in the form of direct loans is provided to private nonprofit corporations, consumer cooperatives, and certain public bodies for the construction or rehabilitation of rental housing for the elderly (62 years of age or older) and the handicapped. Loans may be made up to 100 percent of the development cost for periods up to 50 years. The current interest rate on such loans is 3 percent.

This program of direct loans permits assistance for development of nonprofit projects intended to serve those elderly people whose incomes are generally above the levels established for admission to public housing projects but below that needed to pay the rentals for adequate private housing otherwise available.

Project design, site selection, and financial arrangements must be consistent with the ultimate purpose of achieving a pleasant living arrangement at minimum rentals, which promotes the independence and self-reliance of senior citizens. Project planning and design should take into account the desires and needs of older persons for privacy, participation in social and community activities, and access to community services.

2. Operation

The senior citizens housing loan program is administered by the Housing Assistance Administration (formerly by the Community Facilities Administration) through the several regional offices of the Department of Housing and Urban Development. The processing of loan applications takes place within the regional offices where HUD program staff reviews basic loan proposals and technical staff of HUD evaluates the supporting documents. Final approval of the loan takes place in Washington by the Commissioner of the Community Facilities Administration. After loan approval and satisfaction of Federal requirements by the borrower, and receipt of an acceptable bid, the borrower is authorized to proceed with the construction of the project. The project is constructed by private contractors who are the successful bidders. The entire responsibility for project development and operation rests with the borrower after loan approval and bid acceptance. The Federal participation is limited to assuring proper use of loan funds during development and conformance to the general objectives of the program as well as to determining that the borrower can meet loan repayment obligations after the project is in operation.

3. History

The senior citizens housing program came into being with the signing of the Housing Act of 1959 by President Eisenhower in September 1959. This bill authorized appropriations of $50 million. Congress subsequently appropriated $20 million to provide for 98-percent loans for a program that was to be considered a pilot program in an effort to meet the housing need of the well elderly. The program was originally administered directly under the Office of the Administrator of the Housing and Home Finance Agency. In May of 1961, this program was transferred to the Community Facilities Administration. Subsequent to the transfer of the program, additional housing legislation broadened the scope of the program and increased authorized appropriations.

The Housing Act of 1961 authorized 100-percent loans. It was administratively determined in December of 1962 that all senior