

These bonds are secured by a pledge of the annual contributions unconditionally payable in an amount sufficient to retire the capital cost of the housing within 40 years. The faith of the United States is pledged to the payment of the annual contributions. Where the rental income exceeds the amounts needed for operating expenses and payments in lieu of taxes, such excess is used to reduce the amount of the Federal annual contribution.

Certain additional contributions may be made in respect to low-rent dwellings in which extremely low income elderly persons and families live and to those low-rent dwellings occupied by low-income families and individuals displaced by urban renewal or public housing projects after January 26, 1964.

*Leased housing.*—The Public Housing Administration provides financial assistance to local authorities for the housing of low income families in leased accommodations under sections 10(c) and 23 of the U.S. Housing Act of 1937. The maximum annual contribution with respect to leased housing is the fixed annual contribution which would be established for a newly constructed project in the community designed to accommodate the comparable number, sizes, and kinds of families. The leased accommodations must provide decent, safe, and sanitary dwelling accommodations, must satisfy minimum standards established by the PHA, and be in full compliance with local code requirements. It is anticipated that in some cases the owners of properties which do not meet the minimum standard will be willing to make necessary repairs in order to secure the advantage of a lease with a local authority. Such an approach would add to the supply of decent housing and would upgrade neighborhoods.

The neighborhood in which the housing is located must be primarily residential and free of any characteristics seriously detrimental to family life and one in which substandard dwellings do not predominate; or the neighborhood may be the subject of a concerted program, actively underway, which is designed to bring it up to this standard with the leasing by the local authority as an element of this program.

Under the section 23 program, which is expected to be the one most often used, the local governing body must approve use of the program in the locality. This program is exempt from some of the requirements applicable to the conventional program; among these are the requirements for tax exemption, a cooperation agreement with the local governing body, and the 20 percent gap between the upper rental limits for admission and the lowest rents at which private enterprise unaided by subsidy is providing a substantial supply of standard housing. Generally, the local authority may not lease more than 10 percent of the units in a structure, and its leases may be for a term of 1 to 3 years (renewable).

*Acquisition, or acquisition and rehabilitation, of existing housing.*—The use of existing housing is not a new field in this country or in the low-rent housing program. However, the will of the Congress, indicated in connection with the Housing and Urban Development Act of 1965, is that local authorities will strive to provide about 60,000 units in the next 4 years by this method.

In this program, the PHA has established minimum standards for the structures and the neighborhoods, and financial assistance will be provided where the structure and neighborhood meet these standards