

(c) To provide assistance to State and local governments and their instrumentalities in financing such systems, to be operated by public or private mass transportation companies as determined by local needs.

2. Operation

The program involves:

(a) Grants to assist public bodies (States, municipalities, and other political subdivisions of States; public agencies and instrumentalities of one or more States, municipalities, and political subdivisions of States; and public corporations, boards, and commissions established under the laws of any State) in the acquisition, construction, and improvement of facilities and equipment for use, by operation, lease, or otherwise, in mass transportation service in urban areas and in coordinating such service with highway and other transportation in such areas. Grants may not exceed two-thirds (one-half where certain planning requirements are not fully met) of that portion of project costs which cannot reasonably be financed from revenues.

(b) Loans to public bodies for the same purpose, in cases when revenues are sufficient to assure repayment but for whom funds are not available in the private market upon reasonable terms. The current interest rate is 4½ percent.

(c) Research, development, and demonstration projects, directly or by contract, in all phases of urban mass transportation. Funds authorized have generally been used for grants to public bodies for two-thirds of the net costs of demonstrating new ideas or methods for improving mass transportation systems or service.

3. History

The Housing Act of 1961 (Public Law 87-70) authorized \$25 million for grants to public agencies to assist in demonstrating new ideas or methods for the improvement of urban mass transportation and \$50 million for low-interest rate loans for capital improvements to urban mass transportation systems.

Following a joint study by the Housing and Home Finance Administrator and the Secretary of Commerce, the President recommended to the Congress enactment of legislation to establish a continuing program of assistance in this area.

In 1964, the Congress enacted the Urban Mass Transportation Act of 1964, which provides Federal assistance through capital grants and loans and a program of research, development, and demonstration projects.

These programs, which are outlined in paragraph 2, above, are administered through the Urban Transportation Administration (formerly the Office of Transportation) in the Department of Housing and Urban Development.

4. Level of operations. (See table 1.)

Program: Urban mass transportation.

Department or agency, and office or bureau: Department of Housing and Urban Development; Urban Transportation Administration [formerly Office of Transportation].