

ESTIMATE OF ANNUAL CONTRIBUTIONS
Fiscal Year 1947

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**Annual Contributions, National Housing Agency, Federal
Public Housing Authority--**

Annual contributions: For the payment of annual contributions to public housing agencies in accordance with section 10 of the United States Housing Act of 1937, as amended (42 U. S. C. 1410), \$7,600,000, ← \$17,000,000 together with the unexpended balance of the appropriation for this purpose for the fiscal year 1945: 1946 *Provided*, That except for payments required on contracts entered into prior to April 18, 1940, no part of this appropriation shall be available for payment to any public housing agency for expenditure in connection with any low-rent housing project, unless the public housing agency shall have adopted regulations prohibiting as a tenant of any such project by rental or occupancy any person other than a citizen of the United States.

Annual appropriation, general account:

Estimate 1947, \$17,000,000

Appropriated 1946, \$7,600,000

Appropriation title:
(8 pt. Ital. a. & l. a. flush)

Annual Contributions, National Housing Agency, Federal Public Housing Authority

By objects	Obligations		
	Estimate, 19 47	Estimate, 19 46	Actual, 19 45
11 - Grants, subsidies, and contributions	\$ 19,400,000	\$ 8,041,754	\$ 8,722,300
Reappropriation of 1944 balance in 1945			- 2,064,054
Reappropriation of 1945 balance in 1946		- 2,841,754	+ 2,841,754
Reappropriation of 1946 balance in 1947	- 2,400,000	+ 2,400,000
Total estimate or appropriation	17,000,000	7,600,000	9,500,000

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**National Housing Agency
Federal Public Housing Authority**

ESTIMATE OF ANNUAL CONTRIBUTIONS

Fiscal Year 1947

JUSTIFICATION OF ESTIMATE

I. INTRODUCTION

The public housing program was brought into being to provide low-rent housing for persons of low income who could not otherwise afford decent, safe, and sanitary dwellings. With the coming of the war, Congress directed the use of remaining USHA funds to provide housing projects for persons engaged in war work. Most of these projects required no annual contributions because of the high incomes of the war workers. In the original low-rent projects the tenants received higher incomes as the war progressed, but had to remain in the projects because no private accommodations were available. It was thus possible to operate the program during the war with relatively low annual contribution requirements.

Now that the war has ended, the FPHA has a definite obligation to restore the program to the housing of low income families. This may be a difficult goal to achieve because factors beyond control of the Authority, such as continuance of the present shortage of housing, may retard the speed of the return to low-rent status. Nevertheless, the FPHA has designed its immediate post-war program to reach the objective of complete low-rent housing.

An appropriation of \$17,000,000 is requested to meet the estimated annual contribution requirements in fiscal 1947. The requested appropriation reflects an estimated project income representing the best judgment of the Authority as to the rent-paying ability of low income tenants, which is of necessity dependent on general economic conditions.

A. Legal Authority

Under authority of the United States Housing Act of 1937, as amended, local housing authorities have constructed low-rent housing projects at a development cost of \$723,000,000. These projects, owned and operated by local agencies, were developed under either the original act - Public Law 412 (PL-412 projects) or its defense amendment - Title II of Public Law 671 of the 76th Congress (PL-671 projects).

PL-412 projects were constructed to provide housing for families of low income and to achieve an equivalent elimination of slum dwellings. Since the rentals which these families can afford are not sufficient to cover both the operating expenses, and interest and amortization of the capital cost, the FPHA was authorized by Congress to contract with each local authority to pay in the form of annual contributions the deficit incurred each year in the operation of these projects up to a fixed amount.

PL-671 projects were also constructed to provide housing for low income families, but for the war period these projects were assigned to meet the housing needs of persons engaged in war activities. The rental charged families in these projects is in general an "economic shelter rent," which is defined as the amount which will produce sufficient revenue to meet all the anticipated expenses of operation, and the interest on and amortization of the capital cost. Dwellings in these projects not needed for war workers were rented to families of low income and the rentals charged such families are similar to those charged low income families in PL-412 projects. Projects thus occupied by low income families may have their operating incomes reduced below a level sufficient to cover both the operating expenses and the interest on and amortization of the capital cost. As in the case of the PL-412 projects, the FPHA was authorized to contract with each local authority to pay annual contributions to cover any deficits incurred in the operations of these projects up to a fixed amount.

The faith of the United States is solemnly pledged to the payment of all annual contributions contracted for pursuant to the United States Housing Act, as amended, and there is authorized to be appropriated in each fiscal year the amounts necessary to provide for such payments. The statute provides that the maximum amount of annual contributions which may be contracted for by the FPHA shall not exceed \$28,000,000 per annum.

B. Determination of Contribution Requirements for a Project

The Housing Act provides for a "fixed contribution" payable annually which shall in no case exceed an amount equal to the going Federal rate of interest at the time the Financial Assistance Contract is made, plus one percent, upon the total development cost of the project. This fixed contribution is the maximum amount which the FPHA may pay, and it is the amount of the first contribution which is paid after the permanent financing of a project. (A project consists of all the housing developments covered by a single Financial Assistance Contract.) The first contribution is paid in that amount since the local authority and the FPHA necessarily have the funds with which to meet its deficit as it is incurred and the amount of the deficit that will be incurred is not, of course, known at the time the first contribution is paid.

At the end of the first year of operation, and at the end of each subsequent year, the operating deficit of the project is determined, and a contribution is paid equal to this operating deficit except as changed by certain adjustments and estimates. The operating deficit is determined by adding the operating expenses, the amounts reserved in the period for repairs, maintenance, and replacements (RM&R) and for vacancy and collection losses (V&C), debt service and payments in lieu of taxes, and deducting from this aggregate amount the total project operating income. The annual contribution required is paid in the first or second quarter following the close of the project fiscal year in which the deficit was incurred.

C. Extent of Program

The low-rent housing program under Public Laws 412 and 671 covers a total of 501 projects representing 730 developments and 191,791 units as of June 30, 1945. In fiscal 1945 there were 262 projects eligible for annual contribution payments (including projects requiring and not requiring contributions). These projects consisted of 483 developments and 141,577 dwelling units. Not eligible for annual contributions in that fiscal year were 239 projects consisting of 247 developments and 50,214 units. Projects not eligible for annual contributions are PL-412 projects which are not yet under permanent financing, PL-671 projects which have not completed their first fiscal year of operation, projects whose construction was deferred because of the war, and Federally-owned projects.

In fiscal 1946 the distribution of the low-rent program between projects eligible for annual contributions and those not eligible varied only slightly from fiscal 1945.

In fiscal 1947, however, there will be eligible for annual contributions 358 projects consisting of 584 developments and 156,739 units. In the group of projects not eligible for contributions in fiscal 1947 will remain 143 projects covering 146 developments and 35,034 units. The primary reason for the shift into the eligible group is the reactivation of projects deferred because of the war.

