

5. *Estimated magnitude of the program in 1970*

The level of activity that will materialize under FHA programs by 1970 will depend on a variety of influences, some of which can be reasonably anticipated while others will arise from actions and decisions evolving from interim events.

Aggregate population has been projected by the Census Bureau to rise to about 209 million by 1970. This would be an increase of about 7.3 percent from 1965. However, in the age bracket from 22 to 45 years, the increase would be only 6.2 percent. This is the group that contains most of the first-time home buyers and renters, and which would have the greatest impact on FHA's future activities. The number of elderly persons over 65 is expected to increase by 8.1 percent during the next 5 years and provide somewhat greater demands for senior citizen housing and nursing homes.

We do not visualize any technological or social innovations during the next 5 years that would have a notable impact on FHA activity. There are a number of forces now at work that can be expected to continue and perhaps accelerate, however, during this period. One of these, on the technological side, is the increasing use of manufactured and preassembled construction components. These factory-built parts reduce the amount of site labor required, speed up construction time, and counteract to some extent the upward pressures on building costs. Another, on the social policy side, is the increasing emphasis given to the provision of better housing for families of low and moderate income. The below-market-interest-rate program under section 221(a)(3) is making an important contribution toward meeting moderate income housing needs. The rent supplement program, authorized by Congress in 1965, can potentially make significant improvements in the housing conditions for low-income families, if and when funds for program operations are appropriated.¹

The construction of planned development on a larger scale than heretofore is now occurring. This emergence of new towns and satellite communities might be classed as a socioeconomic innovation to cope with problems of urban sprawl and mass. The addition of title X to the National Housing Act by the 1965 housing legislation will enable FHA to insure loans for the development of large tracts and will facilitate development planning on larger scales than were previously feasible in many cases.

Events that now are unpredictable could have a significant impact on FHA's activity during the next 5 years. Future developments in the capital markets will influence both the structure of interest rates and the supply of funds available for investment in FHA-insured mortgages. Institutional shifts between different types of lenders in the accumulation of thrift funds could have a bearing on the demand for FHA mortgages as investment media. Also, major changes in the investment policy of lender groups would have a similar effect. Other changes in the capital markets might arise from actions by monetary authorities or from business and economic conditions. While we do not have any reason to anticipate major shifts, they have occurred in the past on short notice, and could happen again.

The level of activity in various FHA programs in 1970 is apt to be influenced more by competitive forces that govern the rate of the

¹ \$12 million authorized under Supplemental Appropriations Act of 1966 will cover contract authorizations for approximately 20,000 units.