

Public Law 86-372

AN ACT

September 23, 1959
[S. 2654]

To extend and amend laws relating to the provision and improvement of housing and the renewal of urban communities, and for other purposes.

Housing Act of
1959.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Housing Act of 1959".

TITLE I—FHA INSURANCE PROGRAMS

PROPERTY IMPROVEMENT LOANS

70 Stat. 1091.
12 USC 1703.

SEC. 101. Section 2(a) of the National Housing Act is amended by striking out "September 30, 1959" and inserting in lieu thereof "October 1, 1960".

12 USC 1709.
71 Stat. 294.

SECTION 203 RESIDENTIAL HOUSING INSURANCE

Principal obligation.

SEC. 102. (a) (1) Section 203(b) (2) of the National Housing Act is amended by striking out all that precedes the first semicolon and inserting in lieu thereof the following:

"(2) Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed \$22,500 in the case of property upon which there is located a dwelling designed principally for a one-family residence; or \$25,000 in the case of a two-family residence (whether or not such one- or two-family residence may be intended to be rented temporarily for school purposes)".

(2) Section 203(b) (2) of such Act is further amended—

(A) by striking out "85 per centum" and inserting in lieu thereof "90 per centum"; and

(B) by striking out "\$16,000" each place it appears and inserting in lieu thereof "\$18,000".

72 Stat. 1203;
ante, p. 156.

(3) Section 203(b) (2) of such Act is further amended by inserting after "unless the construction of the dwelling was completed more than one year prior to the application for mortgage insurance" the following: "or the dwelling was approved for guaranty, insurance, or direct loan under chapter 37 of title 38, United States Code, prior to the beginning of construction".

71 Stat. 295.

(b) Section 203(b) (8) of such Act is amended by striking out the period at the end thereof and inserting in lieu thereof a colon and the following: "Provided, That such 85 per centum limitation shall not be applicable if the mortgagor and mortgagee assume responsibility in a manner satisfactory to the Commissioner for the reduction of the mortgage by an amount not less than 15 per centum of the outstanding principal amount thereof in the event the mortgaged property is not, prior to the due date of the eighteenth amortization payment of the mortgage, sold to a purchaser acceptable to the Commissioner who is the occupant of the property and who assumes and agrees to pay the mortgage indebtedness."

LOW-COST HOUSING IN OUTLYING AREAS

71 Stat. 295.

SEC. 103. Section 203(i) of the National Housing Act is amended—

(1) by striking out "\$8,000" and inserting in lieu thereof "\$9,000";

(2) by inserting after "97 per centum" the following: "(or, in any case where the dwelling is not approved for mortgage

insurance prior to the beginning of construction, unless the construction of the dwelling was completed more than one year prior to the application for mortgage insurance or the dwelling was approved for guaranty, insurance, or direct loan under chapter 37 of title 38, United States Code, prior to the beginning of construction, 90 per centum)";

72 Stat. 1203;
ante, p. 156.

(3) by striking out "and which is approved for mortgage insurance prior to the beginning of construction" and "the construction of"; and

(4) by striking out the comma following the word "highway" and everything that follows and inserting a period in lieu thereof.

SECTION 207 RENTAL HOUSING INSURANCE

12 USC 1713.

SEC. 104. (a) Section 207(c)(1) of the National Housing Act is amended by striking out "\$12,500,000" and inserting in lieu thereof "\$20,000,000".

69 Stat. 635.

(b) Section 207(c)(3) of such Act is amended by striking out—

70 Stat. 1092.

(1) "\$2,250" each place it appears and inserting in lieu thereof "\$2,500";

(2) "\$8,100" each place it appears and inserting in lieu thereof "\$9,000";

(3) "\$2,700" and inserting in lieu thereof "\$3,000";

(4) "\$8,400" and inserting in lieu thereof "\$9,400";

(5) "\$1,000 per room" and inserting in lieu thereof "\$1,250 per room";

(6) "\$1,000 per space" and inserting in lieu thereof "\$1,500 per space"; and

(7) "\$300,000" and inserting in lieu thereof "\$500,000".

(c) The last paragraph of section 207(c) of such Act is amended by striking out "4½ per centum per annum" and inserting in lieu thereof "5¼ per centum per annum".

53 Stat. 807.

(d) Section 207 of such Act is further amended by adding at the end thereof the following new subsection:

70 Stat. 1092.

"(r) Notwithstanding any other provision of this Act, the Commissioner is authorized to include in any mortgage insured under any title of this Act after the effective date of the Housing Act of 1959 a provision requiring the mortgagor to pay a service charge to the Commissioner in the event such mortgage is assigned to and held by the Commissioner. Such service charge shall not exceed the amount prescribed by the Commissioner for mortgage insurance premiums applicable to such mortgage."

(e) Section 207 of such Act is further amended—

70 Stat. 1092.

(1) by striking out "(except provisions relating to housing for elderly persons)" and "(except with respect to housing designed for elderly persons, with occupancy preference therefor, as provided in the paragraph following paragraph (3) of subsection (c))" in subsection (b);

(2) by striking out in subsection (c) the unnumbered paragraph following paragraph (3); and

67 Stat. 123.

(3) by striking out "section 210 and section 213" in both places where it appears in subsection (f) and inserting in lieu thereof the following: "sections 210, 213, 231, and 232".

64 Stat. 53.

COOPERATIVE HOUSING INSURANCE

12 USC 1715e.

SEC. 105. (a) Section 213(b)(1) of the National Housing Act is amended by striking out "\$12,500,000" and inserting in lieu thereof "\$20,000,000".

69 Stat. 635.

(b) Section 213(b) (2) of such Act is amended to read as follows:

68 Stat. 595.

"(2) not to exceed, for such part of the property or project as may be attributable to dwelling use, \$2,500 per room (or \$9,000 per family unit if the number of rooms in such property or project is less than four per family unit), and not to exceed 97 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed physical improvements are completed: *Provided*, That as to projects which consist of elevator-type structures the Commissioner may, in his discretion, increase the dollar amount limitation of \$2,500 per room to not to exceed \$3,000 per room and the dollar amount limitation of \$9,000 per family unit to not to exceed \$9,400 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design: *Provided further*, That the Commissioner may, by regulation, increase any of the foregoing dollar amount limitations by not to exceed \$1,250 per room, without regard to the number of rooms being less than four, or four or more, in any geographical area where he finds that cost levels so require: *Provided further*, That in the case of a mortgagor of the character described in paragraph (3) of subsection (a) the mortgage shall involve a principal obligation in an amount not to exceed 90 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed physical improvements are completed: *And provided further*, That upon the sale of a property or project by a mortgagor of the character described in paragraph (3) of subsection (a) to a nonprofit cooperative ownership housing corporation or trust within two years after the completion of such property or project the mortgage given to finance such sale shall involve a principal obligation in an amount not to exceed the maximum amount computed in accordance with this subsection without regard to the preceding proviso."

64 Stat. 56.

(c) Section 213(d) of such Act is amended by adding at the end thereof a new sentence as follows: "Property held by a corporation or trust of the character described in paragraph numbered (2) of subsection (a) of this section which is covered by a mortgage insured under this section may include such community facilities, and property held by a mortgagor of the character described in paragraph numbered (3) of subsection (a) of this section which is covered by a mortgage insured under this section may include such commercial and community facilities, as the Commissioner deems adequate to serve the occupants."

67 Stat. 123.

(d) The first sentence of section 213(d) of such Act is amended (1) by striking out "41½ per centum" and inserting in lieu thereof "51¼ per centum", and (2) by striking out "5 per centum" and inserting in lieu thereof "5¾ per centum".

(e) Section 213 of such Act is further amended by adding at the end thereof the following new subsection:

"(i) Nothing in this Act shall be construed to prevent the insurance of a mortgage executed by a mortgagor of the character described in paragraph (1) of subsection (a) of this section covering property upon which dwelling units and related facilities have been constructed prior to the filing of the application for mortgage insurance hereunder: *Provided*, That the Commissioner determines that the consumer interest is protected and that the mortgagor will be a consumer cooperative. In the case of properties other than new construction, the limitations in this section upon the amount of the mortgage shall be based upon the appraised value of the property for continued use as a cooperative rather than upon the Commissioner's estimate of the replacement cost. As to any project on which construction was com-

menced after the effective date of this subsection, the mortgage on such project shall be eligible for insurance under this section only in those cases where the construction was subject to inspection by the Commissioner and where there was compliance with the provisions of section 212 of this title. As to any project on which construction was commenced prior to the effective date of this subsection, such inspection, and compliance with the provisions of section 212 of this title, shall not be a prerequisite."

12 USC 1715c.

INCREASED MORTGAGE AMOUNTS IN ALASKA, GUAM, AND HAWAII

SEC. 106. The first sentence of section 214 of the National Housing Act is amended by inserting after "maximum or maxima otherwise applicable" the following: "(including increased mortgage amounts in geographical areas where cost levels so require)".

63 Stat. 57; 66 Stat. 603.
12 USC 1715d.

FHA MORTGAGE INSURANCE AUTHORIZATION

SEC. 107. (a) Section 217 of the National Housing Act is amended by striking out "\$7,000,000,000" and inserting in lieu thereof "\$15,000,000,000".

12 USC 1715h.

72 Stat. 176.

(b) Section 217 of such Act is further amended by adding at the end thereof a new paragraph as follows:

70 Stat. 1094.

"It is further the intent and purpose of this section to limit by law the aggregate amount of the balances of insured mortgages and the principal amount of all commitments to insure which may be outstanding under this Act (except section 2 and section 803). In the administration of this Act the Commissioner shall not hereafter enter into any type of agreement or other undertaking to insure a mortgage if a commitment to insure such mortgage would be unlawful under the limit so established."

REPEAL OF OBSOLETE PROVISIONS

SEC. 108. Section 218 of the National Housing Act is repealed.

66 Stat. 603.
12 USC 1715i.

SECTION 220 MORTGAGE INSURANCE

12 USC 1715k.

SEC. 109. (a) (1) Clause (i) of subsection (d) (3) (A) of section 220 of the National Housing Act is amended by striking out all that precedes the second semicolon and inserting in lieu thereof the following:

71 Stat. 296; 72 Stat. 73.

"(A) (i) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed \$22,500 in the case of property upon which there is located a dwelling designed principally for a one-family residence; or \$25,000 in the case of a two-family residence; or \$30,000 in the case of a three-family residence".

(2) Clause (i) of subsection (d) (3) (A) of section 220 of such Act is further amended—

(A) by striking out "85 per centum" and inserting in lieu thereof "90 per centum"; and

(B) by striking out "\$16,000" each place it appears and inserting in lieu thereof "\$18,000".

(3) Subsection (d) (3) (A) (ii) of section 220 of such Act is amended by inserting before the semicolon at the end thereof a colon and the following: "Provided, That such 85 per centum limitation shall not be applicable if the mortgagor and mortgagee assume responsibility in a manner satisfactory to the Commissioner for the reduction of the

mortgage by an amount not less than 15 per centum of the outstanding principal amount thereof in the event the mortgaged property is not, prior to the due date of the eighteenth amortization payment of the mortgage, sold to a purchaser acceptable to the Commissioner who is the occupant of the property and who assumes and agrees to pay the mortgage indebtedness”.

69 Stat. 635.

(b) Subsection (d) (3) (B) (i) of section 220 of such Act is amended by striking out “\$12,500,000” and inserting in lieu thereof “\$20,000,000”.

68 Stat. 598.

(c) Subsection (d) (3) (B) (iii) of section 220 of such Act is amended—

(1) by striking out “\$2,250” each place it appears and inserting in lieu thereof “\$2,500”;

(2) by striking out “\$8,100” each place it appears and inserting in lieu thereof “\$9,000”;

(3) by striking out “\$2,700” and inserting in lieu thereof “\$3,000”;

(4) by striking out “\$8,400” and inserting in lieu thereof “\$9,400”; and

(5) by striking out “\$1,000” and inserting in lieu thereof “\$1,250”.