The extent of the distribution of the low-rent housing program between projects eligible and not eligible, and a detailed breakdown of the program in each Federal fiscal year is indicated in Table 6, Summary of Low-Rent Housing Program Under Public Laws 412 and 671, page 33.

D. Relationship of Project Operating Experience to Federal Fiscal Year

Discussion of trends in the low-rent program is complicated by the fact that annual contribution requirements in a particular Federal fiscal year are determined by the operating experience of varied project fiscal years. Thus, the annual contribution requirements in the Federal fiscal year 1947 are determined by operating experience of projects with fiscal years ending either March 31, June 30, September 30, December 31, 1946 or March 31, 1947, depending on the annual contribution date of the particular project. In the discussion following, therefore, references to income and expense in fiscal 1947 are references to the experience in the particular project fiscal years on which contributions are payable in fiscal 1947.

This relationship is shown graphically for PL-412 projects in the chart on the following page. In the case of PL-671 projects, project operating experience has been tabulated on the basis of payment of annual contributions, if required, in the quarter following the close of the project fiscal year. After permanent financing, however, annual contributions will be paid in the second quarter, i.e., fifteen days prior to the initial debt service date under permanent financing, which date occurs six months after the close of the project fiscal year.

PL-412 PROJECT OPERATING EXPERIENCE DETERMINING ANNUAL CONTRIBUTIONS
(RELATIONSHIP OF PROJECT AND FEDERAL FISCAL YEARS)



E. Method of Preparing the Estimates

The estimates contained in this submission are based on the actual operating experience and actual budgets for each development and project eligible for annual contributions, plus adjustments made on a national basis to reflect the changed conditions resulting from the termination of the war with Japan.

Each regional office of the FPFA submitted to the Washington Office a summary statement of estimates of the income and major expense items for all projects in that region (Form FPFA-1410 on the following page). These statements were supported by worksheets containing the estimates for each development and project. For fiscal 1945, the data reported represents actual operating experience based on the financial operating statements. For fiscal 1946, the data represents actual operating budgets for each development as modified by any actual experience since the preparation of that budget. In some cases the actual contribution has already been paid in fiscal 1946 and the actual operating experience on which the contribution was based is included in the 1946 estimates. For fiscal 1947, the actual operating budgets were available for nearly half the projects, and on the remaining projects it was necessary to prepare special projections.

The data submitted by the regional offices was based on the assumption that the war with Japan would continue through fiscal 1947, but the regions were further instructed to take into account any known conditions peculiar to the locality or individual project, such as cut-backs in local war production, availability of other standard accommodations for tenants in higher rent grades, etc. Since the war with Japan ended after this basic data was assembled, the estimates were revised to reflect the changed conditions resulting from the termination of hostilities.

The estimates for fiscal 1946 remained valid since much of the operating experience determining the contributions payable in fiscal 1946 had been completed, and that which had not been completed was only for partial project fiscal years. No significant changes could be forecast for the few months immediately following the end of the war and therefore no overall adjustments were made in the estimates for 1946 on the basis of the new conditions.

The estimates for fiscal 1947, however, were subjected to a detailed Central Office review in light of the changed conditions. In order to arrive at a revised estimate, separate analyses were made of the income prospects and of each of the major expense categories. The results of this review are discussed in the corresponding sections which follow. In addition, the ending of the war changed the outlook on the reactivation of deferred projects and the permanent financing of the PL-671 projects, and estimates covering these phases of the program were revised accordingly, as hereinafter noted.

NATIONAL HOUSING AGENCY
FEDERAL PUBLIC HOUSING AUTHORITY

REGION

SUMMARY OF ANNUAL CONTRIBUTIONS ESTIMATES

(See instructions in Section 3672:1 of the Manual of Policy and Procedure)

PL-412 PL-671

PROJECTS REQUIRING CONTRIBUTIONS

PROJECTS NOT REQUIRING CONTRIBUTIONS

ITEM (Numbers below correspond to columns on FPHA-1409)	CURRENT FISCAL YEAR _ _ _ _ _		FIRST PROJECTED FISCAL YEAR _ _ _ _ _		SECOND PROJECTED FISCAL YEAR _ _ _ _ _	
	TOTAL	P.U.M.	TOTAL	P.U.M.	TOTAL	P.U.M.
	(1)	(2)	(3)	(4)	(5)	(6)
Number of Statutory Projects		XXXX		XXXX		XXXX
Number of Developments		XXXX		XXXX		XXXX
4. Number of Units		XXXX		XXXX		XXXX
5. Number of Unit Months		XXXX		XXXX		XXXX
6. Total Operating Income						
7. Total Operating Expense						
8. Operating Improvements						
9. Debt Service						
10. Payments in Lieu of Taxes						
11. Bond Refunding						
12. Annual Contribution Required before Adjustments						
13. Accounting Adjustments					XXXX	XXXX
14. Annual Contribution Payable						
15. Fixed Annual Contribution						
16. % of Annual Contribution to Fixed Contribution		XXXX		XXXX		XXXX
17. RMAR Current Cost						
18. RMAR Reserved in Period						
19. Vacancy Loss						
20. Collection Loss						
21. V&C Reserved in Period						
22. COMPARATIVE OPERATING EXPENSE						

II. APPROPRIATION REQUEST

Annual contribution payments in the Federal fiscal year 1947 are estimated at \$19.4 million. Since a carry-over of \$2.4 million from fiscal 1946 is estimated to be available, an appropriation of \$17.0 million is requested for payment of annual contributions to local housing authorities in fiscal 1947. Appropriations for fiscal 1946 and 1945 were \$7.6 million and \$9.5 million, respectively.

Actual contribution payments in fiscal 1945 were \$8,722,300 and in fiscal 1946 payments are expected to decrease to \$8,041,754. With the ending of the war with Japan, however, it is estimated that annual contribution payments will increase nearly \$11.4 million to the \$19.4 million estimated in fiscal 1947.

The increase of \$11.4 million is brought about through the following three major effects of the ending of the war with Japan:

1. Housing projects developed under PL-412 and PL-671 will return to the low-rent status which was originally contemplated but had to be modified during the war in order to provide desperately needed housing for essential war workers. This means that project income will decline sharply, thus necessitating a greater degree of Federal financial assistance in maintaining the low-rent character of the projects. The decline in income is estimated at \$9.1 million. This is partially offset by a decrease in expenses of \$2.9 million and an operating gain of \$1.8 million on PL-671 projects in fiscal 1946. This leaves a net effective decline in income of \$4.4 million, causing a corresponding increase in annual contribution requirements. The operating gain of \$1.8 million represents the excess of income over expense on PL-671 projects not requiring annual contributions in fiscal 1946. The estimated decline in income does not affect annual contribution requirements until after the point at which the operating gain is wiped out. Consequently, the \$1.8 million can be deducted from the total estimated decline in income as this part of the decline had no effect on annual contribution requirements.
2. It will now be possible to place locally-owned PL-671 projects into permanent financing as distinguished from the temporary financing used during the war period. As projects are placed in permanent financing, the FPHA will advance the full fixed contribution in order to provide the projects with the funds necessary to meet the first and second payments of interest and amortization on the basis of permanent financing. The first contributions under permanent financing for this group of projects will be about \$4.7 million.
3. The remaining \$2.3 million of the increase in fiscal 1947 represents primarily the first contributions for PL-412 projects which were deferred because of the war but which will now be reactivated.

