5. *Estimated magnitude of program in 1970.* (See general answer covering all FHA programs.)

6. *Prospective changes in program orientation.* (See general answer covering all FHA programs.)

7. *Coordination and cooperation.* (See general answer covering all FHA programs.)

8. *Laws and regulations.* (See general answer covering all FHA programs.)

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

9. *Economic effects.* (See general answer covering all FHA programs.)

10. *Economic classification of program expenditures.* (See general answer covering all FHA programs.)

BELOW MARKET INTEREST RATE RENTAL HOUSING PROGRAM FOR LOW- AND MODERATE-INCOME FAMILIES (SECTION 221(d)(3))

PART I. DESCRIPTION OF THE PROGRAM

1. Objectives

The general objectives outlined for both sales and rental housing programs of FHA, of course, also apply to the 221(d)(3) below market interest rate (BMIR) program. However, the primary objective is to make adequate housing available at below market rentals to those families whose incomes are insufficient to afford decent housing available in the private market. The program is mainly intended to serve those families of low and moderate income whose incomes are above those eligible for public housing. A second objective is to serve as a relocation resource for families displaced by urban renewal and other Government action.

2. Operation

Responses to this question on operation of rental housing programs also apply to this program.

The below market interest rate feature of the program, however, involves additional unique operational features. The program achieves its objectives of lower rents through an interest rate substantially below market rates. It is therefore dependent on FNMA purchase of mortgages, and acceptance of applications under the program requires prior reservation of FNMA special assistance funds. Legislative intent also requires that FHA establish income limits for tenant eligibility in BMIR projects, to assure that the assistance serves those for whom it was intended.

The one-half percent insurance premium is waived on this program. Losses are to be provided for by appropriation.

3. History

This program was authorized by the Housing Act of 1961. It originally tied interest rates to the average interest cost of Federal borrowing as determined by the Treasury Department. But the Housing and Urban Development Act of 1965 has now fixed the interest rate at not to exceed 3 percent.