(d) Subsection (d) (3) (B) (iii) of section 220 of such Act is further amended by inserting after “dwelling use” the following: “(excluding exterior land improvements as defined by the Commissioner)”.

(e) Subsection (d) (3) (B) of section 220 of such Act is further amended by striking out “and” at the end of clause (ii), by striking out the period at the end of clause (iii) and inserting in lieu thereof “; and”, and by adding at the end thereof the following new clause:

“(iv) include such nondwelling facilities as the Commissioner deems adequate to serve the needs of the occupants of the property and of other housing in the neighborhood.”

12 USC 1715f.

SECTION 221 RELOCATION HOUSING MORTGAGE INSURANCE

68 Stat. 599.

SEC. 110. (a) (1) The first paragraph of section 221(a) of the National Housing Act is amended to read as follows:

48 Stat. 1246.
12 USC 1701.

“This section is designed to supplement systems of mortgage insurance under other provisions of the National Housing Act in order to assist (1) in relocating families from urban renewal areas, (2) in relocating families to be displaced as the result of governmental action in a community respecting which (A) the Housing and Home Finance Administrator has made the certification to the Commissioner provided for by subsection 101(c) of the Housing Act of 1949, as amended, or (B) there is being carried out a project covered by a Federal aid contract executed, or prior approval granted, by the Housing and Home Finance Administrator under title I of the Housing Act of 1949, as amended, before the effective date of the Housing Act of 1954, or (C) there is being carried out an urban renewal project assisted under section 111 of the Housing Act of 1949, as amended, and (3) in relocating families residing in the environs of a community described in clause (2) which are to be displaced as the result of governmental action.”

42 USC 1451.

63 Stat. 414.
42 USC 1451 et
seq.68 Stat. 593.
12 USC 1710.
42 USC 1462.

68 Stat. 599.

(2) The second paragraph of section 221(a) of such Act is amended—

(A) by striking out all that precedes the first colon and inserting in lieu thereof the following: “Mortgage insurance under this section shall be available only in those localities, communities, or environs of communities, which shall have requested such mortgage insurance to be provided”;

(B) by striking out "in any such community" in the second proviso and inserting in lieu thereof "in or near any such community";

(C) by striking out "(1)" in the third proviso and inserting in lieu thereof "(2) (A)"; and

(D) by striking out "(1)", "(2)", and "(3)", wherever they appear in the last proviso, and inserting in lieu thereof respectively "(2) (A)", "(2) (B)", and "(2) (C)".

(3) Section 101(c) of the Housing Act of 1949 is amended by striking out "if the mortgaged property is in a community referred to in clause (2) of section 221(a) of said Act", and inserting in lieu thereof "if the mortgaged property is in an area described in clause (3) of section 221(a) of said Act, or in a community referred to in clause (2) (B) of said section".

42 USC 1451.

(4) Section 101(c) of the Housing Act of 1949 is further amended by striking out "in a community" in clause (iii) of the last proviso.

(b) Section 221(d) (2) of the National Housing Act is amended to read as follows:

68 Stat. 599.
12 USC 1715f.

"(2) be secured by property upon which there is located a dwelling conforming to applicable standards prescribed by the Commissioner under subsection (f) of this section, and meeting the requirements of all State laws, or local ordinances or regulations, relating to the public health or safety, zoning, or otherwise, which may be applicable thereto, and shall involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount (A) not to exceed (i) \$9,000 in the case of a property upon which there is located a dwelling designed principally for a single-family residence, except that the Commissioner may by regulation increase this amount to not to exceed \$12,000 in any geographical area where he finds that cost levels so require, (ii) \$18,000 in the case of a property upon which there is located a dwelling designed principally for a two-family residence, except that the Commissioner may by regulation increase this amount to not to exceed \$20,000 in any geographical area where he finds that cost levels so require, (iii) \$25,000 in the case of a property upon which there is located a dwelling designed principally for a three-family residence, except that the Commissioner may by regulation increase this amount to not to exceed \$27,500 in any geographical area where he finds that cost levels so require, (iv) \$32,000 in the case of a property upon which there is located a dwelling designed principally for a four-family residence, except that the Commissioner may by regulation increase this amount to not to exceed \$35,000 in any geographical area where he finds that cost levels so require; and (B) not to exceed the appraised value (as of the date the mortgage is accepted for insurance) of any such property, less such amount, in the case of any mortgagor, as may be necessary to comply with the succeeding provisos: *Provided*, That if the mortgagor is the owner and an occupant of the property at the time of the insurance, he shall have paid on account of the property at least (i) \$200 in the case of a single-family dwelling, (ii) \$400 in the case of a two-family dwelling, (iii) \$600 in the case of a three-family dwelling, and (iv) \$800 in the case of a four-family dwelling, in cash or its equivalent, which amount may include amounts to cover settlement costs and initial payments for taxes, hazard insurance, mortgage insurance premium, and other prepaid expenses: *Provided further*, That nothing contained herein shall preclude the Commissioner from issuing a commitment to insure,

and insuring a mortgage pursuant thereto, where the mortgagor is not the owner and an occupant of the property, if the property is to be built or acquired and repaired or rehabilitated for sale, and the insured mortgage financing is required to facilitate the construction, or the repair or rehabilitation, of the dwelling and to provide financing pending the subsequent sale thereof to a qualified owner who is also an occupant thereof, but in such instances the mortgage shall not exceed 85 per centum of the appraised value: *And provided further*, That the Commissioner shall prescribe such procedures as in his judgment are necessary to secure to families, referred to in subsection (a) above, priorities in occupancy of the remaining units of two-, three-, and four-family dwellings after occupancy of one unit by the owner; or”.

(c) Section 221 (d) of such Act is further amended—

(1) by striking out “\$10,000” in paragraph (3) and inserting in lieu thereof “\$12,000”;

(2) by striking out of paragraph (3) “not in excess of the Commissioner’s estimate of the value of the property or project when constructed, or repaired and rehabilitated, for use as rental accommodations for ten or more families eligible for occupancy as provided in this section; and”, and inserting in lieu thereof “not in excess of (1) in the case of new construction, the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect’s fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner), or (2) in the case of repair and rehabilitation, the Commissioner’s estimate of the value of the property when the proposed repair and rehabilitation is completed: *Provided*, That such property or project, when constructed, or repaired and rehabilitated, shall be for use as rental accommodations for ten or more families eligible for occupancy as provided in this section; or”; and

(3) by redesignating paragraph (4) as paragraph (5) and inserting after paragraph (3) the following new paragraph:

“(4) if executed by a mortgagor which is not a nonprofit organization, and which is approved by the Commissioner—

“(i) not exceed \$12,500,000;

“(ii) not exceed \$9,000 per family unit for such part of such property or project as may be attributable to dwelling use, except that the Commissioner may by regulation increase this amount to not to exceed \$12,000 in any geographical area where he finds that cost levels so require;

“(iii) not exceed (in the case of a property or project approved for mortgage insurance prior to the beginning of construction) 90 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect’s fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner, and shall include an allowance for builder’s and sponsor’s profit and risk of 10 per centum of all of the foregoing items, except the land, unless the Commissioner, after certification that such allowance is unreasonable, shall by regulation prescribe a lesser percentage); and

“(iv) not exceed 90 per centum of the Commissioner’s estimate of the value of the property or project when the proposed repair and rehabilitation is completed if the proceeds of the mortgage are to be used for the repair and rehabilitation of a property or project:

Provided, That such property or project when constructed, or repaired and rehabilitated, shall be for use as rental accommodations for ten or more families eligible for occupancy as provided in this section: *And provided further*, That the Commissioner may, in his discretion, require the mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation, and for such purpose the Commissioner may make such contracts with and acquire for not to exceed \$100 such stock or interest in any such mortgagor as the Commissioner may deem necessary to render effective such restrictions or regulations, with such stock or interest being paid for out of the Section 221 Housing Insurance Fund and being required to be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance; and”.

12 USC 1715l.

(d) Section 221(f) of such Act is amended by inserting the following before the period at the end thereof: “and may include such commercial and community facilities as the Commissioner deems adequate to serve the occupants”.

(e) Section 221(g)(2) of such Act is amended by striking out “paragraph (3)” and inserting in lieu thereof “paragraph (3) or (4)”.

12 USC 1715c.

(f) Section 212(a) of such Act is amended by adding at the end thereof the following new sentence: “The provisions of this section shall apply to the insurance under section 221 of any mortgage described in subsection (d) (4) thereof.”

SERVICEMEN’S HOUSING MORTGAGE INSURANCE

SEC. 111. Section 222(b) of the National Housing Act is amended—

71 Stat. 296.
12 USC 1715m.

(1) by inserting “or 203(i)” after “203(b)” in paragraph (1); and

(2) by striking out “\$17,100” in paragraph (2) and inserting in lieu thereof the following: “\$20,000, except that in the case of a mortgage meeting the requirements of section 203(i) such principal obligation shall not exceed \$9,000”.

BUILDER’S COST CERTIFICATION

SEC. 112. (a) Section 227(a) of the National Housing Act is amended by striking out clause (iv) and all that follows and inserting in lieu thereof the following: “(iv) under section 221 if the mortgage meets the requirements of paragraph (3) or paragraph (4) of subsection (d) thereof, (v) under section 231, or (vi) under section 810 if the mortgage meets the requirements of subsection (f)”.

68 Stat. 607.
12 USC 1715r.

(b) The last two sentences of section 227(c) of such Act are each amended by striking out “under section 220” and inserting in lieu thereof “under section 220, section 221 if the mortgage meets the requirements of paragraph (4) of subsection (d) thereof, or section 231.”.

VOLUNTARY TERMINATION OF INSURANCE

12 U.S.C. 1707-
1715r, 1702a.

SEC. 113. Title II of the National Housing Act is further amended by adding at the end thereof the following new section:

"VOLUNTARY TERMINATION OF INSURANCE

"SEC. 229. Notwithstanding any other provision of this Act and with respect to any mortgage covering a one-, two-, three-, or four-family residence heretofore or hereafter insured under this Act, the Commissioner is authorized to terminate any mortgage insurance contract upon request by the mortgagor and mortgagee and upon payment of such termination charge as the Commissioner determines to be equitable, taking into consideration the necessity of protecting the various insurance funds. Upon such termination mortgagors and mortgagees shall be entitled to the rights, if any, to which they would be entitled under this Act if the insurance contract were terminated by payment in full of the insured mortgage."

AVOIDANCE OF FORECLOSURE

SEC. 114. (a) Title II of the National Housing Act is further amended by adding after section 229 (as added by section 113 of this Act) the following new section:

"ACQUISITION OF MORTGAGES TO AVOID FORECLOSURE

"SEC. 230. Upon receiving notice of the default of any mortgage covering a one-, two-, three-, or four-family residence heretofore or hereafter insured under this Act, the Commissioner, in his discretion and for the purpose of avoiding foreclosure of the mortgage, may acquire the loan and the security therefor upon issuance to the mortgagee of debentures having a total face value equal to the unpaid principal balance of the loan plus any accrued interest and any proper advances theretofore made by the mortgagee under the provisions of the mortgage; and after the acquisition of such mortgage by the Commissioner such mortgagee shall have no further rights, liabilities, or obligations with respect thereto. The provisions of section 204 relating to the issuance of debentures incident to the acquisition of foreclosed properties shall apply with respect to debentures issued under this subsection, and the provisions of section 204 relating to the rights, liabilities, and obligations of a mortgagee shall apply with respect to the Commissioner when he has acquired an insured mortgage under this section, in accordance with and subject to regulations (modifying such provisions to the extent necessary to render their application for such purposes appropriate and effective) which shall be prescribed by the Commissioner."

52 Stat. 12.
12 USC 1710.

(b) Section 204(a) of the National Housing Act is amended by inserting immediately before the last proviso the following: "*And provided further*, That with respect to any mortgage covering a one-, two-, three-, or four-family residence insured under this Act, if the Commissioner finds, after notice of default, that the default was due to circumstances beyond the control of the mortgagor and it is probable that the mortgage will be restored to good standing within a reasonable period of time, he may, under such regulations and conditions as he may prescribe, extend the time for curing default and enter into an agreement with the mortgagee providing that if the mortgage is subsequently foreclosed, any interest accruing after the date of the agreement which is not paid by the mortgagor may be included in the debentures".