The estimates are summarized in Table 1, Summary of Estimated Contributions and Appropriations, page 28.

III. PL-412 PROGRAM

The total contributions required for the PL-412 program in fiscal 1947 are \$13,245,327. This compares to estimated contributions in fiscal 1946 of \$7,962,753 and actual contributions in fiscal 1945 of \$8,681,923. The estimate for fiscal 1947 is made up of \$2,287,710 first contributions, \$10,643,844 operating contributions, \$251,509 for the Puerto Rico projects, and \$62,264 supplemental contributions. Each of these is discussed below.

A. First Contributions

In fiscal 1947 it is estimated that \$2,287,710 will be paid in first contributions. Of this amount \$2,028,000 will be required for first contributions on projects which were previously deferred because of the shortage of building materials during the war. It is estimated that construction will be sufficiently advanced on 87 projects consisting of 10,400 units so that permanent financing can be undertaken with first contributions payable prior to June 30, 1947. The \$2,028,000 required for first contributions represents the estimated fixed contributions on these projects.

An additional \$259,710 will be required for a first contribution to Chicago, ILL-2-1. The permanent financing of this project has been delayed because of a law suit involving a claim by the construction contractor against the local housing authority. It is expected that this law suit will be settled in time to permit payment of the first annual contribution in fiscal 1947.

In fiscal 1946 the only first contribution required will be in the amount of \$8,890 for Daytona Beach, FLA-7-2 on which permanent financing was held up until the State Supreme Court ruled that the project was tax exempt.

In fiscal 1945 no first contributions were paid.

B. Operating Contributions

Operating contributions arise directly from the operating experience of the projects, and the estimated amounts are based on the estimates of the income and the various expense categories for each project. Although the contributions for the Puerto Rico projects are of this type, their operating experience is treated separately (page 18) in order to avoid distortion of per unit month averages by the exceptional experience of these projects.

As a result of the anticipated return of all projects to low-rent status, it is estimated that all PL-412 projects will require contributions in fiscal 1947. In fiscal 1946 it is estimated that four projects will not require contributions because of high wartime income. In fiscal 1945 there were three projects which did not require contributions because of high income.

Operating contributions for PL-412 projects in fiscal 1947 are estimated at \$10,643,844 as compared to fixed contributions for these projects of \$14,239,617, or 75% of the fixed contributions. In fiscal 1946 and 1945, with wartime incomes available, the percentage of actual contributions to fixed contributions was 54% and 59%, respectively.

The income and expense estimated for PL-412 projects are listed in Table 2, Summary of Operating Experience for PL-412 Projects, page 29. This table contains the per unit month averages (PUM) which are used in discussing the estimates. A further breakdown of the data between those projects requiring contributions and those not requiring contributions is shown in Table 3, Operating Experience for PL-412 Projects, page 30.

1. Operating Income

The total operating income for PL-412 projects is estimated at \$21.70 per unit month in fiscal 1947 as compared to an estimated \$25.41 in fiscal 1946 and an actual \$24.74 in fiscal 1945.

Rents charged tenants are related to tenant incomes. The increase in project income from fiscal 1945 to fiscal 1946 is a result of wartime increases in tenant incomes. With the ending of the war, however, the FPHA has an obligation under the statute to restore the program to low-rent status. The following factors will facilitate the accomplishment of this objective:

- a. Families having more than one wage earner during the war may lose such additional wage earners.
- b. The principal wage earner may lose his war job and remain unemployed for a period.
- c. Overtime pay will be eliminated.
- d. High income tenants will be required to move to available private accommodations.

Under these conditions the program will return to low-rent status. In terms of dollars, however, low-rent status in the immediate post-war period will be higher than in the pre-war period. Project operating income as of December 1941 averaged \$17.36 per unit month. In fiscal 1946 income will reach a peak of \$25.41, or 46% above the pre-war level. For the immediate post-war period it is estimated that income will be 25% higher than the pre-war level, or \$21.70. The level of prices and wages is much higher now than in the pre-war period, and it is reasonable to expect that as a result of the shift in the national economy, the low-income tenants in the post-war period will have higher dollar incomes, and consequently higher rents, than the same group in the pre-war period. The estimated increase in project income of 25% over the pre-war period represents the best judgment of the Authority, but it should be recognized that general economic conditions have a vital bearing on the rent-paying ability of the tenants.

2. Operating Expense Excluding Reserves

Operating expense excluding reserves consists of the following expenses: Management, Operating Services, Utilities, Repairs, Maintenance and Replacements, Public Services, Insurance and Collection Loss.

Operating expense excluding reserves averaged \$12.63 per unit month in 1945. It is estimated that it will go up to \$14.55 in 1946 and remain at \$14.55 in 1947. The increase in operating expense from 1945 can partially be ascribed to the general wartime increase in the cost of labor and materials, particularly fuel. In addition, during fiscal 1946, the painting cycle was reached on a large group of projects and the current RM&R cost in fiscal 1946 was consequently at a higher level than would be anticipated on the basis of the normal increase in RM&R as the projects get older. This resulted in increased RM&R current cost in fiscal 1946 approximating the normally expected level for such costs in fiscal 1947.

No additional increase for operating expense excluding reserves is estimated in fiscal 1947.

3. Reserved for Repairs, Maintenance and Replacements

The cost of repairs, maintenance and replacements (RM&R) varies from year to year, principally in relation to the age of the project. In view of this variation, and in order to provide low-rent projects with a stable fiscal basis, a fixed amount has been set up in the operating program for each project as the average annual RM&R expense during the first ten years of operation. The anticipated average annual RM&R cost for the remaining years of operation is somewhat higher than the average for the first ten years. The fixed amount is charged each year to the operating expenses of the project. Any unexpended balance of this fixed amount is placed in an RM&R reserve. As the actual RM&R expense exceeds the fixed annual allowance in subsequent years, such excess cost will be met from the accumulated RM&R reserve.

The amounts reserved for RM&R in fiscal 1945 were \$2.13 per unit month. In fiscal 1946 this will drop to \$.48 and for fiscal 1947 the amount to be reserved is estimated at \$.58. The decrease in the reserve from 1945 to 1946 is based on the increase in RM&R current cost discussed above. Although the RM&R current cost is estimated on the same basis in 1947 as in 1946, the amount estimated to be reserved is \$.10 per unit month more. This represents what has been the normal increase in average annuals as scattered reexaminations take place. A complete survey of the validity of the average annuals is being conducted at the present time, but the results of this survey are not yet available.

