supplement projects which have a preponderance of occupancy by the elderly.

(e) *With local governments or communities.*—See comment (d) above.

(f) *With foreign governments or international organizations.*—None required and none expected.

(g) *With nonprofit organizations or institutions.*—These private groups will constitute a major source of sponsorship under the rent supplement program.

At the present time, HUD is cooperating with OEO in that agency's proposed program to develop suitable and adequate nonprofit sponsorship for various kinds of housing development—notably, rent supplement housing. OEO contemplates a program whereby it will supply "seed money" to help formation of such nonprofit sponsor organizations, develop management competence, and support possible financial losses incurred in the development of suitable project proposals to FHA.

(h) *With business enterprises.*—Limited distribution corporations and cooperative groups will be eligible sponsors under the rent supplement program. (Note: The largest category of sponsors under the FHA section 221(d)(3) below-market-rate-of-interest program has been of the limited dividend nature.)

(i) *With others.*—There will be continuing relationships and contacts with professional housing and planning organizations and with professional industry groups.

8. Laws and regulations

The enabling legislation for this program is the Housing and Urban Development Act of 1965, Public Law 89-117, 89th Congress, August 10, 1965. The program is authorized under section 101 of the act.

PART II. DATA BEARING ON ECONOMIC ASPECTS AND IMPACTS OF THE PROGRAM

9. Economic effects

(a) *Effects on personal incomes of persons served and on the distribution of personal incomes.*—The rent supplement payment benefits will not increase the disposable incomes of project occupants, except to the extent that a number of occupant families may wind up paying a lower proportion of income for rent than previously. These possible benefits cannot be estimated at this time.

(b) *Effects on placement or productivity of workers, or both, and on their earnings.*—An improved environment may stimulate the desire of occupant families to seek a better way of life; in so doing, they may take advantage of those aids and programs which will improve their earning capacities. The rent supplement program will support such motivations, since an increase in income will not jeopardize continued occupancy in the rent supplement project.