REPORT BY THE



# Comptroller General

OF THE UNITED STATES

# The College Housing Loan Program: More Effective Management Needed

The Department of Housing and Urban Development administers a low-interest college housing loan program which was resumed in 1977 at congressional direction to

--relieve localized shortages of student housing and

--renovate buildings for energy conservation.

HUD's funding decisions for construction loans are based on a mechanical formula, and the information used in this formula is inadequate to insure that only essential projects are funded.

Long delays in the final approval of loan agreements for successful applicants have resulted in cost increases and lost energy savings.

GAO offers recommendations for strengthening program management.



UNITED STATES GENERAL ACCOUNTING OFFICE



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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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The Honorable William Proxmire
Chairman, Subcommittee on HUD-
Independent Agencies
Committee on Appropriations
United States Senate

Dear Mr. Chairman:

In response to your request, we are reporting on the Department of Housing and Urban Development's (HUD's) administration of the college housing loan program. The report discusses management weaknesses in the selection of projects for funding and delays in final approval of loan agreements.

As you are aware, HUD will administer the college housing loan program during fiscal year 1980 and then it will be transferred to the new Department of Education. The report recommends that the Secretaries of Housing and Urban Development and the new Department of Education review and revise the project selection criteria. Such criteria should meet the Appropriations Committees' test of identifying situations of severe localized shortages of campus housing. Particular scrutiny should be given applications from schools which have not previously housed their students to assure housing is not being requested to expand the schools' enrollment market. A number of other recommendations are made for strengthening program management.

At your request, we did not obtain agency comments. However, the report findings were discussed with HUD officials and their views were considered in finalizing the report.

We are sending copies of this report to the Director, Office of Management and Budget; the Secretary of Housing and Urban Development; and the Secretary of Health, Education, and Welfare.

As arranged with your office, we will make this report available to other interested parties 7 days after the issue date, unless you publicly release its contents earlier.

Sincerely yours,

Elmer B. Staats

Comptroller General
of the United States

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COMPTROLLER GENERAL'S REPORT TO THE SUBCOMMITTEE ON HUD-INDEPENDENT AGENCIES, SENATE COMMITTEE ON APPROPRIATIONS

# THE COLLEGE HOUSING LOAN PROGRAM: MORE EFFECTIVE MANAGEMENT NEEDED

## D I G E S T

Severe localized shortages of student housing and a need to renovate buildings for energy conservation prompted the Congress to renew the college housing loan program after 4 years of inactivity. Since 1977, the Department of Housing and Urban Development (HUD) has reserved $255 million for new construction loans and $101 million for energy conservation. For fiscal year 1980, $85 million will be available for college housing loans. But HUD's process for selecting projects is inadequate to ensure that only essential projects based on current severe housing shortages are funded. (See pp. 1 to 5.)

HUD's formula for ranking construction projects uses enrollment data and estimates of a "housing deficiency" supplied by applicants. HUD has used these figures without questioning them, although many successful applicants have not followed instructions in reporting their enrollment. For example, GAO checked the enrollment figures for 39 of the 89 applications for which funds have been reserved since 1977 and found that 18 contained errors ranging from 5 percent to 40 percent. HUD area office representatives have not verified the data before ranking the projects. (See pp. 5 to 10.)

Many successful applicants estimated that over 50 percent of their students living at home commuted an unreasonable distance and over 50 percent of the students living elsewhere off campus were inadequately housed. National survey data reveals that two-thirds of all college students living at home commute 30 minutes or less to campus, but HUD officials did not question the high estimates. (See pp. 8 to 10.)

HUD has often taken 2 years or more to process loan agreements and release funds for both energy conservation and construction projects. For example, GAO obtained information on the status of 86 energy conservation projects and 29

CED-80-75

construction projects for which funds were reserved in August 1977. As of November 1979, 14 percent had been canceled and 30 percent were still awaiting loan agreements. Costs have increased and energy savings have been lost because projects have not proceeded in a timely fashion. Some schools have canceled their projects or reduced their scope rather than accept the increased costs. (See pp. 16 to 18.)

Demand for HUD's college housing loan program has been strong since 1977. HUD received 237 applications for new construction in 1977, 233 in 1978, and 241 in 1979. Among the reasons for the demand are the advantage of obtaining a 3-percent interest loan from HUD compared to a much higher interest loan elsewhere and the increasing number of foreign students requiring campus housing. (See pp. 19 to 22.)

During the 1980s the college-age population in the United States is expected to decline. How this decline will affect college enrollment is widely debated. Two of the States GAO visited, --Michigan and Pennsylvania--have projected college enrollment declines during the 1980s of up to 16 and 24 percent, respectively. Ohio school officials project a 31-percent decline in high school graduates during the 1980's. GAO discusses a number of factors in chapter 4 of this report that indicate the current demand for new college housing projects may be short lived. (See pp. 22 to 26.)