4. Reserved for Vacancy and Collection Losses

During the war it was the policy of the FPHA to allow local authorities to set aside in a vacancy and collection loss reserve the amount by which 10% of the actual quarterly dwelling rent schedule exceeded the actual vacancy losses incurred and collection losses written off during the quarter. The maximum amount which could be accumulated in the reserve, however, was set at an amount not to exceed the total dwelling rent schedule for one quarter. As projects reach this point, no further deposits are made in the reserve.

The sharp decline estimated in amounts reserved in the various years for V&C reflects the fact that most PL-412 projects will reach the maximum reserve by the end of fiscal 1947. The following are the actual and estimated amounts reserved in each year.

	<u>1947</u>	<u>1946</u>	<u>1945 Act.</u>
PUM	\$.40	\$ 1.39	\$ 2.02
Amount	\$468,640	\$1,631,972	\$2,383,075

5. Debt Service

On PL-412 projects the debt service charged each year is a level amount made up of the bond service requirement and the annual deposit in the Series "A" Reserve Fund.

The bond service requirement is the average amount of principal and interest due each year in order to fully liquidate the bond issue. The interest on the Series "B" Bonds, sold to the FPHA, is set by the United States Housing Act at the going Federal rate of interest at the time the Financial Assistance Contract is made plus 1/2 of 1%. The interest on the Series "A" bonds, sold to private investors, has been running lower than the rate of interest on Series "B" bonds. Interest rates obtained from private investors have been considerably lower in recent refundings. Recently an issue of \$1,995,000 maturing serially over 46 years was sold at an average interest rate of 1.61%.

The annual deposit in the Series "A" Reserve Fund is made in order to establish a reserve equal to the principal and interest coming due on Series "A" bonds in the calendar year commencing nine years from the Bond Date, as provided in the Bond Resolution. This reserve serves as an additional collateral for the bond purchasers. When the reserve reaches its maximum, these deposits cease.

Debt service averaged \$12.86 per unit month in fiscal 1945 and \$12.96 in fiscal 1946 and 1947. The amount of debt service estimated for each fiscal year varies only slightly, but the unit month average for 1945 is lower than the other two years because of the larger number of unit months of operation covered in fiscal 1945, and increases in development cost after 1945.

6. Payments in Lieu of Taxes

Payments in lieu of taxes are estimated at \$1.63 in fiscal 1947 as compared to an estimated \$1.88 in 1946 and an actual \$1.70 in 1945. The estimated payments vary in accordance with changes in operating incomes, since local housing authorities are permitted to make payments in lieu of taxes in an amount up to 10% of shelter rents, as long as the statutory requirements for a local contribution are met.

Since Congress recognized that responsibility for financial assistance to low-rent projects should not fall entirely on the Federal government, the United States Housing Act provides that no annual contributions shall be made available for any projects unless and until the State, city, county or other political subdivision in which such project is situated shall contribute in the form of cash, tax remissions or tax exemption, at least 20% of the annual Federal subsidy provided. To facilitate participation in the low-rent slum-clearance housing program on the part of their cities and other political subdivisions, most States have passed enabling legislation under which provision has been made for the complete tax exemption of low-rent housing projects.

It is recognized, however, that if revenues are available and payments in lieu of taxes can be made without necessitating a general increase in rents or adversely affecting the interests of the bond holders (since the large portions of the bonds issued to finance these projects are held by the general public), some payments should be made to local taxing bodies to help compensate for the services furnished the projects. To this end a policy has been evolved permitting local housing authorities to make payments in lieu of taxes in an amount up to 10% of the shelter rents in any particular project. These payments, however, may not reduce the local contribution, which is the difference between the actual payments in lieu of taxes and what normal full taxes would be, below 20% of the Federal annual contribution.

7. Operating Improvements

Operating improvements are estimated at \$.66 per unit month in each of fiscal 1947 and 1946, as compared to actual expenditures of \$.39 in fiscal 1945.

Operating improvements are of several types. They include alterations or improvements to projects which increase the utility of or revenue from structures; improvements which if not undertaken would render the project unfit for use; purchase of office equipment, operating equipment or trucks for more economical operation of the project; landscaping work for preventing of erosion, etc; or weather stripping, screens, playground equipment, etc. to increase the efficiency of the project.

The rise over the actual expenditures in 1945 can be attributed to the loosening of the tight equipment and materials situation that existed during the war.

8. Accounting Adjustments

No accounting adjustments are included in fiscal 1947, but there are estimated accounting adjustments in fiscal 1946 of \$16,140 and actual adjustments in fiscal 1945 of \$84,201.

Each annual contribution subsequent to the first contribution is the difference between total expenses and total income, except that certain minor accounting adjustments are made. These adjustments are generally for the following three items:

1. After a project's books are closed and an annual contribution is paid based on these accounts, an audit may disclose that certain adjustments are necessary to accounts. Any such adjustments found necessary are applied in determining the amount of annual contribution in the subsequent fiscal year.
2. In determining the amount of annual contribution payable after the first fiscal period, the amount of tenants accounts receivable is added to the annual contribution payment. Subsequent payments are adjusted only for the difference between tenants accounts receivable at the beginning of the fiscal year and at the end of the fiscal year.
3. In the case of one project, IND-3-1, the assistance contract specifies a minimum annual contribution of \$7,200. The difference between this amount and the actual deficit of the project is entered in the estimates as an accounting adjustment in order to reconcile the income and expense data with the estimated contributions.

C. Contributions for Puerto Rico Projects

Because of the unusual nature of the projects in Puerto Rico, the data for these projects is not included in the summaries of operating experience since it is not basically comparable with similar data for other projects. The Puerto Rico projects were designed to meet housing needs of families with extremely low incomes. It is estimated that annual incomes per family for various industries in the Puerto Rico area range from a low of \$180 in the tobacco industry to a high of \$578 in the liquor industry with an average estimated income per worker of a little over \$200 per year.

There are four projects in Puerto Rico, consisting of 22 developments and 4,850 units. These projects consist of two basic types - projects providing full housing accommodations and land and utility projects. Projects providing full housing accommodations at an average rent as low as \$4.00 represent special homes constructed from reinforced concrete with wood used only for doors and shutters. Because of this it is possible to operate these buildings without the overhead expense of fire insurance. The land and utility projects provide the use of land, water, shower and toilet facilities. The tenants on such projects are living in their own homes which have been moved onto the project site. Rents on these projects are set as low as 50 cents per unit month.

The actual and estimated operating experience for the projects in Puerto Rico is shown on the following page.