MORTGAGE INSURANCE FOR NURSING HOMES

SEC. 115. Title II of the National Housing Act is amended by adding after section 231 (as added by section 201 of this Act) the following new section:

Post, p. 665.

"MORTGAGE INSURANCE FOR NURSING HOMES

"SEC. 232. (a) The purpose of this section is to assist the provision of urgently needed nursing homes for the care and treatment of convalescents and other persons who are not acutely ill and do not need hospital care but who require skilled nursing care and related medical services.

"(b) For the purposes of this section—

"(1) the term 'nursing home' means a proprietary facility, licensed or regulated by the State (or, if there is no State law providing for such licensing and regulation by the State, by the municipality or other political subdivision in which the facility is located), for the accommodation of convalescents or other persons who are not acutely ill and not in need of hospital care but who require skilled nursing care and related medical services, in which such nursing care and medical services are prescribed by, or are performed under the general direction of, persons licensed to provide such care or services in accordance with the laws of the State where the facility is located; and

"(2) the terms 'mortgage' and 'mortgagor' shall have the meanings respectively set forth in section 207 (a) of this Act.

12 USC 1713.

"(c) The Commissioner is authorized to insure any mortgage (including advances on such mortgage during construction) in accordance with the provisions of this section upon such terms and conditions as he may prescribe and to make commitments for insurance of such mortgage prior to the date of its execution or disbursement thereon.

"(d) In order to carry out the purpose of this section, the Commissioner is authorized to insure any mortgage which covers a new or rehabilitated nursing home, subject to the following conditions:

"(1) The mortgage shall be executed by a mortgagor approved by the Commissioner. The Commissioner may in his discretion require any such mortgagor to be regulated or restricted as to charges and methods of financing, and, in addition thereto, if the mortgagor is a corporate entity, as to capital structure and rate of return. As an aid to the regulation or restriction of any mortgagor with respect to any of the foregoing matters, the Commissioner may make such contracts with and acquire for not to exceed \$100 such stock or interest in such mortgagor as he may deem necessary. Any stock or interest so purchased shall be paid for out of the Section 207 Housing Insurance Fund, and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance.

52 Stat. 18.

"(2) The mortgage shall involve a principal obligation in an amount not to exceed \$12,500,000, and not to exceed 75 per centum of the estimated value of the property or project when the proposed improvements are completed.

"(3) The mortgage shall—

"(A) provide for complete amortization by periodic payments within such terms as the Commissioner shall prescribe; and

"(B) bear interest (exclusive of premium charges for insurance) at not to exceed 5 per centum per annum of the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of 6 per centum as the Commissioner finds necessary to meet the mortgage market.

50 Stat. 1041.
42 USC 291b.

"(4) The Commissioner shall not insure any mortgage under this section unless he has received, from the State agency designated in accordance with section 612(a)(1) of the Public Health Service Act for the State in which is located the nursing home covered by the mortgage, a certification that (1) there is a need for such nursing home, and (2) there are in force in such State or other political subdivision of the State in which the proposed nursing home would be located reasonable minimum standards of licensure and methods of operation for nursing homes. No such mortgage shall be insured under this section unless the Commissioner has received such assurance as he may deem satisfactory from the State agency that such standards will be applied and enforced with respect to any nursing home located in the State for which mortgage insurance is provided under this section.

"(e) The Commissioner may consent to the release of a part or parts of the mortgaged property or project from the lien of any mortgage insured under this section upon such terms and conditions as he may prescribe.

12 USC 1713.

"(f) The provisions of subsections (d), (e), (f), (g), (h), (i), (j), (k), (l), (m), (n), and (p) of section 207 shall apply to mortgages insured under this section and all references therein to section 207 shall refer to this section."

TECHNICAL AMENDMENTS

64 Stat. 48.
12 USC 1706c.

SEC. 116. (a) Section 8(g) of the National Housing Act is amended by striking out "and (h) of section 204" and inserting in lieu thereof "(h), (j), and (k) of section 204".

12 USC 1715e,
1715k-m, 1748h-1.

(b) Sections 213(e), 220(f)(1), 221(g)(1), 222(e), and 809(e) of such Act are each amended by striking out "and (j) of section 204" and inserting in lieu thereof "(j), and (k) of section 204".

INCLUSION OF CONVEYANCE COSTS IN DEBENTURES

71 Stat. 297.
12 USC 1710.

SEC. 117. Section 204(k) of the National Housing Act is amended to read as follows:

"(k) Notwithstanding any other provision of this section or of section 604 or 904 and with respect to any debentures issued in exchange for properties conveyed to and accepted by the Commissioner after the effective date of the Housing Act of 1959 in accordance with such sections, the Commissioner may (1) include in debentures reasonable payments made by the mortgagee with the approval of the Commissioner for the purpose of protecting, operating, or preserving the property, and taxes imposed upon any deed or any other instrument by which the property was acquired by the mortgagee and transferred or conveyed to the Commissioner; (2) include in debentures as a portion of foreclosure costs (to the extent that foreclosure costs may be included in such debentures by any other provision of this Act) payments made by the mortgagee for the cost of acquiring the property and conveying and evidencing title to the property to the Commissioner; and (3) terminate the mortgagee's obligation to pay mortgage insurance premiums upon receipt of an application for debentures filed by the mortgagee, or in the event the contract of insurance is terminated pursuant to section 229."

Ante, p. 662.

INVESTMENT INSURANCE

52 Stat. 1276.
12 USC 1747.

SEC. 118. Section 701 of the National Housing Act is amended by striking out the colon at the end of the first proviso and everything that follows and inserting a period in lieu thereof.

LEGAL NOTIFICATION

SEC. 119. Section 512 of the National Housing Act is amended by adding the following at the end thereof: "For the purposes of compliance with this section the Commissioner's notice of a proposed determination under this section shall be considered to have been received by the interested person or firm if the notice is properly mailed to the last known address of such person or firm."

68 Stat. 610.
12 USC 1731a.

TITLE II—HOUSING FOR THE ELDERLY

MORTGAGE INSURANCE PROGRAM

SEC. 201. (a) Title II of the National Housing Act is amended by adding after section 230 (as added by section 114) the following new section:

Ante, p. 662.

"HOUSING FOR ELDERLY PERSONS

"SEC. 231. (a) The purpose of this section is to assist in relieving the shortage of housing for elderly persons and to increase the supply of rental housing for elderly persons.

"For the purposes of this section—

"(1) the term 'housing' means eight or more new or rehabilitated living units, not less than 50 per centum of which are specially designed for the use and occupancy of elderly persons;

"(2) the term 'elderly person' means any person, married or single, who is sixty-two years of age or over; and

"(3) the terms 'mortgage', 'mortgagee', 'mortgagor', and 'maturity date' shall have the meanings respectively set forth in section 207 of this Act.

12 USC 1713.

"(b) The Commissioner is authorized to insure any mortgage (including advances on mortgages during construction) in accordance with the provisions of this section upon such terms and conditions as he may prescribe and to make commitments for insurance of such mortgages prior to the date of their execution or disbursement thereon.

"(c) To be eligible for insurance under this section, a mortgage to provide housing for elderly persons shall—

"(1) involve a principal obligation in an amount not to exceed \$12,500,000 or, if executed by Federal or State instrumentalities, municipal corporate instrumentalities of one or more States, or nonprofit development or housing corporations restricted by Federal or State laws or regulations of State banking or insurance departments as to rents, charges, capital structure, rate of return, or methods of operation, not to exceed \$50,000,000;

"(2) not exceed, for such part of such property or project as may be attributable to dwelling use, \$9,000 per dwelling unit: *Provided*, That the Commissioner may, in his discretion, increase the dollar amount limitation of \$9,000 per unit to not to exceed \$9,400 per unit to compensate for the higher costs incident to the construction of elevator-type structures and may increase each of the foregoing dollar amount limitations by not to exceed \$1,250 per room in any geographical area where he finds that cost levels so require;

"(3) if executed by a mortgagor which is a public instrumentality or a private nonprofit corporation or association or other acceptable private nonprofit organization regulated or supervised under Federal or State laws or by political subdivisions of States, or agencies thereof, or by the Commissioner under a regulatory agreement or otherwise, as to rents, charges, and methods of operation, in such form and in such manner as, in the opinion of the

Commissioner, will effectuate the purpose of this section, involve a principal obligation not in excess of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement cost may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner) : *Provided*, That in the case of properties other than new construction, the principal obligation shall not exceed the appraised value rather than the Commissioner's estimate of the replacement cost;

"(4) if executed by a mortgagor which is approved by the Commissioner but is not a public instrumentality or a private non-profit organization, involve a principal obligation not in excess (in the case of a property or project approved for mortgage insurance prior to the beginning of construction) of 90 per centum of the amount which the Commissioner estimates will be the replacement cost of the property or project when the proposed improvements are completed (the replacement costs may include the land, the proposed physical improvements, utilities within the boundaries of the land, architect's fees, taxes, interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner, and shall include an allowance for builder's and sponsor's profit and risk of 10 per centum of all of the foregoing items except the land unless the Commissioner, after certification that such allowance is unreasonable, shall by regulation prescribe a lesser percentage) : *Provided*, That in the case of properties other than new construction the principal obligation shall not exceed 90 per centum of the Commissioner's estimate of the value of the property or project: *And provided further*, That the Commissioner may in his discretion require such mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation, and for such purpose the Commissioner may make contracts with and acquire for not to exceed \$100 such stock or interest in any such mortgagor as the Commissioner may deem necessary to render effective such restrictions or regulations; such stock or interest shall be paid for out of the Section 207 Housing Insurance Fund and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance;

"(5) provide for a complete amortization by periodic payments within such terms as the Commissioner shall prescribe;

"(6) bear interest (exclusive of premium charges for insurance) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of 5½ per centum as the Commissioner finds necessary to meet the mortgage market; and

"(7) cover a property or project which is approved for mortgage insurance prior to the beginning of construction or rehabilitation, with 50 per centum or more of the units therein specially designed for the use and occupancy of elderly persons in accordance with standards established by the Commissioner, and which may include such commercial and special facilities as the Commissioner deems adequate to serve the occupants.

"(d) The Commissioner may consent to the release of a part or parts of the mortgaged property or project from the lien of any

mortgage insured under this section upon such terms and conditions as he may prescribe, and shall prescribe such procedures as in his judgment are necessary to secure to elderly persons a preference or priority of opportunity to rent the dwellings included in such property or project.

“(e) The provisions of subsections (d), (e), (f), (g), (h), (i), (j), (k), (l), (m), (n), and (p) of section 207 shall apply to mortgages insured under this section and all references therein to section 207 shall refer to this section.”

12 USC 1713.

(b) Section 212(a) of such Act is amended by adding at the end thereof (after the sentence added by section 110(f) of this Act) the following: “The provisions of this section shall also apply to the insurance of any mortgage under section 231 or 232 except that compliance with such provisions may be waived by the Commissioner in cases or classes of cases where laborers or mechanics, not otherwise employed at any time on the project, voluntarily donate their services without full compensation for the purpose of lowering the costs of construction and the Commissioner determines that any amounts thereby saved are fully credited to the nonprofit corporation, association, or other organization undertaking the construction.”

12 USC 1715c.

LOAN PROGRAM

SEC. 202. (a) (1) The purpose of this section is to assist private nonprofit corporations to provide housing and related facilities for elderly families and elderly persons.

(2) In order to carry out the purpose of this section, the Administrator may make loans to any corporation (as defined in subsection (d) (2)) for the provision of rental housing and related facilities for elderly families and elderly persons, except that (A) no such loan shall be made unless the corporation shows that it is unable to secure the necessary funds from other sources upon terms and conditions equally as favorable as the terms and conditions applicable to loans under this section, and (B) no such loan shall be made unless the Administrator finds that the construction will be undertaken in an economical manner, and that it will not be of elaborate or extravagant design or materials.