A number of loans have been made to institutions which have not previously housed students. GAO examined several of these cases and concluded the projects were strongly related to the schools' plans for expanding their enrollment markets. With the slowdown in enrollment growth and the projected decline of the 18- to 21-year-old population, the competition for students is becoming keen. Expansion of the enrollment markets of commuter institutions can affect enrollment and dormitory occupancy at traditionally residential institutions, many of which have outstanding loans from HUD. (See pp. 11 to 14.)

## RECOMMENDATIONS

The college housing loan program is scheduled for transfer after fiscal year 1980 to the new Department of Education. To improve the program, the Secretary of Housing and Urban Development and the Secretary of Education should:

--Require applicants to submit documentation supporting the reasonableness of their estimates of housing deficiencies.

--Verify that full-time enrollment data is reported consistently. This verification could be done by requiring applicants to submit copies of the prior year's Fall Enrollment Survey.

--Require State institutions to secure approval of State coordinating agencies before applying for a loan reservation.

--Review and revise the project selection criteria. Such criteria should meet the Appropriations Committees' test of identifying situations of severe localized shortages of campus housing.

--Direct that particular scrutiny be given applications from schools which have not previously housed their students to assure housing is not being requested to expand the schools' enrollment market.

The Secretary of Housing and Urban Development should:

--Instruct area offices to give higher priority to the final review of projects and execution of loan agreements to avoid further unnecessary cost increases and lost energy savings. An attempt should be made to clear the backlog of unsigned agreements before the program is transferred to the Department of Education.

The Secretary of Education should:

--Biennially assess the need for new campus housing construction by monitoring such indicators as enrollment trends, occupancy of existing campus housing, and rental housing vacancy rates.

AGENCY COMMENTS

As requested by the Subcommittee on HUD-Independent Agencies, Senate Committee on Appropriations, GAO did not obtain agency comments. However, the report findings were discussed with HUD officials, and their views were considered in finalizing the report.

## Contents

## ABBREVIATIONS

| | |
|---|---|
| GAO | General Accounting Office |
| HUD | Department of Housing and Urban Development |

# CHAPTER 1

## INTRODUCTION

The college housing loan program was authorized in the Housing Act of 1950 (Public Law 81-475) to assist educational institutions with low-cost loans to provide student and faculty housing. Its objectives were broadened in 1955 to include financing of other facilities, such as student centers, health centers, and dining halls. Direct loans were made at approximately 3 percent interest for terms up to 40 years. They could cover all project costs except movable equipment and furnishings. In 1968, the Congress authorized a companion program of debt service grants to reduce the cost of borrowing from private sources. The college housing program has been administered by the Department of Housing and Urban Development (HUD) and its predecessor, the Housing and Home Finance Administration.

The college housing programs were among the HUD programs the administration suspended in 1973. The loan program became dormant, while the budget authority for debt service grants was rescinded by the Congress in 1974. Through 1973, the two programs had supported construction of housing for more than 800,000 students with loans and grants totaling more than $4 billion.

### Resumption of the program

Responding to appeals from educational institutions, the House and Senate Appropriations Committees directed HUD in 1975 to resume making loans with funds received in payment of principal on earlier loans. No program was conducted in fiscal year 1976. HUD proposed in its fiscal year 1977 budget justification the transfer of the loan fund's assets and liabilities to the Revolving Fund for Liquidating Programs. The Appropriations Committees repeated their instructions to HUD in 1976 for a limited loan program, and in June 1977 HUD published regulations inviting colleges to compete for $155 million in available loan funds.

In directing resumption of a limited loan program, the committees restated their belief that no generalized need for new college housing existed. They emphasized selective support of projects to alleviate localized severe shortages and to improve existing housing to save fuel and reduce operating costs. Since June 1977, HUD has made loan reservations for 176 energy conservation projects totaling $101 million and 89 construction projects totaling $255 million. For fiscal year 1980, approximately $85 million in loan repayments will be available to make new loans. As in the last 2 years, 25 percent of the funds will be used for energy conservation projects and 75 percent for construction or acquisition of new student housing.

### Cost of the program

The college housing loan program was financed from two sources: Treasury borrowings and participation certificates sold by the Government National Mortgage Association. The remaining principal on these obligations at September 30, 1979, was $2.687 billion on Treasury borrowings and $464 million on participation certificates. HUD pays part of the interest on these obligations out of income from payments on outstanding loans. The remaining debt service cost on the participation certificates is paid from appropriated funds: $13.3 million in fiscal year 1979. HUD pays interest on Treasury borrowings at 2-3/4 percent. The remaining cost to the Treasury is financed out of current borrowings.

An appropriation is also required each year to cover obligations of the old debt service grants. In fiscal year 1980, $21 million was budgeted for this purpose.

The cost of continuing the loan program is the interest differential paid by the Treasury to cover new loans. Since resuming the program in 1977, HUD has made loan reservations totaling $356 million. However, due to HUD's slow pace of executing loan agreements (described in chapter 3) only about $77 million had been disbursed as of September 1979. HUD expects disbursements to increase rapidly in fiscal year 1980.