National Housing Agency
Federal Public Housing Authority

OPERATING EXPERIENCE FOR PL-412 PROJECTS IN PUERTO RICO
(Fiscal Year 1947)

I T E M	A M O U N T			P. U. M.		
	1947	1946	1945 Act.	1947	1946	1945 Act.
<u>EXPENSE</u>						
Operating Expense Excluding Reserves	\$201,114	\$201,885	\$182,605	\$3.45	\$3.59	\$2.90
Reserved for Repairs, Maint. & Repl.	51,161	35,949	69,548	.88	.64	1.10
Reserved for Vacancy & Collection Losses .	10,920	13,741	15,305	.19	.24	.24
Debt Service	278,482	278,482	281,478	4.78	4.95	4.47
Payments in Lieu of Taxes	0	0	0	0	0	0
Operating Improvements	0	0	0	0	0	0
Total Expense	541,677	530,057	548,936	9.30	9.42	8.71
<u>INCOME</u>						
Total Operating Income	290,168	281,766	303,221	4.98	5.01	4.81
<u>CONTRIBUTION</u>						
Expense Less Income	251,509	248,291	245,715	4.32	4.41	3.90
Accounting Adjustments	0	0	+ 3,773	0	0	+ .06
Total Contribution Payable	251,509	248,291	249,488	4.32	4.41	3.96
Fixed Contributions	265,875	265,875	265,875	4.57	4.73	4.22
Number of Unit Months	58,200	56,256	62,985			

The procedure for projects in the Continental United States calls for a higher RM&R after ten years of operation than during the first ten years. While a similar procedure was anticipated for the Puerto Rico projects, it was later considered necessary to build up the reserve for RM&F to take care of any damage which may occur from hurricanes or other causes. The RM&R figures for the Puerto Rico projects have therefore been fixed at level amounts during the entire life of the project and the yearly amount (even during the first ten years) is the amount that would ordinarily be fixed for the period after the first ten years. The sharp increase in the RM&R cost projected for fiscal year 1946 results from heavy painting schedules within the typical cyclical pattern for low-rent projects. The cost for 1947 is based on an anticipated heavier rate of maintenance and repair for many of the developments which will be in their 5th and 6th years of operation.

Operating expenses are in proportion to wages paid in Puerto Rico, but the volume of work to be performed in accounting, administration, etc., is similar to that for projects in the Continental United States. Management expenses are, therefore, high in proportion to rents received.

The relationship between the annual contribution and the fixed contribution shows little significant variation from year to year, ranging from 93% to 95%.

D. Supplemental Contributions

A supplemental contribution is made to a project when there is an increase in the development cost and it is necessary to furnish the local authority with the amount of annual contributions which are due it as a result of the change in development cost.

Actual supplemental contributions in fiscal 1945 were \$64,359. About the same expenditures are anticipated for fiscal 1946 and 1947, but the estimates for these years have been adjusted in order to round the estimated carry-over from fiscal 1946 and the appropriation request for fiscal 1947. The estimate for fiscal 1946 is \$62,392 and for fiscal 1947 it is \$62,264.

IV. PL-671 PROGRAM

The total estimated contributions required for the PL-671 program in fiscal 1947 are \$6,154,673. In fiscal 1946 it is estimated that only \$79,001 will be required and in fiscal 1945 only \$40,377 was actually paid. The estimate for fiscal 1947 is made up of \$1,410,183 operating contributions based on the operations of the projects, and \$4,744,490 in first contributions to be paid following the permanent financing of locally-owned PL-671 projects.

The permanent financing of PL-671 projects necessitates the payment of both an operating contribution and a fixed contribution for the majority of these projects in fiscal 1947. During temporary financing, because of the low debt service requirements, it was possible to postpone any needed annual contributions payments on PL-671 projects until the actual deficit was determined. Such payments were made in the quarter following the close of the project fiscal year in which the deficit was incurred. After permanent financing, however, with the higher debt service requirements, the project will require funds to meet the deficit as it is incurred. Consequently, a first full fixed contribution is paid in the middle of the project fiscal year in order that necessary debt service funds will be available.

A. First Contributions

It is estimated that all locally-owned PL-671 projects except those with fiscal year ending March 31, 1946, will be permanently financed in time to require a first annual contribution under permanent financing in fiscal 1947. These first contributions are estimated at \$4,744,490. It is anticipated that permanent financing of the March 31 group will be undertaken so that first contributions under permanent financing for this group will not be payable until fiscal 1948.

PL-671 projects remained under temporary financing during the war period. This was done in order to postpone permanent financing until the projects went into low-rent status and in order to take advantage of the low interest rates obtainable under temporary financing. In place of permanent financing, the local authorities issued temporary loan notes which were sold at interest rates averaging .62 of 1%.

With the ending of the war, however, it is necessary to proceed with permanent financing to establish these projects on a sound fiscal base. It is estimated that permanent financing can be started in fiscal 1947 so that first annual contributions under permanent financing will be payable in fiscal 1947. The first annual contribution under permanent financing for each project will be paid fifteen days prior to the initial debt service date, which date occurs six months after Bond Date. Bond Date will be the first day of the project fiscal year in which the bonds are authorized.

The first contribution on these projects will amount to the fixed contribution. The total fixed contributions for PL-671 projects in fiscal 1947 are estimated at \$6,252,863. Deducting the fixed contributions of \$1,508,373 for the March 31 group which will not be payable until fiscal 1948, total estimated first contributions in fiscal 1947 amount to \$4,744,490.

B. Operating Contributions

In fiscal 1945 and 1946 nearly all PL-671 projects have been able to operate without requiring annual contributions. This has been due in the main to two factors: (1) the projects were assigned to serve war workers who generally had high incomes and thus paid rents higher than those originally contemplated for the low-rent program, and (2) the debt service on these projects consisted of the interest under temporary financing, which was at very low rates as compared to the interest rates under permanent financing, and amortization at .84 of 1% per year of the total development cost. The operating gain on these projects is used for advanced amortization of the principal prior to permanent financing.

Nevertheless, in fiscal 1945, seven projects did require contributions, and in fiscal 1946 it is anticipated that nine projects will require contributions. The principal reason for this is that these projects did not obtain high income war workers as tenants. In CAL-3-1, 2, low income Mexican workers are housed. In ILL-1-1, 2 a sharp decrease in the income of Negro tenants threw the project into the requiring class. In WASH-1-4 the rents charged were set by the Navy for its personnel. A number of these projects are also in areas of high expense. In a few cases, such as ILL-2-2, 3, 4, 5, a special management audit by the FPHA of the operations will be conducted to analyze the high level of expenses.

In fiscal 1947, it is estimated that all PL-671 projects will require contributions as they return to the low-rent status made possible by the end of the war. The contribution requirement arises from the anticipated drop in income, but the requirement based on operations will be low as compared to the PL-412 program because it will be based on the debt service existing under temporary financing. The estimated operating contributions in fiscal 1947 are \$1,410,183, which is 23% of the total fixed contributions of \$6,252,863. In fiscal 1946 and 1945 actual contributions amounted only to 1.2% and .7% of the total fixed contributions.

The estimated income and expense for PL-671 projects is listed in Table 4, Summary of Operating Experience for PL-671 Projects, Page 31. This table contains the per unit month averages (PUM) which are used in discussing the estimates. A further breakdown of the data between projects requiring contributions and those not requiring is shown in Table 5, Operating Experience for PL-671 Projects, Page 32 .