(3) A loan to a corporation under this section may be in an amount not exceeding 98 per centum of the total development cost (as defined in subsection (d) (3)), as determined by the Administrator; shall be secured in such manner and be repaid within such period, not exceeding fifty years, as may be determined by him; and shall bear interest at a rate determined by him which shall be not more than the higher of (A) 2¾ per centum per annum, or (B) the total of one-quarter of 1 per centum added to the average annual interest rate on all interest-bearing obligations of the United States then forming a part of the public debt as computed at the end of the fiscal year next preceding the date on which the loan is made and adjusted to the nearest one-eighth of 1 per centum.

(4) There is authorized to be appropriated not to exceed \$50,000,000, which shall constitute a revolving fund to be used by the Administrator in carrying out this section. The amount outstanding from such fund at any one time for related facilities (as defined in subsection (d) (8)) shall not exceed \$5,000,000.

Revolving fund.)

(b) In the performance of, and with respect to, the functions, powers, and duties vested in him by this section the Administrator shall (in addition to any authority otherwise vested in him) have the functions, powers, and duties set forth in section 402 (except subsection (c) (2)) of the Housing Act of 1950.

64 Stat. 78.
12 USC 1749a.

(c) (1) Housing constructed with a loan made under this section shall not be used for transient or hotel purposes while such loan is outstanding.

(2) As used in paragraph (1), the term "transient or hotel purposes" shall have such meaning as may be prescribed by the Administrator, but rental for any period less than thirty days shall in any event constitute use for such purposes. The provisions of subsections (f) through (j) of section 513 of the National Housing Act (as added by section 132 of the Housing Act of 1954) shall apply in the case of violations of paragraph (1) as though the housing described in such subsection were multifamily housing (as defined in section 513(e)(2) of the National Housing Act) with respect to which a mortgage is insured under such Act, except that for purposes of this subsection the Administrator shall perform the functions vested in the Commissioner by such section 513.

(3) The Administrator shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors and subcontractors in the construction of housing assisted under this section shall be paid wages at rates not less than those prevailing in the locality involved for the corresponding classes of laborers and mechanics employed on construction of a similar character, as determined by the Secretary of Labor in accordance with the Act of March 3, 1931, as amended (the Davis-Bacon Act); but the Administrator may waive the application of this paragraph in cases or classes of cases where laborers or mechanics, not otherwise employed at any time in the construction of such housing, voluntarily donate their services without full compensation for the purpose of lowering the costs of construction and the Administrator determines that any amounts saved thereby are fully credited to the corporation undertaking the construction.

Prevailing wage rates.

49 Stat. 1011.
40 U S C 276a-276a-5.

Definitions.

(d) As used in this section—

(1) The term "housing" means (A) new structures suitable for dwelling use by elderly families and new structures suitable for such use by one or more elderly persons, and (B) dwelling facilities provided by rehabilitation, alteration, conversion, or improvement of existing structures which are otherwise inadequate for proposed dwelling use by such families and persons.

(2) The term "corporation" means any incorporated private institution or foundation no part of the net earnings of which inures to the benefit of any private shareholder, contributor, or individual, if such institution or foundation is approved by the Administrator as to financial responsibility.

(3) The term "development cost" means costs of construction of housing and of other related facilities, and of the land on which it is located, including necessary site improvement.

(4) The term "elderly families" means families the head of which (or his spouse) is sixty-two years of age or over; and the term "elderly persons" means persons who are sixty-two years of age or over. The Administrator shall prescribe such regulations as may be necessary to prevent abuses in determining, under the definitions contained in this paragraph, the eligibility of families and persons for admission to and occupancy of housing constructed with assistance under this section.

(5) The term "State" includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the possessions of the United States.

(6) The term "Administrator" means the Housing and Home Finance Administrator.

(7) The term "construction" means erection of new structures, or rehabilitation, alteration, conversion, or improvement of existing structures.

(8) The term "related facilities" means (A) new structures suitable for use as cafeterias or dining halls, community rooms or buildings, or infirmaries or other inpatient or outpatient health facilities, or for other essential service facilities, and (B) structures suitable for the above uses provided by rehabilitation, alteration, conversion, or improvement of existing structures which are otherwise inadequate for such uses.

TITLE III—FEDERAL NATIONAL MORTGAGE ASSOCIATION

SEC. 301. Clause (3) of section 302(b) of the National Housing Act is amended to read as follows: "(3) the Association may not purchase any mortgage, except a mortgage insured under section 220 or 803, or a mortgage covering property located in Alaska, Guam, or Hawaii, if the original principal obligation thereof exceeds or exceeded \$17,500 for each family residence or dwelling unit covered by the mortgage: *Provided*, That with respect to mortgages purchased under section 304 the principal obligation shall not exceed \$20,000".

Purchase and
sale of mortgages.
70 Stat. 1096.
12 USC 1717,
1715k, 1748b.

SEC. 302. The last sentence of section 304(a) of the National Housing Act is amended by striking out "advance planning of home construction" and inserting in lieu thereof "home financing".

68 Stat. 615.
12 USC 1720.

SEC. 303. (a) Section 305(b) of the National Housing Act is amended by striking out everything following the first sentence and inserting in lieu thereof the following: "Subject to the provisions of this section, the prices to be paid by the Association for mortgages purchased in its operations under this section shall be established from time to time by the Association. The Association shall impose charges or fees for its services under this section with the objective that all costs and expenses of its operations under this section should be within its income derived from such operations and that such operations should be fully self-supporting."

(b) When the holder of a commitment contract entered into by the Federal National Mortgage Association prior to August 27, 1958, pursuant to section 305 of the National Housing Act, cannot deliver the mortgages covered thereby within the original commitment period, and establishes that hardship to such holder will result therefrom and that such inability to deliver the mortgages is a consequence of circumstances beyond the control of such holder, the Association shall reissue or extend such commitment for a reasonable additional period or periods, according to the circumstances, on terms not less favorable than were the terms of the original commitment.

SEC. 304. Section 305(e) of the National Housing Act is amended by adding at the end thereof the following new sentence: "On and after the date of enactment of the Housing Act of 1959, the Association is authorized to enter into advance commitment contracts and purchase transactions (in addition to those authorized by the preceding sentence) relating to mortgages with respect to which the Federal Housing Commissioner shall have issued pursuant to section 213 a commitment to insure or a statement of eligibility, without regard to any of the limitations contained in the preceding sentence; except that the total amount of the additional advance commitment contracts and purchase transactions authorized by this sentence which may be outstanding at any one time shall not exceed \$25,000,000, of which the amount of \$12,500,000 shall be available solely for commitments or purchases of mortgages where the management or sales-type coopera-

Advance com-
mitments.
71 Stat. 299.
12 USC 1720.

12 USC 1715e.

tive involved is certified by the Federal Housing Commissioner as a consumer cooperative and the amount of \$12,500,000 shall be available solely for commitments or purchases of mortgages where the cooperative involved is a builder-sponsor cooperative."

68 Stat. 615, 618.
12 USC 1719,
1721.

SEC. 305. (a) Sections 304(b) and 306(b) of the National Housing Act are amended by striking out "and bonds or other obligations of, or bonds or other obligations guaranteed as to principal and interest by, the United States" and inserting in lieu thereof "and obligations of the United States or guaranteed thereby, or obligations which are lawful investments for fiduciary, trust, or public funds".

68 Stat. 621.
12 USC 1723b.

(b) Section 310 of such Act is amended by striking out "in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States" and inserting in lieu thereof "in obligations of the United States or guaranteed thereby, or in obligations which are lawful investments for fiduciary, trust, or public funds".

70 Stat. 1097.
12 USC 1721.

SEC. 306. (a) Section 306 of the National Housing Act is amended by adding at the end thereof the following subsection:

"(e) Notwithstanding any of the provisions of this Act or of any other law, the Association is authorized, under the aforesaid separate accountability, to make commitments to purchase and to purchase, service, or sell any mortgages offered to it by the Housing and Home Finance Administrator or the Housing and Home Finance Agency, or by such Agency's constituent units or agencies or the heads thereof, after such Administrator has found the acquisition thereof by the Association to be in the interest of the efficient management and liquidation of the mortgages. There shall be excluded from the total amounts set forth in subsection (c) hereof the amounts of any mortgages purchased by the Association pursuant to this subsection."

68 Stat. 612.
12 USC 1721.

(b) In connection with the sale of any mortgages to the Federal National Mortgage Association pursuant to section 306(e) of the Federal National Mortgage Association Charter Act, the Housing and Home Finance Administrator is authorized, and any other official, unit, or agency selling such mortgages thereunder is directed, to transfer to the Association from time to time, from authorizations, limitations, and funds available for administrative expenses of such official, unit, or agency in connection with the same mortgages, such amounts thereof as said Administrator determines to be required for administrative expenses of the Association in connection with the purchase, servicing, and sale of such mortgages: *Provided*, That no such transfer shall be made after a budget estimate of the Association with respect to the same mortgages has been submitted to and finally acted upon by the Congress.

TITLE IV—URBAN RENEWAL

STATEWIDE PLANNING

68 Stat. 623.
42 USC 1451.

SEC. 401. Section 101(b) of the Housing Act of 1949 is amended by adding at the end thereof the following new sentence: "The Administrator shall particularly encourage the utilization of local public agencies established by the States to operate on a statewide basis in behalf of smaller communities within the State which are undertaking or propose to undertake urban renewal programs whenever that arrangement facilitates the undertaking of an urban renewal program by any such community, or provides an effective solution to community development or redevelopment problems in such communities, and is approved by resolution or ordinance of the governing bodies of the affected communities."

CLARIFYING AMENDMENTS

SEC. 402. (a) Section 102(a) of the Housing Act of 1949 is amended by striking out in the second sentence the words "as part of the gross project cost" and inserting in lieu thereof "for such purposes".

(b) Section 102(c) of such Act is amended by striking out "repayment of" and inserting in lieu thereof "repayment of the principal of and the interest on".

63 Stat. 414.
42 USC 1452.

EARLY LAND ACQUISITION

SEC. 403. Section 102(a) of the Housing Act of 1949 is amended by adding at the end thereof the following new sentence: "In any case where, in connection with its undertaking and carrying out of an urban renewal project, a local public agency is authorized (under the circumstances in which the temporary loan herein provided is requested) to acquire real property in the urban renewal area, the Administrator, in addition to all other authority under this title and notwithstanding any other provisions of this title, regardless of the stage of development of the urban renewal plan and whether before or after the approval thereof, may make a temporary loan or loans to any such local public agency to finance the acquisition of such real property: *Provided*, That no loan for such purpose shall be made unless (1) the governing body of the locality involved shall have approved by resolution or ordinance the acquisition of real property in the urban renewal area, and (2) either (A) the Administrator shall have determined that such loan is reasonably secured by a first mortgage or other prior lien upon such real property or is otherwise reasonably secured, or (B) the governing body of the locality shall have assumed the responsibility to bear any loss that may arise as the result of such acquisition in the event that the property so acquired is not used for urban renewal purposes because the urban renewal plan for the project is not approved, or is amended to omit any of the acquired property, or is abandoned for any reason: *Provided further*, That the Administrator may, in his discretion and subject to such conditions as he may impose, permit any structure so acquired to be demolished and removed, and may include in any loan authorized by this section the cost of such demolition and removal if the approval of the local governing body extends to such demolition and removal: *And provided further*, That the loan contract shall provide that the local public agency shall not dispose of such real property (except in lieu of foreclosure) until the local governing body of the locality involved shall have either approved the urban renewal plan for the project or consented to the disposal of such real property."

42 USC 1452.

LOANS

SEC. 404. Section 102(e) of the Housing Act of 1949 is amended to read as follows:

"(e) The total amount of loan contracts outstanding at any one time under this title shall not exceed the aggregate of the estimated expenditures to be made by local public agencies as part of the gross project cost of the projects assisted by such contracts. To obtain funds for advance and loan disbursements under this title, the Administrator may issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury in an amount which shall not, unless authorized by the President exceed \$1,000,000,000. For the purpose of establishing unpaid obligations as of a given date against the authorization contained in the preceding sentence, the Administrator shall estimate the maximum amount to be required to be borrowed from the Treasury and outstanding at any one time with respect to loan commitments in effect on such date."

