agency's participation than by other factors. Other things being equal, FHA's sales and rental programs would be expected to share in the modest growth of families entering the ages of initial homeownership. However, the share of the market for new sales housing that has been financed with FHA-insured loans has declined substantially from the levels of 10 years ago. It is difficult to say whether this decline will halt in the next 5 years, and whether it will be reversed.

In the case of rental housing for families of low and moderate income, the role of FHA increased substantially between 1960 and 1965. Further increases may be expected because of recent legislative enactments. Nursing homes illustrate how financing participation patterns may change rapidly. When the Congress first authorized FHA mortgage insurance for proprietary nursing homes there was a shortage of private investment capital available for such facilities. However, in the last year or two there has been a growing interest in nursing homes by private investors and sponsors, and the press has reported that many new private projects are being proposed, constructed, and operated. In such a changed outlook on the need for proprietary nursing homes, it would not be surprising for FHA's proportionate role to decline even though its total activity might increase.

6. Prospective changes in program orientation

(*a*) Pending legislative proposals with potential effect on FHA programs include:

(1) The proposed Demonstration Cities Act of 1966 (H.R. 12343). While this bill would not directly affect FHA programs, it might reasonably be expected to result in more intensive use of them.

(2) The proposed Housing and Urban Development Amendments of 1966 (H.R. 13064). In addition to technical and clarifying amendments to the National Housing Act, this bill proposes to raise mortgage limits on the section 221(d)(2) program, which should improve the effectiveness of this program under today's market cost conditions, thereby resulting in its more intensive use. The bill also proposes a program of research and applied technology which, while not an FHA program, would no doubt produce results that would affect FHA operations in various favorable respects.

(3) The proposed supplemental appropriation action to fund the rent supplement program (H. Doc. 380) would activate that program.

(*b*) Proposed administrative and organizational changes: The establishment of the Department of Housing and Urban Development by Public Law 89–174 has necessarily involved some administrative and organizational changes, and additional changes will undoubtedly follow. However, it is not anticipated that these changes will have a major substantive impact on the orientation or emphasis of FHA activities or programs.

(*c*) Changes in conditions under which FHA programs will function in 1970 have been discussed in question 5.

7. Coordination and cooperation

The various programs of the Federal Housing Administration are coordinated with policies of the Department of Housing and Urban Development, and more broadly, with policies of the Administration.