1. Operating Income

Total operating income for PL-671 projects is estimated at \$23.87 per unit month in fiscal 1947 as compared to an estimated \$33.62 in 1946 and an actual \$32.99 in 1945. As in the case of the PL-412 projects, project income rose from 1945 to 1946 as wartime incomes increased, but with the ending of the war, every effort will be made to return these projects to low-rent status as originally intended by statute.

It will be noted that PL-671 projects have had much higher income than PL-412 projects. The actual income in fiscal 1945 for PL-671 projects was \$32.99 as compared to \$24.74 for PL-412 projects. This is due to the fact, mentioned above, that PL-671 projects were constructed to serve war workers who had higher incomes than the tenants in PL-412 projects.

As the PL-671 projects are converted to low-rent status, the project incomes will drop sharply, but it is not anticipated that the income will drop to the \$21.70 estimated for the PL-412 projects. The workers in the PL-671 projects are, in general, a more highly skilled group than those on PL-412 projects, and it is estimated that operating income on the PL-671 projects in the immediate post-war period will be 10% higher than on PL-412 projects, or \$23.87 per unit month. Again it is emphasized that the above estimates of project income represent the best judgment of the Authority as to the rent-paying ability of these tenants.

2. Operating Expense Excluding Reserves

Operating expense excluding reserves is estimated at \$16.48 per unit month for both fiscal years 1946 and 1947. This represents a rise of \$2.02 per unit month from the actual amount of \$14.46 spent in 1945.

Of this increase, \$1.49 occurred in the current expenditures for RM&R. As in the case of the PL-412 projects, the increase in expenditure for RM&R in 1946 was somewhat in excess of the normal increase as projects get older because of the painting cycle. In fiscal 1947, however, no increase is anticipated over the 1946 figure. Operating expenses, together with RM&R current cost, also showed a rise from 1945 to 1946 in line with the general war-time rise in the cost of materials and labor.

3. Reserved for Repairs, Maintenance and Replacements

The estimate of the amount to be reserved for RM&R in fiscal 1947 is \$1.03. This compares with an estimate for 1946 of \$.99 and the actual amount reserved in 1945 of \$2.36. The increase in RM&R current cost in fiscal 1946, as discussed above, resulted in a corresponding reduction in the amount reserved for RM&R, except for an increase of \$.12 in the average annual allowance for RM&R. This latter revision was made on the basis of special studies on a few projects. The increase of \$.04 per unit month in the amount reserved for RM&R in fiscal 1947 is based on normal revisions of RM&R average allowances, but does not take into consideration any possible changes resulting from the present complete reexamination of the average annual allowances.

4. Reserved for Vacancy and Collection Losses

A significant drop in the amount reserved for vacancy and collection losses in fiscal 1947 is estimated. In fiscal 1947 the amount reserved is estimated at \$1.02 as compared to an estimated \$1.92 in 1946 and an actual \$2.12 in 1945.

PL-671 projects which did not require annual contributions during the war were permitted to accumulate a reserve for vacancy and collection losses amounting to twice the dwelling rent schedule for one quarter. When a project requires a contribution, however, accumulations in the reserve may be made only up to one quarter's dwelling rent schedule. Since it is estimated that all PL-671 projects will require contributions, as a result of the anticipated drop in income, the limitation on the reserve for vacancy and collection losses will drop to one quarter's dwelling rent schedule. Because of the number of projects which reach this maximum prior to or during fiscal 1947 the amount reserved in fiscal 1947 will be nearly 50% lower than the amount reserved in fiscal 1946.

If the vacancy and collection losses exceed 3% of the dwelling rent schedule during any quarter, a withdrawal will be made from the reserve to cover the actual loss in excess of 3%.

5. Debt Service

Debt service on PL-671 projects is estimated at \$5.69 in fiscal 1947 as compared to \$5.75 estimated in 1946 and \$5.92 actual in fiscal 1945. This steady decline is the result of being able to obtain progressively lower interest rates in the temporary financing of this program. The significant difference between the debt service of \$5.69 on these projects as compared to the \$12.96 debt service on PL-412 projects is primarily accounted for by the difference in the interest rates under temporary financing as distinguished from permanent financing. With the permanent financing of these projects, however, the debt service requirements will be closer to that of the PL-412 projects, but should be lower through the fact that a greater proportion of the necessary funds will be obtained from private sources at an interest rate lower than that which the FPHA is required to charge under the existing legislation (1/2 of 1% over the going Federal Rate of interest at the time the Financial Assistance Contract is made.)

Under present plans for permanent financing, it is expected that the increased debt service will not become effective until the project fiscal years which determine the annual contributions payable in the Federal fiscal year 1948.

6. Payments in Lieu of Taxes

With the loss of the high war-time project income, payments in lieu of taxes on PL-671 projects will drop sharply from an actual \$4.31 in fiscal 1945 and an estimated \$4.40 in fiscal 1946 to an estimated \$1.79 in fiscal 1947.

The normal policy on payment in lieu of taxes has been to make such payments at the rate of 10% of actual shelter rents. In the case of PL-671 projects however, the high war-time project income resulted in a liberalization of this policy whereby the local authorities were permitted to make payments in lieu of taxes equal to the net revenue of the project before such payments, but not exceeding the equivalent of full taxes. The net revenue was computed by deducting operating expenses and debt service from all revenues (excluding FPHA annual contributions) of the project. In fiscal 1945 and 1946 many projects could take advantage of this more liberal allowance, but with the ending of the high war-time incomes, it is estimated that payments in lieu of taxes will be restricted to 10% of the shelter rents, and the estimate of \$1.79 in fiscal 1947 has been made accordingly.

7. Operating Improvements

Although only \$.21 per unit month was required for operating improvements in fiscal 1945, it is estimated that \$.65 will be required in each of fiscal 1946 and 1947.

As discussed under the PL-412 program, these improvements are necessary to increase the operating efficiency of the projects. The increase in 1946 and 1947 is based on the fact that these improvements have been found to be necessary after one or two years of actual operating experience by these projects as compared to fiscal 1945 when most of these projects were comparatively new.

8. Deferred Payments

As mentioned above, only a few PL-671 projects required annual contributions under war conditions. In a number of these cases careful audits were necessary in order to determine the amount of annual contributions, when such were found to be necessary. As a result of this situation, there were \$18,838 of annual contributions based upon operating experience in fiscal 1944 which were paid in fiscal 1945 and \$10,684 of contributions based on operating experience in fiscal 1945 which will not be paid until 1946. These adjustments are reflected in Table 1, Summary of Estimated Contributions and Appropriations, Page 28 .