42 USC 1452.

GRANTS

SEC. 405. Section 103 of the Housing Act of 1949 is amended—

(1) by amending the first sentence of subsection (b) to read as follows: "The Administrator, on and after July 1, 1949, may, with the approval of the President, contract to make grants under this title aggregating not to exceed \$1,350,000,000, which limit shall be increased by \$350,000,000 on the date of enactment of the Housing Act of 1959, and by \$300,000,000 on July 1, 1960.";

(2) by striking out the period at the end of the second sentence of subsection (b) and inserting in lieu thereof a colon and the following: "*Provided*, That any amounts so appropriated shall also be available for repaying to the Secretary of the Treasury, for application to notes of the Administrator, the principal amounts of any funds advanced to local public agencies under this title which the Administrator determines to be uncollectible because of the termination of activities for which such advances were made, together with the interest paid or accrued to the Secretary (as determined by him) attributable to notes given by the Administrator in connection with such advances, but all such repayments shall constitute a charge against the authorization to make contracts for grants contained in this section: *Provided further*, That no such determination of the Administrator shall be construed to prejudice the rights of the United States with respect to any such advance."; and

(3) by adding at the end thereof the following new subsections:

"(c) Notwithstanding any other provision of this or any other Act, if financial assistance authorized by this title to be made available to a locality or local public agency may be made available to any locality or local public agency within the limitations provided in sections 102(e), 103(b), and 106(e), and the second paragraph following the paragraph numbered (6) of section 110(c), the amount of such financial assistance made available to any locality or local public agency upon submission and processing of proper application therefor shall not otherwise be restricted except on the basis of (1) urgency of need, and (2) feasibility, as determined by the Administrator.

"(d) The Administrator may contract to make grants for the preparation or completion of community renewal programs, which may include, without being limited to, (1) the identification of slum areas or blighted, deteriorated, or deteriorating areas in the community, (2) the measurement of the nature and degree of blight and blighting factors within such areas, (3) determination of the financial, relocation, and other resources needed and available to renew such areas, (4) the identification of potential project areas and, where feasible, types of urban renewal action contemplated within such areas, and (5) scheduling or programming of urban renewal activities. Such programs shall conform, in the determination of the governing body of the locality, to the general plan of the locality as a whole. The Administrator may establish reasonable requirements respecting the scope and content of such programs. No contract for a grant pursuant to this subsection shall be made unless the governing body of the locality involved has approved the preparation or completion of the community renewal program and the submission by the local public agency of an application for such a grant. Notwithstanding section 110(h) or the use in any other provision of this title of the term 'local public agency' or 'local public agencies', the Administrator may make grants pursuant to this subsection for the preparation or completion of a community renewal program to a single local public body authorized to perform the planning work necessary to such preparation or completion. No grant made pursuant to this subsection shall exceed two-

63 Stat. 416.
42 USC 1453.

42 U S C 1452,
1453, 1456, 1460.

42 USC 1460.

thirds of the cost (as such cost is determined or estimated by the Administrator) of the preparation or completion of the community renewal program for which such grant is made.”

PUBLIC IMPROVEMENTS BY FEDERAL AGENCIES IN URBAN RENEWAL AREAS

SEC. 406. Section 105(b) of the Housing Act of 1949 is amended by adding the following before the semicolon at the end thereof: “: *And provided further*, That, with respect to any improvements of a type which it is otherwise authorized to undertake, any Federal agency (as defined in section 3(b) of the Federal Property and Administrative Services Act of 1949, as amended, and also including the District of Columbia or any agency thereof) is hereby authorized to become obligated in accordance with this subsection, except that clause (ii) of this subsection shall apply to such Federal agency only to the extent that it is authorized (and funds have been made available) to make the improvements involved”.

68 Stat. 625.
42 USC 1455.

63 Stat. 378.
40 USC 472.

PUBLIC DISCLOSURE BY REDEVELOPERS

SEC. 407. Section 105 of the Housing Act of 1949 is amended by adding at the end thereof the following new subsection:

42 USC 1455.

“(e) No understanding with respect to, or contract for, the disposition of land within an urban renewal area shall be entered into by a local public agency unless the local public agency shall have first made public, in such form and manner as may be prescribed by the Administrator, (1) the name of the redeveloper, together with the names of its officers and principal members, shareholders and investors, and other interested parties, (2) the redeveloper’s estimate of the cost of any residential redevelopment and rehabilitation, and (3) the redeveloper’s estimate of rentals and sales prices of any proposed housing involved in such redevelopment and rehabilitation: *Provided*, That nothing in this subsection shall constitute a basis for contesting the conveyance of, or title to, such land.”.

STATE LOAN CEILING

SEC. 408. Section 106(e) of the Housing Act of 1949 is amended by striking out all of the text before the proviso and inserting in lieu thereof the following: “Not more than 12½ per centum of the grant funds provided for in this title shall be expended in any one State”.

71 Stat. 300.
42 USC 1456.

RELOCATION PAYMENTS

SEC. 409. (a) (1) The first sentence of section 106(f) (2) of the Housing Act of 1949 is amended to read as follows: “As used in this subsection, the term ‘relocation payments’ means payments by a local public agency to individuals, families, and business concerns for their reasonable and necessary moving expenses and any actual direct losses of property except goodwill or profit (which are incurred on and after August 7, 1956, and for which reimbursement or compensation is not otherwise made) resulting from their displacement from an urban renewal area made necessary by (i) the acquisition of real property by a local public agency or by any other public body, (ii) code enforcement activities undertaken in connection with an urban renewal project, or (iii) a program of voluntary rehabilitation of buildings or other improvements in accordance with an urban renewal plan: *Provided*, That such payments shall not be made after completion of the project or if completion is deferred solely for the purpose of obtaining further relocation payments.”

71 Stat. 300.
42 USC 1456.

42 USC 1456.

(2) No relocation payments under section 106(f) of the Housing Act of 1949 shall be made for expenses or losses incurred prior to the date of the enactment of the Housing Act of 1959, except to the extent that such payments were authorized by such section as it existed prior to such date.

71 Stat. 300.
42 USC 1456.

(b) Section 106(f) (2) of such Act is further amended by striking out "\$100" each place it appears and inserting in lieu thereof "\$200", and by striking out "\$2,500" and inserting in lieu thereof "\$3,000".

HOTELS AND OTHER TRANSIENT HOUSING

42 USC 1456.

SEC. 410. Section 106 of the Housing Act of 1949 is further amended by adding at the end thereof the following new subsection:

"(g) No provision permitting the new construction of hotels or other housing for transient use in the redevelopment of any urban renewal area under this title shall be included in the urban renewal plan unless the community in which the project is located, under regulations prescribed by the Administrator, has caused to be made a competent independent analysis of the local supply of transient housing and as a result thereof has determined that there exists in the area a need for additional units of such housing."

LOW-RENT HOUSING IN URBAN RENEWAL AREAS

63 Stat. 419.
42 USC 1457.

SEC. 411. Section 107 of the Housing Act of 1949 is amended to read as follows:

"PAYMENT FOR LAND USED FOR LOW-RENT PUBLIC HOUSING

50 Stat. 888.
42 USC 1430.

"SEC. 107. When it appears in the public interest that land to be acquired as part of an urban renewal project should be used in whole or in part as a site for a low-rent housing project assisted under the United States Housing Act of 1937, as amended, or under a State or local program found by the Administrator to have the same general purposes as the Federal program under such Act, the site shall be made available to the public housing agency undertaking the low-rent housing project at a price equal to the fair value of land to a private redeveloper who wants to buy a site in the community for private rental housing with physical characteristics similar to those of the proposed low-rent housing project, and such amount shall be included as part of the development cost of such low-rent housing project: *Provided*, That the local contribution in the form of tax exemption or tax remission required by section 10(h) of such Act, or by analogous provisions in legislation authorizing such State or local program, with respect to the low-rent housing project into which such land is incorporated shall (if covered by a contract which, in the determination of the Public Housing Commissioner, and without regard to the requirements of the first proviso of such section 10(h), will assure that such local contribution will be made during the entire period that the project is used as low-rent housing within the meaning of such Act, or by provisions found by the Administrator to give equivalent assurance in the case of State or local programs), be accepted as a local grant-in-aid equal in amount, as determined by the Administrator, to one-half (or one-third in the case of an urban renewal project on a three-fourths capital grant basis) of the difference between the cost of such site (including costs of land, clearance, site improvements, and a share, prorated on an area basis, of administrative, interest, and other project costs) and its sales price, and shall be considered a local grant-in-aid furnished in a form other than cash within the meaning of section 110(d) of this Act."

42 USC 1410.

42 USC 1460.

REQUIREMENTS FOR URBAN RENEWAL PLAN

SEC. 412. Section 110(b) of the Housing Act of 1949 is amended by inserting after "to indicate" in clause (2) the following: ", to the extent required by the Administrator for the making of loans and grants under this title."

71 Stat. 301.
42 USC 1460.

NONRESIDENTIAL REDEVELOPMENT

SEC. 413. Section 110(c) of the Housing Act of 1949 is amended by striking out the second paragraph following the paragraph numbered (6) and inserting in lieu thereof the following:

70 Stat. 1097.
42 USC 1460.

"Financial assistance shall not be extended under this title with respect to any urban renewal area which is not predominantly residential in character and which, under the urban renewal plan therefor, is not to be redeveloped for predominantly residential uses: *Provided*, That, if the governing body of the local public agency determines that the redevelopment of such an area for predominantly nonresidential uses is necessary for the proper development of the community, the Administrator may extend financial assistance under this title for such a project: *Provided further*, That the aggregate amount of capital grants contracted to be made pursuant to this title with respect to such projects after the date of the enactment of the Housing Act of 1959 shall not exceed 20 per centum of the aggregate amount of grants authorized by this title to be contracted for after such date."

LOCAL GRANTS

SEC. 414. (a) Section 110(d) of the Housing Act of 1949 is amended by adding at the end thereof the following new paragraph:

68 Stat. 628.
42 USC 1460.

"Notwithstanding any other provision of this subsection, no donation or provision of a public improvement or public facility of a type falling within the purview of this subsection shall be deemed to be ineligible as a local grant-in-aid for any project solely on the basis that the construction of such improvement or facility was commenced without notification to the Administrator or prior to Federal recognition of such project, if such construction was commenced not more than three years prior to the authorization by the Administrator of a contract for loan or capital grant for the project."

(b) The requirement in section 110(d) of the Housing Act of 1949 that the assistance provided by a State, municipality, or other public body under that section, in order to qualify as a local grant-in-aid, shall be in connection with a project on which a contract for capital grant has been made under title I of that Act, shall not apply to assistance provided during the period from July 1, 1957, through December 31, 1957, in connection with urban renewal activities which were extended Federal recognition within sixty days after the provision of such assistance was initiated.

