

August 4, 1976

Office of the White House Press Secretary

NOTICE TO THE PRESS

The President has signed S. 3295 - Housing Authorization Act of 1976.

This bill extends HUD program authorities through fiscal year 1977; modifies and adds funding authorizations for HUD programs; and revises a variety of HUD authorities, responsibilities and operations.

The bill provides \$850 million of additional contract authority for fiscal year 1977 for rental subsidies in low-income housing projects. The bill changes the interest rate formula for section 202 direct loans which finance the development of rental housing for the elderly or handicapped. The rate of these HUD 40-year loans would be calculated using average interest rates on all interest-bearing U.S. obligations which are part of the public debt; existing law uses the average rate on long-term obligations. This change would lower the present interest rate paid from 9% to 7 1/2%.

S. 3295 also provides that the minimum interest rate for certain rural housing loans be determined by the Secretary of the Treasury on request of the Secretary of Agriculture, instead of annually, as presently required.

Other provisions include:

- the authority to insure mortgages under the section 236 rental housing assistance program, which provides interest reduction payments on behalf of lower income families.
- the section 312 rehabilitation loan program, which finances home improvements or repairs in slum areas. \$100 million would be authorized to be appropriated in 1977.
- the standby program of emergency relief for homeowners threatened with foreclosure, which would allow HUD to insure or make loans on behalf of homeowners who have been unable to make mortgage payments for at least 3 months.
- authorization for an additional \$2.5 billion of loans under the section 202 housing for the elderly or handicapped program in fiscal years 1977-1979.
- \$576 million for public housing operating subsidies in fiscal year 1977.
- \$100 million for fiscal year 1977 for the section 701 comprehensive planning grant program.

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