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Table 1

SUMMARY OF ESTIMATED CONTRIBUTIONS AND APPROPRIATIONS
(Fiscal Year 1947)

I T E M	1947	1946	1945 Act.
<u>PL-412 PROJECTS REQUIRING CONTRIBUTIONS</u>			
Total Expense.....	\$36,089,872	\$36,759,378	\$36,807,858
Total Income.....	<u>25,446,028</u>	<u>29,132,338</u>	<u>28,523,983</u>
Expense Less Income.....	10,643,844	7,627,040	8,283,875
Accounting Adjustments.....	<u>0</u>	<u>+ 16,140</u>	<u>+ 84,201</u>
Operating Contributions.....	\$10,643,844	\$7,643,180	\$8,368,076
Add: Contributions for Puerto Rico.	251,509	248,291	249,488
First Contributions.....	2,287,710	8,890	0
Supplemental Contributions....	<u>62,264</u>	<u>62,392</u>	<u>64,359</u>
TOTAL CONTRIBUTIONS - PL-412.....	13,245,327	7,962,753	8,681,923
<u>PL-671 PROJECTS REQUIRING CONTRIBUTIONS</u>			
Total Expense.....	13,472,744	1,096,376	1,121,628
Total Income.....	<u>12,062,561</u>	<u>1,028,059</u>	<u>1,089,054</u>
Expense Less Income.....	1,410,183	68,317	32,574
Accounting Adjustments.....	<u>0</u>	<u>0</u>	<u>- 351</u>
Contributions Required.....	1,410,183	68,317	32,223
Add: Payments Deferred from Last F.Y....	0	10,684	18,838
Less: Payments Deferred to Next F.Y.....	<u>0</u>	<u>0</u>	<u>10,684</u>
Operating Contributions.....	1,410,183	79,001	40,377
Add: First Contributions.....	<u>4,744,490</u>	<u>0</u>	<u>0</u>
TOTAL CONTRIBUTIONS - PL-671.....	6,154,673	79,001	40,377
TOTAL CONTRIBUTIONS PAYABLE.....	<u>19,400,000</u>	<u>8,041,754</u>	<u>8,722,300</u>
1944 Balance Available in 1945.....			- 2,064,054
1945 Balance Available in 1946.....		- 2,841,754	+ 2,841,754
1946 Balance Available in 1947.....	- 2,400,000	+ 2,400,000	
TOTAL APPROPRIATIONS REQUIRED.....	<u>17,000,000</u>	<u>7,600,000</u>	<u>9,500,000</u>

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Table 2

SUMMARY OF OPERATING EXPERIENCE FOR PL-412 PROJECTS
(Fiscal Year 1947)

I T E M	A M O U N T			P. U. M.		
	1947	1946	1945 Act.	1947	1946	1945 Act.
<u>EXPENSE</u>						
Operating Expense Excluding Reserves	\$17,061,737	\$17,045,962	\$14,931,248	\$14.55	\$14.55	\$12.63
Reserved for Repairs, Maint. & Repl.	680,124	558,306	2,518,055	.58	.48	2.13
Reserved for Vacancy & Collection Losses .	468,640	1,631,972	2,383,075	.40	1.39	2.02
Debt Service	15,194,053	15,184,788	15,210,121	12.96	12.96	12.86
Payments in Lieu of Taxes	1,911,384	2,207,543	2,007,712	1.63	1.88	1.70
Operating Improvements	773,934	772,924	458,462	.66	.66	.39
Total Expense	36,089,872	37,401,495	37,508,673	30.78	31.92	31.73
<u>INCOME</u>						
Total Operating Income	25,446,028	29,776,788	25,246,775	21.70	25.41	24.74
<u>CONTRIBUTION</u>						
Expense Less Income	10,643,844	7,624,707	8,261,898	9.08	6.51	6.99
Accounting Adjustments	-	+ 16,140	+ 84,201	-	+ .01	+ .07
Operating Gain	-	+ 2,333	+ 21,977	-	+ .002	+ .02
Total Contribution Payable	10,643,844	7,643,180	8,368,076	9.08	6.52	7.08
Number of Statutory Projects	159	158	158			
Number of Developments	299	298	298			
Number of Dwelling Units	97,719	97,654	97,671			
Number of Unit Months	1,172,628	1,171,848	1,182,269			

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Table 3

OPERATING EXPERIENCE FOR PL-412 PROJECTS
(Fiscal Year 1947)

Projects Requiring Contribution

I T E M	A M O U N T			P. U. M.		
	1947	1946	1945 Act.	1947	1946	1945 Act.
<u>EXPENSE</u>						
Operating Expense Excluding Reserves	\$17,061,737	\$16,816,260	\$16,082,215	17.59	16.01	15.71
Reserved for Repairs, Maint. & Repl.	880,124	525,430	7,475,525	.58	.46	2.14
Reserved for Vacancy & Collection Losses .	468,640	1,612,322	2,317,233	.40	1.40	2.00
Debt Service	15,194,053	14,941,976	14,932,008	12.96	12.98	12.93
Payments in Lieu of Taxes	1,911,384	2,155,638	1,946,625	1.63	1.87	1.68
Operating Improvements	773,934	703,744	458,251	.66	.61	.40
Total Expense	36,089,872	36,759,378	36,807,858	30.78	31.93	31.86
<u>INCOME</u>						
Total Operating Income	25,446,028	29,132,338	28,523,983	21.70	25.30	24.69
<u>CONTRIBUTION</u>						
Expense Less Income	10,643,844	7,627,040	8,283,875	9.08	6.63	7.17
Accounting Adjustments	-	+ 16,140	+ 84,201	-	+ .01	+ .07
Total Contribution Payable	10,643,844	7,643,180	8,368,076	9.08	6.64	7.24
Number of Statutory Projects	159	154	155			
Number of Developments	299	292	290			
Number of Dwelling Units	97,719	95,943	95,420			
Number of Unit Months	1,172,628	1,151,316	1,155,257			
<u>Projects Not Requiring Contribution</u>						
<u>EXPENSE</u>						
Operating Expense Excluding Reserves		229,694	249,032		11.18	9.22
Reserved for Repairs, Maint. & Repl.		28,876	42,530		1.41	1.57
Reserved for Vacancy & Collection Losses .		19,650	69,842		.96	2.59
Debt Service		242,812	278,113		11.83	10.30
Payments in Lieu of Taxes		51,905	61,087		2.53	2.26
Operating Improvements		69,180	211		3.37	.01
Total Expense		642,117	700,815		31.28	25.95
<u>INCOME</u>						
Total Operating Income		644,450	722,792		31.39	26.76
<u>GAIN</u>						
Total Operating Gain		2,333	21,977		.11	.81
Number of Statutory Projects		4	3			
Number of Developments		6	8			
Number of Dwelling Units		1,711	2,251			
Number of Unit Months		20,532	27,012			

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Table 4

SUMMARY OF OPERATING EXPERIENCE FOR PL-671 PROJECTS
(Fiscal Year 1947)