63 Stat. 414.
42 U S C 1450
et seq.

CREDIT FOR LOSS OF INTEREST

SEC. 415. Section 110(e) of the Housing Act of 1949 is amended by striking out the first sentence and inserting in lieu thereof the following: "'Gross project cost' shall comprise (1) the amount of the expenditures by the local public agency with respect to any and all undertakings necessary to carry out the project (including the payment of carrying charges, but not beyond the point where the project is completed), and (2) the amount of such local grants-in-aid as are furnished in forms other than cash. There may be included as part of the gross project cost, under any contract for loan or grant

68 Stat. 628.
42 USC 1460.

heretofore or hereafter executed under this title, with respect to moneys of the local public agency which are actually expended and outstanding for undertakings (other than in the form of local grants-in-aid) necessary to carry out the project, in the absence of carrying charges on such moneys, an amount in lieu of carrying charges which might otherwise have been payable thereon for the period such moneys are expended and outstanding but not beyond the point where the project is completed, computed for each six-month period or portion thereof, at an interest rate to be determined by the Administrator after taking into consideration for each preceding six-month period the average interest rate borne by any obligations of local public agencies for short-term funds obtained from sources other than the Federal Government in the manner provided in section 102(c): *Provided*, That such amount may be computed on the net total of all such moneys of the local public agency remaining expended and outstanding, less other moneys received from the project undertaken in excess of project expenditures, in all projects of the local public agency under this title, and allocated, as the Administrator may determine, to each of such projects. With respect to a project for which a contract for capital grant has been executed on a three-fourths basis pursuant to the proviso in the second sentence of section 103(a), gross project cost shall include, in lieu of the amount specified in clause (1) above, the amount of the expenditures by the local public agency with respect to the following undertakings and activities necessary to carry out such project:

“(i) acquisition of land (but only to the extent of the consideration paid to the owner and not title, appraisal, negotiating, legal, or any other expenditures of the local public agency incidental to acquiring land), disposition of land, demolition and removal of buildings and improvements, and site preparation and improvements, all as provided in paragraphs (1), (2), (3), (4), and (6) of subsection (c); and

“(ii) the payment of carrying charges related to the undertakings in clause (i) (including amounts in lieu of carrying charges as determined above), exclusive of taxes and payments in lieu of taxes, but not beyond the point where such project is completed;

but not the cost of any other undertakings and activities (including, but without being limited to, the cost of surveys and plans, legal services of any kind, and all administrative and overhead expenses of the local public agency) with respect to such project.”

UNIFORM DATE FOR INTEREST RATE DETERMINATION

68 Stat. 629.
42 USC 1460.

SEC. 416. Section 110(g) of the Housing Act of 1949 is amended—

(1) by striking out of the first sentence “is approved” and inserting in lieu thereof “for any project under this title is authorized”;

(2) by inserting in the second sentence after “Any” the word “such”; and

(3) by striking out of the second sentence “contract is revised or superseded by such later contract” and inserting in lieu thereof “later contract is authorized”.

CONFORMING AMENDMENTS

SEC. 417. The Housing Act of 1949 is amended—

(1) by striking out the word “capital” in section 100, in the second sentence of section 103(b), and in sections 106(a)(3), 106(b), 106(c)(6), 106(c)(8), and 106(e);

42 USC 1450,
1453, 1456.

(2) by inserting in section 101(a) after the word "title" in the first place where it appears therein "or for grants pursuant to section 103(d)"; and

42 USC 1451,
1453.

(3) by adding at the end of section 110 the following new subsection:

42 USC 1460.

"(k) 'Federal recognition' means execution of any contract for financial assistance under this title or concurrence by the Administrator in the commencement, without such assistance, of surveys and plans."

URBAN RENEWAL AREAS INVOLVING COLLEGES OR UNIVERSITIES

SEC. 418. Title I of the Housing Act of 1949 is amended by adding at the end thereof the following new section:

42 USC 1450
of seq.

"URBAN RENEWAL AREAS INVOLVING COLLEGES OR UNIVERSITIES

"SEC. 112. In any case where an educational institution is located in or near an urban renewal project area and the governing body of the locality determines that, in addition to the elimination of slums and blight from such area, the undertaking of an urban renewal project in such area will further promote the public welfare and the proper development of the community (1) by making land in such area available for disposition, for uses in accordance with the urban renewal plan, to such educational institution for redevelopment in accordance with the use or uses specified in the urban renewal plan, (2) by providing, through the redevelopment of the area in accordance with the urban renewal plan, a cohesive neighborhood environment compatible with the functions and needs of such educational institution, or (3) by any combination of the foregoing, the Administrator is authorized to extend financial assistance under this title for an urban renewal project in such area without regard to the requirements in section 110 hereof with respect to the predominantly residential character or predominantly residential reuse of urban renewal areas: *Provided*, That the aggregate expenditures made by such institution (directly or through a private redevelopment corporation) for the acquisition (from others than the local public agency), within, adjacent to, or in the immediate vicinity of the project area, of land, buildings, and structures to be redeveloped or rehabilitated by such institution for educational uses in accordance with the urban renewal plan (or with a development plan proposed by such institution or corporation, found acceptable by the Administrator after considering the standards specified in section 110(b), and approved under State or local law after public hearing), and for the demolition of such buildings and structures (including expenditures to assist in relocating tenants therefrom), if, pursuant to such urban renewal or development plan, the land is to be cleared and redeveloped, as certified by such institution to the local public agency and approved by the Administrator, shall be a local grant-in-aid in connection with such urban renewal project: *Provided further*, That no such expenditures shall be deemed ineligible as a local grant-in-aid in connection with any such project if made not more than five years prior to the authorization by the Administrator of a contract for a loan or capital grant for such urban renewal project: *And provided further*, That the term 'educational institution' as used herein shall mean any educational institution of higher learning, including any public educational institution or any private educational institution, no part of the net earnings of which shall inure to the benefit of any private shareholder or individual."

42 USC 1460.

Educational in-
stitution.

URBAN PLANNING

68 Stat. 640.
40 USC 461.

SEC. 419. Section 701 of the Housing Act of 1954 is amended to read as follows:

"URBAN PLANNING

Grants.

"SEC. 701. (a) In order to assist State and local governments in solving planning problems resulting from increasing concentration of population in metropolitan and other urban areas, including smaller communities, to facilitate comprehensive planning for urban development by State and local governments on a continuing basis, and to encourage State and local governments to establish and develop planning staffs, the Administrator is authorized to make planning grants to—

"(1) State planning agencies, or (in States where no such planning agency exists) to agencies or instrumentalities of State government designated by the Governor of the State and acceptable to the Administrator as capable of carrying out the planning functions contemplated by this section, for the provision of planning assistance to (A) cities, other municipalities, and counties having a population of less than 50,000 according to the latest decennial census, (B) any group of adjacent communities, either incorporated or unincorporated, having a total population of less than 50,000 according to the latest decennial census and having common or related urban planning problems resulting from rapid urbanization, and (C) cities, other municipalities, and counties referred to in paragraph (3) of this subsection and areas referred to in paragraph (4) of this subsection;

"(2) official State, metropolitan, and regional planning agencies empowered under State or local laws or interstate compact to perform metropolitan or regional planning;

"(3) cities, other municipalities, and counties which have suffered substantial damage as a result of a catastrophe which the President, pursuant to section 2(a) of 'An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes', has determined to be a major disaster;

"(4) to official governmental planning agencies for areas where rapid urbanization has resulted or is expected to result from the establishment or rapid and substantial expansion of a Federal installation; and

"(5) State planning agencies for State and interstate comprehensive planning (as defined in subsection (d)) and for research and coordination activity related thereto.

Planning assisted under this section shall, to the maximum extent feasible, cover entire urban areas having common or related urban development problems.

Restrictions.

"(b) A grant made under this section shall not exceed 50 per centum of the estimated cost of the work for which the grant is made. All grants made under this section shall be subject to terms and conditions prescribed by the Administrator. No portion of any grant made under this section shall be used for the preparation of plans for specific public works. The Administrator is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, to make advances or progress payments on account of any planning grant made under this section. There is hereby authorized to be appropriated not exceeding \$20,000,000 to carry out the purposes of this section, and any amounts so appropriated shall remain available until expended.

31 USC 529.

Appropriation.

64 Stat. 1109.
42 USC 1855a.

“(c) The Administrator is authorized, in areas embracing several municipalities or other political subdivisions, to encourage planning on a unified metropolitan basis and to provide technical assistance for such planning and the solution of problems relating thereto.

“(d) It is the further intent of this section to encourage comprehensive planning for States, cities, counties, metropolitan areas, and urban regions and the establishment and development of the organizational units needed therefor. In extending financial assistance under this section, the Administrator may require such assurances as he deems adequate that the appropriate State and local agencies are making reasonable progress in the development of the elements of comprehensive planning. Comprehensive planning, as used in this section, includes the following, to the extent directly related to urban needs: (1) preparation, as a guide for long-range development, of general physical plans with respect to the pattern and intensity of land use and the provision of public facilities, together with long-range fiscal plans for such development; (2) programming of capital improvements based on a determination of relative urgency, together with definitive financing plans for the improvements to be constructed in the earlier years of the program; (3) coordination of all related plans of the departments or subdivisions of the government concerned; (4) inter-governmental coordination of all related planned activities among the State and local governmental agencies concerned; and (5) preparation of regulatory and administrative measures in support of the foregoing.

“(e) In the exercise of his function of encouraging comprehensive planning by the States, the Administrator shall consult with those officials of the Federal Government responsible for the administration of programs of Federal assistance to the States and municipalities for various categories of public facilities.”

INVESTMENT BY BANKS IN LONG-TERM OBLIGATIONS OF LOCAL PUBLIC AGENCIES

SEC. 420. The next to the last sentence of paragraph 7 of section 5136 of the Revised Statutes, as amended (12 U.S.C. 24), is amended by striking out “prior to the maturity of such obligations (which obligations shall have a maturity of not more than eighteen months), monies in an amount which (together with any other monies irrevocably committed to the payment of interest on such obligations) will suffice to pay the principal of such obligations with interest to maturity thereon, which monies under the terms of said agreement are required to be used for the purpose of paying the principal of and the interest on such obligations at their maturity” the first place it appears and inserting in lieu thereof the following: “monies in an aggregate amount which (together with any other monies irrevocably committed to the payment of interest on such obligations) will suffice to pay, when due, the interest on and all installments (including the final installment) of the principal of such obligations, which monies under the terms of said agreement are required to be used for such payments”.

TITLE V—LOW-RENT PUBLIC HOUSING

DECLARATION OF POLICY

SEC. 501. Section 1 of the United States Housing Act of 1937 is amended by adding at the end thereof the following new sentences: “In the development of low-rent housing it shall be the policy of the United States to make adequate provision for larger families and for families consisting of elderly persons. It is the policy of the United

States to vest in the local public housing agencies the maximum amount of responsibility in the administration of the low-rent housing program, including responsibility for the establishment of rents and eligibility requirements (subject to the approval of the Authority), with due consideration to accomplishing the objectives of this Act while effecting economies."

CENTRAL ADMINISTRATIVE OFFICE FACILITIES

SEC. 502. The last sentence of paragraph (5) of section 2 of the United States Housing Act of 1937 is amended—

71 Stat. 301,
42 USC 1402.

(1) by inserting after "1949" the following: ", or in cases where the public housing agency and the local public agency for purposes of such title I operate under a combined central administrative office staff,"; and

(2) by striking out "its functions as such local public agency" each place it appears and inserting in lieu thereof "the functions of such local public agency".

RENTS AND INCOME LIMITS

SEC. 503. (a) Paragraph (1) of section 2 of the United States Housing Act of 1937 is amended to read as follows:

71 Stat. 301,
42 USC 1402.

"(1) The term 'low-rent housing' means decent, safe, and sanitary dwellings within the financial reach of families of low income, and developed and administered to promote serviceability, efficiency, economy, and stability, and embraces all necessary appurtenances thereto. The dwellings in low-rent housing shall be available solely for families of low income. Income limits for occupancy and rents shall be fixed by the public housing agency and approved by the Authority after taking into consideration (A) the family size, composition, age, physical handicaps, and other factors which might affect the rent-paying ability of the family, and (B) the economic factors which affect the financial stability and solvency of the project."

63 Stat. 422,
42 USC 1415.

(b) Paragraph (7) (b) of section 15 of such Act is amended by inserting after "a gap of at least 20 per centum" the following "(or 5 per centum in the case of any family entitled to a first preference as provided in section 10(g))".

63 Stat. 423,
42 USC 1410.

MINIMUM AGE FOR ADMISSION OF SINGLE PERSONS AND ELDERLY FAMILIES TO LOW-RENT PROJECTS

SEC. 504. The second and third sentences of paragraph (2) of section 2 of the United States Housing Act of 1937 are amended to read as follows: "The term 'families' means families consisting of two or more persons, a single person who has attained retirement age as defined in section 216(a) of the Social Security Act or who has attained the age of fifty and is under a disability as defined in section 223 of that Act, or the remaining member of a tenant family. The term 'elderly families' means families the head of which (or his spouse) has attained retirement age as defined in section 216(a) of the Social Security Act or has attained the age of fifty and is under a disability as defined in section 223 of that Act."