I T E M	A M O U N T			F. U. N.		
	1947	1946	1945 Act.	1947	1946	1945 Act.
<u>EXPENSE</u>						
Operating Expense Excluding Reserves.....	\$ 8,328,069	\$ 8,233,760	\$ 6,488,277	\$16.48	\$16.48	\$14.46
Reserved for Repairs, Maint. & Repl.	520,504	494,139	1,061,305	1.03	.99	2.36
Reserved for Vacancy & Collection Losses ..	515,724	955,995	951,735	1.02	1.92	2.12
Debt Service.....	2,875,407	2,872,708	2,657,564	5.69	5.75	5.92
Payments in Lieu of Taxes.....	904,566	2,200,048	1,932,732	1.79	4.40	4.31
Operating Improvements.....	328,474	325,878	93,412	.65	.65	.21
Total Expense.....	13,472,744	15,082,528	13,185,025	26.66	30.19	29.38
<u>INCOME</u>						
Total Operating Income.....	12,062,561	16,796,213	14,806,671	23.87	33.62	32.99
<u>CONTRIBUTION</u>						
Expense Less Income.....	1,410,183	- 1,713,685	- 1,621,646	2.79	- 3.43	- 3.61
Accounting Adjustments.....	-	-	- 351	-	-	-
Operating Gain.....	-	+ 1,782,002	+ 1,654,220	-	+ 3.57	+ 3.68
Total Contribution Payable.....	1,410,183	66,317	32,223	2.79	.14	.07
Number of Statutory Projects.....	107	107	100			
Number of Developments.....	175	175	163			
Number of Dwelling Units.....	42,112	42,112	39,056			
Number of Unit Months.....	505,344	499,585	448,797			

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Table 5

OPERATING EXPERIENCE FOR PL-671 PROJECTS
(Fiscal Year 1947)

I T E M	A M O U N T			P. U. M.		
	1947	1946	1945 Act.	1947	1946	1945 Act.
<u>Projects Requiring Contribution</u>						
<u>EXPENSE</u>						
Operating Expense Excluding Reserves	\$ 8,328,069	\$ 606,485	\$ 677,071	\$16.48	\$ 19.81	\$ 19.18
Reserved for Repairs, Maint. & Repl.	520,504	65,200	53,416	1.03	2.13	1.51
Reserved for Vacancy & Collection Losses .	515,724	85,602	41,510	1.02	2.80	1.18
Debt Service	2,875,407	223,582	271,776	5.69	7.31	7.70
Payments in Lieu of Taxes	904,566	73,063	77,391	1.79	2.39	2.19
Operating Improvements	328,474	42,444	464	.65	1.39	.01
Total Expense	13,472,744	1,096,376	1,121,628	26.66	35.83	31.77
<u>INCOME</u>						
Total Operating Income	12,062,561	1,028,059	1,089,054	23.87	33.60	30.85
<u>CONTRIBUTION</u>						
Expense Less Income	1,410,183	68,317	32,574	2.79	2.23	.92
Accounting Adjustments	0	0	- 351	0	0	-.01
Total Contribution Payable	1,410,183	68,317	32,223	2.79	2.23	.91
Number of Statutory Projects	107	9	7			
Number of Developments	175	14	13			
Number of Dwelling Units	42,112	2,973	2,942			
Number of Unit Months	505,344	30,595	35,304			
<u>Projects Not Requiring Contribution</u>						
<u>EXPENSE</u>						
Operating Expense Excluding Reserves		7,627,275	5,811,206		16.26	14.05
Reserved for Repairs, Maint. & Repl.		428,939	1,007,889		.91	2.44
Reserved for Vacancy & Collection Losses .		870,393	910,225		1.86	2.20
Debt Service		2,649,126	2,385,788		5.65	5.77
Payments in Lieu of Taxes		2,126,985	1,855,341		4.54	4.49
Operating Improvements		283,434	92,948		.60	.22
Total Expense		13,986,152	12,063,397		29.82	29.17
<u>INCOME</u>						
Total Operating Income		15,768,154	13,717,617		33.62	33.17
<u>GAIN</u>						
Total Operating Gain		1,782,002	1,654,220		3.80	4.00
Number of Statutory Projects		98	93			
Number of Developments		161	150			
Number of Dwelling Units		39,139	36,114			
Number of Unit Months		468,990	413,493			

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Table 6

SUMMARY OF LOW-RENT HOUSING PROGRAM UNDER PUBLIC LAWS 412 AND 671
(Fiscal Year 1947)

I T E M	Fiscal Year 1947			Fiscal Year 1946			Fiscal Year 1945 (Actual)		
	Projects	Develop- ments	Units	Projects	Develop- ments	Units	Projects	Develop- ments	Units
<u>TOTAL LOW-RENT HOUSING PROGRAM</u>									
All Projects	501	730	191,773	501	730	191,774	501	730	191,791
PL-412	372	530	140,047*	372	530	140,048*	372	530	140,065
PL-671	129	200	51,726	129	200	51,726	129	200	51,726
<u>I. PROJECTS ELIGIBLE FOR CONTRIBUTIONS</u>									
All Projects	358	584	156,739	270	496	144,682	262	483	141,577
PL-412	251	409	114,627	163	321	102,570	162	320	102,521
PL-671	107	175	42,112	107	175	42,112	100	163	39,056
Projects Requiring Contributions	358	584	156,739	163	329	103,832	166	325	103,212
PL-412 Active, excl. Puerto Rico	159	299	97,719	154	292	95,943	155	290	95,420
" Active, Puerto Rico	4	22	4,850	4	22	4,850	4	22	4,850
" Active, First Contributions	1	1	1,658	1	1	66	-	-	-
" Reactivated	87	87	10,400	-	-	-	-	-	-
PL-671	107	175	42,112	9	14	2,973	7	13	2,942
Projects Not Requiring Contributions	-	-	-	102	167	40,850	96	158	38,365
PL-412	-	-	-	4	6	1,711	3	8	2,251
PL-671	-	-	-	98	161	39,139	93	150	36,114
<u>II. PROJECTS NOT ELIGIBLE FOR CONTRIBUTIONS</u>									
All Projects	143	146	35,034	231	234	47,992	239	247	50,214
PL-412	121	121	25,420	209	209	37,478	210	210	37,544
PL-671	22	25	9,614	22	25	9,614	29	37	12,670
Locally-Owned Projects	36	89	14,959	174	177	27,017	182	190	30,139
PL-412 Urban (Not in Permanent Financing).	22	22	5,160	1	1	1,653	2	2	1,724
" Urban Deferred.	-	-	-	109	109	15,560	109	109	15,560
" Rural (Not in Permanent Financing).	63	63	3,406	6	6	515	8	8	515
" Rural Deferred.	-	-	-	55	55	7,891	55	55	7,891
PL-671 (Not Completed First Fiscal Year).	1	4	1,393	1	4	1,393	8	16	4,449
Federally-Owned Projects	57	57	20,075	57	57	20,075	57	57	20,075
PL-412 (Ohio).	36	36	11,854	36	36	11,854	36	36	11,854
PL-671	21	21	8,221	21	21	8,221	21	21	8,221

*Differences due to several units being unavailable for dwelling use.