50 Stat. 888,
42 USC 1402.

70 Stat. 809,
815,
42 USC 416,
423.

LOW-RENT HOUSING AUTHORIZATION

SEC. 505. (a) Section 10(i) of the United States Housing Act of 1937 is amended by striking out all that precedes the third proviso and inserting in lieu thereof the following:

70 Stat. 1103,
42 USC 1410.

"(i) Notwithstanding any other provision of law, the Authority may enter into new contracts for loans and annual contributions for

(1) not more than such number of dwelling units as does not exceed the number of units which were covered by annual contribution contracts on the date of enactment of the Housing Act of 1959 and are not built, the contracts therefor being canceled; and (2) additional dwelling units which, together with the dwelling units covered by new contracts entered into under clause (1), do not exceed thirty-seven thousand units: *Provided*, That the Authority may enter into only such new contracts for preliminary loans as are consistent with the number of dwelling units for which contracts for annual contributions may be entered into hereunder”.

(b) The last proviso under the heading “Public Housing Administration, Annual Contributions” in title I of the First Independent Offices Appropriation Act, 1954 (67 Stat. 307), is repealed.

Partial repeal.

EXTENSION OF WAIVER IN CASE OF VETERANS AND SERVICEMEN

SEC. 506. The proviso in section 15(8)(b) of the United States Housing Act of 1937 is amended by striking out “March 1, 1959” and inserting in lieu thereof “October 1, 1961”.

68 Stat. 631.
42 USC 1415.

PAYMENT FOR SERVICES

SEC. 507. Section 15 of the United States Housing Act of 1937 is amended by adding at the end thereof the following new paragraph:

“(10) Notwithstanding any other provision of law or any contract or other arrangement made pursuant thereto, any public housing agency which utilizes public services and facilities of a municipality or other local governmental agency making charges therefor separate from real and personal property taxes shall be authorized by the Authority (without any amendment to the contract for annual contributions or deductions from payments in lieu of taxes otherwise payable) to pay to such municipality or other local governmental agency the amount that would be charged private persons or dwellings similarly situated for such facilities and services.”

50 Stat. 895.
42 USC 1415.

TITLE VI—COLLEGE HOUSING

SEC. 601. Section 401(d) of the Housing Act of 1950 is amended to read as follows:

“(d) To obtain funds for loans under subsection (a) of this section, the Administrator may issue and have outstanding at any one time notes and obligations for purchase by the Secretary of the Treasury in an amount not to exceed \$1,175,000,000: *Provided*, That the amount outstanding for other educational facilities, as defined herein, shall not exceed \$125,000,000: *Provided further*, That the amount outstanding for hospitals, referred to in clause (2) of section 404(b) of this title, shall not exceed \$50,000,000.”

69 Stat. 645.
12 USC 1749.

12 USC 1749c.

SEC. 602. Section 402 of the Housing Act of 1950 is amended by adding the following new subsections at the end thereof:

“(e) The provisions of section 309 of the Independent Offices Appropriation Act, 1950 (63 Stat. 662), which are applicable to corporations or agencies subject to the Government Corporation Control Act, shall also be applicable to the activities of the Administrator under this title.

71 Stat. 304.
12 USC 1749a.

64 Stat. 78.
31 USC 870.

59 Stat. 597.
31 USC 841 note.

“(f) The Administrator shall take such action as may be necessary to insure that all laborers and mechanics employed by contractors or subcontractors on any project assisted under this title, the construction or rehabilitation of which was commenced after the date of enactment of the Housing Act of 1959, (1) shall be paid wages at rates not less than those prevailing on the same type of work on similar construction

in the immediate locality as determined by the Secretary of Labor in accordance with the Act of March 3, 1931 (Davis-Bacon Act), as amended, and (2) shall be employed not more than forty hours in any one week unless the employee receives wages for his employment in excess of the hours specified above at a rate not less than one and one-half times the regular rate at which he is employed; but the Administrator may waive the application of this subsection in cases or classes of cases where laborers or mechanics, not otherwise employed at any time in the construction of such project, voluntarily donate their services without full compensation for the purpose of lowering the costs of construction and the Administrator determines that any amounts saved thereby are fully credited to the educational institution undertaking the construction."

SEC. 603. (a) Section 404(b) of the Housing Act of 1950 is amended by striking out "and (4)" and inserting in lieu thereof "(4)" and by inserting before the period at the end thereof the following: ", and (5) any nonprofit student housing cooperative corporation established for the purpose of providing housing for students or students and faculty of any institution included in clause (1) of this subsection".

(b) Section 401 of such Act is amended by adding at the end thereof the following new subsection:

"(g) In the case of any loan made under this section to a nonprofit student housing cooperative corporation referred to in clause (5) of section 404(b), the Administrator shall require that the note securing such loan be co-signed by the educational institution (referred to in clause (1) of such section) at which such corporation is located; and in the event of the dissolution of such corporation, title to the housing constructed with such loan shall vest in such educational institution."

TITLE VII—ARMED SERVICES HOUSING

SEC. 701. (a) Section 803(a) of the National Housing Act is amended by striking out "September 30, 1960" and inserting in lieu thereof "October 1, 1961".

(b) The second sentence of section 803(b)(3) of such Act is amended by striking out "have a maturity not to exceed twenty-five years" and inserting in lieu thereof "but not to exceed thirty years from the beginning of amortization of the mortgage".

(c) Section 803(b)(3) of such Act is further amended by adding at the end thereof the following: "The property or project may include such nondwelling facilities as the Commissioner deems adequate to serve the occupants."

(d) Section 803(c) of such Act is amended by adding at the end thereof the following new sentence: "The Commissioner is further authorized to reduce the amount of the premium charge below one-half of 1 per centum per annum with respect to any mortgage on property acquired by the Secretary of Defense or his designee if the mortgage is insured pursuant to the provisions of this title as in effect prior to August 11, 1955."

(e) Section 803 of such Act is further amended by adding at the end thereof the following new subsection:

"(k) The Commissioner shall not insure any mortgage under this section unless the principal contractor or contractors engaged in the construction of the project involved file a certificate or certificates (at such times, in the course of construction or otherwise, as the Commissioner may prescribe) certifying that the laborers and mechanics employed in the construction of such project have been paid not less than one and one-half times the regular rate of pay for employment in excess of eight hours in any one day or in excess of forty hours in any one week."

49 Stat. 1011.
40 U S C 276a-
276a-5.

71 Stat. 304.
12 USC 1749c.

12 USC 1749.

Ante, p. 322.
12 USC 1748b.

69 Stat. 648.
12 USC 1748b.

12 USC 1748b.

SEC. 702. (a) The first sentence of section 404(a) of the Housing Amendments of 1955 is amended to read as follows: "Whenever the Secretary of Defense or his designee deems it necessary for the purpose of this title, he may acquire, by purchase, donation, condemnation, or other means of transfer, any land or (with the approval of the Federal Housing Commissioner) (1) any housing financed with mortgages insured under title VIII of the National Housing Act as in effect prior to August 11, 1955, or (2) any housing situated adjacent to a military installation which was (A) completed prior to July 1, 1952, (B) certified by the Department of Defense, prior to construction, as being necessary to meet an existing military family housing need and considered as military housing by the Federal Housing Commissioner, and (C) financed with mortgages insured under section 207 of the National Housing Act."

70 Stat. 1111.
42 USC 1594a.

12 USC 1748-
1748b, 1748g-1.

12 USC 1713.

(b) Section 404(b) of the Housing Amendments of 1955 is amended to read as follows:

70 Stat. 1111.
42 USC 1594a.

"(b) Notwithstanding any provision of subsection (a) to the contrary, the Secretary of Defense or his designee shall, in the manner provided in subsection (a), acquire by purchase, donation, or other means of transfer or, if the parties cannot agree upon terms for acquisition by such means, by condemnation, any housing described in clause (1) or (2) of subsection (a) of this section which is located at or near a military installation where the construction of housing under the Armed Services Housing Mortgage Insurance Program has been approved by the Secretary."

(c) Section 407(f) of the Act entitled "An Act to authorize certain construction at military installations, and for other purposes", approved August 30, 1957, is amended to read as follows:

71 Stat. 556.
42 USC 1594j.

"(f) This section shall have no application to any housing described in clause (1) or (2) of section 404(a) of the Housing Amendments of 1955, as amended."

SEC. 703. The third sentence of section 404(c) (2) of the Housing Amendments of 1955 is amended by striking out the matter preceding the first colon and inserting in lieu thereof the following: "The amount of such deposit in any case where the sponsor or owner has not certified the cost of the project to the Federal Housing Commissioner at the time of the enactment of the Military Construction Act of 1959 shall be determined by the Secretary of Defense, or his designee, in accordance with the Act of February 26, 1931 (46 Stat. 1421), with a view toward accurately estimating the equity of the sponsor or owner"

72 Stat. 663.
42 USC 1594a.

SEC. 704. (a) Title VIII of the National Housing Act is amended by adding at the end thereof the following new section:

40 USC 258a-
258e.

12 USC 1748-
1748b, 1748g-1.

"SEC. 810. (a) Notwithstanding any other provision of this title, the Commissioner may insure and make commitments to insure any mortgage under this section which meets the eligibility requirements hereinafter set forth.

"(b) No mortgage shall be insured under this section unless the Secretary of Defense or his designee shall have certified to the Commissioner that (1) the housing which is covered by the insured mortgage is necessary in the interest of national defense in order to provide adequate housing for military personnel and essential civilian personnel serving or employed in connection with an installation of one of the armed services of the United States, (2) there is no present intention to curtail substantially the number of such personnel assigned or to be assigned to the installation, (3) adequate housing is not available for such personnel at reasonable rentals within reasonable commuting distances of such installation, and (4) the mortgaged property will not so far as can be reasonably foreseen substantially curtail occupancy in any existing housing in the vicinity of the instal-

Eligibility re-
quirements.

lation which is covered by mortgages insured under this Act. Any such certificate issued by the Secretary of Defense or his designee shall be conclusive evidence to the Commissioner of the eligibility of the mortgage for insurance in accordance with the requirements of this subsection.

“(c) The Commissioner may accept any mortgage for insurance under this section without regard to any requirement in any other section of this Act that the property or project be economically sound.

“(d) The Commissioner shall require each project covered by a mortgage insured under this section to be held for rental for a period of not less than five years after the project or dwelling is made available for initial occupancy or until advised by the Secretary of Defense or his designee that the housing may be released from such rental condition. The Commissioner shall prescribe such procedures as in his judgment are necessary to secure reasonable preference or priority in the sale or rental of dwellings covered by a mortgage insured under this section for military personnel and essential civilian employees of the armed services, and employees of contractors for the armed services, as evidenced by certification issued by the Secretary of Defense or his designee. Such certificate shall be conclusive evidence to the Commissioner of the employment status of the person requiring housing and of such person's need for the housing.

“(e) For the purpose of providing multifamily rental housing projects or housing projects consisting of individual single-family dwellings for sale, the Commissioner is authorized to insure mortgages (including advances on such mortgages during construction) which cover property held by a private corporation, association, cooperative society, or trust. Any such mortgagor shall possess powers necessary therefor and incidental thereto and shall until the termination of all obligations of the Commissioner under such insurance be regulated or restricted as to rents or sales, charges, capital structure, rate of return, and methods of operation to such extent and in such manner as to provide reasonable rentals to tenants and a reasonable return on the investment. The Commissioner may make such contracts with, and acquire for not to exceed \$100 such stock or interest in, any such corporation, association, cooperative society, or trust as he may deem necessary to render effective such restriction or regulation. Such stock or interest shall be paid for out of the Armed Services Housing Mortgage Insurance Fund, and shall be redeemed by the corporation, association, cooperative society, or trust at par upon the termination of all obligations of the Commissioner under the insurance.

“(f) To be eligible for insurance under this section, a mortgage on any multifamily rental property or project shall involve a principal obligation in an amount (1) not to exceed \$5,000,000 or (2) not to exceed, for such part of such property or project as may be attributable to dwelling use, \$2,500 per room (or \$9,000 per family unit if the number of rooms in such property or project is less than four per family unit), and not to exceed 90 per centum of the estimated value of the property or project when the proposed physical improvements are completed. The Commissioner may increase any of the foregoing dollar amount limitations per room contained in this paragraph by not to exceed \$1,000 per room in any geographical area where he finds that cost levels so require.

“(g) To be eligible for insurance under this section a mortgage on any property or project constructed for eventual sale of single-family dwellings shall involve a principal obligation in an amount not to exceed \$5,000,000 and not to exceed a sum computed on the basis of a separate mortgage for each single-family dwelling (irrespective of whether such dwelling has a party wall or is otherwise physically con-

nected with another dwelling or dwellings) comprising the property or project equal to the total of each of the maximum principal obligations of such mortgages which would meet the requirements of section 203 (b) (2) of this Act if the mortgagor were the owner and occupant who had made the required payment on account of the property prescribed in such paragraph.

12 USC 1709.

“(h) Any mortgage insured under this section shall provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe but not to exceed the maximum term applicable to mortgages under section 207 of this Act and shall bear interest (exclusive of premium charges for insurance) at not to exceed the rate applicable to mortgages insured under section 207, except that individual mortgages of the character described in subsection (g) covering the individual dwellings in the project may have a term not in excess of the maximum term applicable to mortgages insured under section 203 of this Act or the unexpired term of the project mortgage at the time of the release of the mortgaged property from such project mortgage, whichever is the greater, and shall bear interest at not to exceed the rate applicable to mortgages insured under section 203. The Commissioner may consent to the release of a part or parts of the mortgaged property from the lien of the mortgage upon such terms and conditions as he may prescribe and the mortgage may provide for such release, and a mortgage of the character described in subsection (g) of this section may provide that, at any time after the release of the project from the rental period prescribed by subsection (d), such mortgage may be replaced, in whole or in part, by individual mortgages covering each individual dwelling in the project in amounts not to exceed the unpaid balance of the blanket mortgage allocable to the individual property. Each such individual mortgage may be insured under this section. Property covered by a mortgage insured under this section may include eight or more family units and may include such commercial and community facilities as the Commissioner deems adequate to serve the occupants.

12 USC 1713.

12 USC 1709.

“(i) The aggregate number of dwelling units (including all units in multifamily projects or individual dwellings) covered by outstanding commitments to insure and mortgages insured under this section shall at no time exceed five thousand dwelling units.

“(j) The provisions of subsections (d), (e), (g), (h), (i), (j), (k), (l), (m), (n), and (p) of section 207 of this title shall be applicable to mortgages insured under this section except individual mortgages of the character described in subsection (g) of this section covering the individual dwellings in the project, and as to such individual mortgages the provisions of subsections (a), (c), (d), (e), (f), (g), (h), (j), and (k) of section 204 shall be applicable: *Provided*, That wherever the words ‘Fund’, ‘Mutual Mortgage Insurance Fund’, or ‘Housing Insurance Fund’ appear in section 204 or 207, such reference shall refer to the Armed Services Housing Mortgage Insurance Fund with respect to mortgages insured under this section.

12 USC 1713.

12 USC 1710.

“(k) The provisions of sections 801, 802, 803(c), 803(i), 803(j), 804(a), 804(b), and 807 and the provisions of section 803(a) relating to the aggregate amount of all mortgages insured and the expiration date of the Commissioner’s authority to insure under this title shall be applicable to mortgages insured under this section.

12 USC 1748-1748c, 1748f.

“(l) If the Commissioner determines that insurance of mortgages on any housing of the type described in this section is not an acceptable risk, he may require the Secretary of Defense to guarantee the Armed Services Housing Mortgage Insurance Fund from loss with respect to mortgages insured pursuant to this section. There are hereby authorized to be appropriated such sums as may be necessary to provide for payment to meet losses arising from such guaranty.”

Guaranty.

12 USC 1748g.

(b) Section 808 of such Act is amended by striking out "The" and inserting in lieu thereof the following: "Except in the case of mortgages on multifamily rental housing projects insured under section 810, the".

Ante, p. 683.

12 USC 1715c.

(c) Section 212(a) of such Act is amended by striking out "or under title VIII" and inserting in lieu thereof "or under section 803 or 810 of title VIII".

TITLE VIII—MISCELLANEOUS

SURVEYS OF PUBLIC WORKS PLANNING

69 Stat. 641.
40 USC 462.

SEC. 801. Section 702 of the Housing Act of 1954 is amended by adding at the end thereof the following new subsection:

"(f) The Administrator is authorized to use during any fiscal year not to exceed \$50,000 of the moneys in the revolving fund (established under subsection (e)) to conduct surveys of the status and current volume of State and local public works planning and surveys of estimated requirements for State and local public works: *Provided*, That the Administrator, in conducting any such survey, may utilize or act through any Federal department or agency with its consent."

DISPOSAL OF PASSYUNK AND NEWPORT WAR HOUSING PROJECTS

70 Stat. 1106.

SEC. 802. (a) The use of projects PA-36011 and PA-36012 (which were conveyed to the Housing Authority of Philadelphia, Pennsylvania, under section 406(c) of the Housing Act of 1956) for the housing of military personnel and civilians employed in defense activities without regard to their income and the giving of a preference in respect of 700 dwelling units in such projects for such military personnel as the Secretary of Defense or his designee prescribes, for a period of five years after the date of the conveyance of such projects, is hereby authorized; and such use and the giving of such preferences shall not deprive such projects of their status as "low-rent housing" as that term is used and defined in the United States Housing Act of 1937 and within the meaning of that term as used in section 606(b) of the Act entitled "An Act to expedite the provision of housing in connection with national defense, and for other purposes", approved October 14, 1940, as amended. The Housing and Home Finance Administrator is authorized and directed to agree to any amendments to the instruments of conveyance which may be required to give effect to the purposes of this section.

50 Stat. 888.
42 USC 1430,64 Stat. 69.
42 USC 1586.

(b) Section 406(c) of the Housing Act of 1956 is amended by striking out "three years" in the first proviso and inserting in lieu thereof "five years".

FARM HOUSING RESEARCH

71 Stat. 304.
42 USC 1476
note.

SEC. 803. Section 603(c) of the Housing Act of 1957 is amended to read as follows:

"(c) The authority of the Housing and Home Finance Administrator to make grants under subsection (b) shall expire June 30, 1961. The total amount of such grants shall not exceed \$300,000 during each of the fiscal years ending June 30, 1958, and June 30, 1959, and shall not exceed \$100,000 during the period beginning July 1, 1959, and ending June 30, 1961."

HOSPITAL CONSTRUCTION

SEC. 804. (a) Section 605(b) of the Housing Act of 1956 is amended by striking out "1958" and inserting in lieu thereof "1960". 70 Stat. 1114.
42 U S C 1592c
note.

(b) Section 605(c) of the Housing Act of 1956 is amended by inserting before the period at the end thereof the following: ", and the sum of \$7,500,000 for the purposes of this section for each of the fiscal years ending June 30, 1960, and June 30, 1961".

SAVINGS AND LOAN ASSOCIATIONS

SEC. 805. (a) Section 5(c) of the Home Owners Loan Act of 1933 is amended by inserting before the colon at the end of the first proviso a comma and the following: "and additional sums not exceeding 20 per centum of the assets of an association may be used without regard to such area restriction for the making or purchase of participating interests in first liens on one- to four-family homes, except that the aggregate sums invested pursuant to the two exceptions in this proviso shall not exceed 30 per centum of the assets of such association". 48 Stat. 132.
12 USC 1464.

(b) The second paragraph of section 5(c) of such Act is amended by adding at the end thereof the following new sentence: "Participating interests in loans secured by mortgages which have the benefit of insurance or guaranty (or a commitment therefor) under the National Housing Act, the Servicemen's Readjustment Act of 1944, or chapter 37 of title 38, United States Code, shall not be taken into account in determining the amount of loans which an association may make within any of the percentage limitations contained in the first proviso of this subsection." 48 Stat. 1246.
12 USC 1701.
58 Stat. 284; 72
Stat. 1273, 1203;
ante, p. 156.

(c) Section 5(c) of such Act is further amended by adding at the end thereof the following new paragraph: 12 USC 1464.

"Without regard to any other provision of this subsection except the area restriction, any such association whose general reserves, surplus, and undivided profits aggregate a sum in excess of 5 per centum of its withdrawable accounts is authorized to invest an amount not exceeding at any one time 5 per centum of such withdrawable accounts in loans to finance the acquisition and development of land for primarily residential usage, subject to such rules and regulations as the Board may prescribe."

VOLUNTARY HOME MORTGAGE CREDIT PROGRAM

SEC. 806. Section 610(a) of the Housing Act of 1954 is amended by striking out "September 30, 1959" and inserting in lieu thereof "October 1, 1961". Ante, p. 266.
12 USC 1750jj.

DEFENSE HOUSING PROJECTS

SEC. 807. Section 606 of the Act of October 14, 1940, as amended (42 U.S.C. 1586), is amended—

(1) by inserting the following sentence after the first sentence of subsection (b): "If any such project is consolidated under a single annual contributions contract with any low-rent project being assisted with annual contributions under the said Act, the payment of any annual contribution on account of any project so assisted shall not be deemed to be a capital grant or annual contribution with respect to any project conveyed hereunder."; and

(2) by inserting the following proviso before the semicolon at the end of subsection (c) (3): "Provided, That the provisions of this paragraph shall not be applicable to any project which is 64 Stat. 66.

consolidated under a single contract with one or more low-rent projects being assisted under the United States Housing Act of 1937, and all income from any such project conveyed under this section may be commingled with funds of the project or projects with which it is consolidated and applied in accordance with the requirements of the consolidated contract and the provisions of section 10(c) of the said Act”.

DISPOSAL OF PROJECT

SEC. 808. Notwithstanding any other provision of law, the Housing and Home Finance Administrator may, whenever he deems it desirable, in the public interest, and in the fulfillment of the purposes of title VI of the Act of October 14, 1940, as amended (42 U.S.C. 1587), with respect to a housing project known as the Southmore Mutual Housing Corporation Project of South Bend, Indiana, consent to the modification, with respect to purchase price, repayment period, rate of interest, time of payment of any installment on principal or interest, security, or any other term, of any contract, sale, mortgage, or other agreement with respect to such project or any part thereof.

REAL ESTATE LOANS BY NATIONAL BANKS

SEC. 809. Section 203 of the National Housing Act is amended by adding at the end thereof the following new subsection:

“(j) Loans secured by mortgages insured under this section shall not be taken into account in determining the amount of real estate loans which a national bank may make in relation to its capital and surplus or its time and savings deposits.”

Approved September 23, 1959.

Public Law 86-373

AN ACT

September 23, 1959
[S. 2568]

To amend the Atomic Energy Act of 1954, as amended, with respect to cooperation with States.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following section be added to the Atomic Energy Act of 1954, as amended:

“SEC. 274. COOPERATION WITH STATES.—

“a. It is the purpose of this section—

“(1) to recognize the interests of the States in the peaceful uses of atomic energy, and to clarify the respective responsibilities under this Act of the States and the Commission with respect to the regulation of byproduct, source, and special nuclear materials;

“(2) to recognize the need, and establish programs for, cooperation between the States and the Commission with respect to control of radiation hazards associated with use of such materials;

“(3) to promote an orderly regulatory pattern between the Commission and State governments with respect to nuclear development and use and regulation of byproduct, source, and special nuclear materials;

“(4) to establish procedures and criteria for discontinuance of certain of the Commission’s regulatory responsibilities with respect to byproduct, source, and special nuclear materials, and the assumption thereof by the States;

50 Stat. 888.
42 USC 1430.

42 USC 1410.

64 Stat. 70.

48 Stat. 1248.
12 USC 1709.

Atomic Energy
Act of 1954,
amendments.
68 Stat. 919.
42 USC 2011
note.