### Delinquencies and foreclosures

As of December 31, 1978, 86 institutions were delinquent on loan payments totaling $15.4 million on 124 loans. These loans represent a very small proportion of approximately 3,500 outstanding. It has generally been HUD's policy to avoid foreclosing on college housing loans, preferring instead to allow the school time to improve its finances and repay the Government's investment. Only 10 loans, involving five colleges, had been foreclosed as of December 31, 1978. Property disposition had been accomplished on four of these loans at a loss to the Government of $2.2 million.

### Anticipated transfer to new department

On October 17, 1979, the Congress enacted Public Law 96-88, creating a new Department of Education. College housing is one of the programs scheduled for transfer to the new department. HUD will continue to administer the program through the fiscal year 1980 funding cycle. For this reason, the report makes recommendations to the Secretary of Housing and Urban Development and the Secretary of Education for improving the program. The Department of Education is scheduled to begin operating as a separate department no later than June 3, 1980.

Scope of review

The college housing program was the subject of inquiries during Senate appropriation hearings in April 1979. The committee's report expressed concern that the program was being poorly administered and that HUD may be committing millions of dollars to projects of limited merit. On May 7, 1979, the Chairman, Subcommittee on HUD and Independent Agencies, Senate Committee on Appropriations, requested us to conduct a comprehensive review of the program. The request focused on the broad issues of protecting the Government's investment and the continuing need for the program. The subcommittee also requested an evaluation of the effectiveness of HUD's review procedures in assuring that loans are made only for essential projects.

While HUD has made loans for both construction and energy conservation projects, we concentrated our review largely on construction projects. These projects receive a large majority of the available funds. Chapter 3 does include limited information on the status of energy conservation projects.

Our review was conducted at HUD headquarters in Washington, D.C., and at area offices in Washington, D.C.; Los Angeles and San Francisco, California; Louisville, Kentucky; Detroit, Michigan; Columbus, Ohio; and Pittsburgh, Pennsylvania. These offices have had a substantial number of applications since the program was resumed. We interviewed HUD personnel and reviewed program regulations, instructions, and files. We discussed the program with State education officials in Kentucky, Michigan, Ohio, and Pennsylvania. We interviewed officials of the following institutions, which include both successful and unsuccessful applicants:

California State University and Colleges
Carnegie Mellon University
Eastern Michigan University
Georgetown University
Northern Kentucky University
Northern Michigan University
Oakland University
University of California
University of Dayton
University of Kentucky
University of Pittsburgh
University of San Diego

We contacted all other recipients of loan reservations in 1977 and 1978, requesting information on the status of their projects. We received 141 responses, 86 percent of the total contacted.

We also obtained information from the following agencies and organizations:

Bureau of the Census
Bureau of Labor Statistics
Department of the Treasury
Immigration and Naturalization Service
International Institute of Education
National Association of College and University Business Officers
National Association of College and University Housing Officers
National Center for Education Statistics.

# CHAPTER 2

## PROJECT SELECTION PROCESS PROVIDES

## LITTLE ASSURANCE THAT ONLY ESSENTIAL

## PROJECTS ARE FUNDED

The Appropriations Committees instructed HUD to administer a limited college housing loan program focused on relieving severe localized shortages of student housing. HUD's process for selecting projects does not provide HUD with adequate information to ensure that only essential projects based on current severe housing shortages are funded.

Each year HUD invites colleges to submit applications to compete for the available program funds. Applications for construction loans received by HUD during the qualifying period are assigned a ranking number based on a mathematical formula. HUD then reserves funds for the highest ranking projects to the extent of available funds.

The ranking formula uses enrollment data and estimates of a "housing deficiency" supplied by applicants. HUD has used these figures without questioning them, although many successful applicants have overstated their enrollments and made estimates that appeared unusually high. HUD's area offices have been told to require that applicants define and document their estimates of housing deficiencies, but the area offices we visited had not insisted on such support.

HUD has done little to analyze the need for projects before ranking them. A number of projects have been funded which aimed at expanding enrollment, including several at commuter colleges. The use of Federal funds to support such projects may not be the most appropriate way to respond to the Appropriations Committees' direction that only projects to relieve current severe housing shortages be funded. We believe that HUD should give closer scrutiny to applicants' estimated housing deficiencies if it is to carry out the congressional directive of only funding essential projects.

### PROJECT LOAN APPLICATIONS ARE ASSIGNED RANKING NUMBERS

HUD ranks the applications submitted each fiscal year and reserves loan funds for the highest ranked projects to the extent of available funds. The review of applications and the assignment of ranking numbers for each loan application is performed by HUD area office representatives. A limited review of the applications is generally performed consisting of checking on the repayment status of any previous HUD loans held by applicants, determining the reasonableness of project costs, and checking that requested loan amounts do not exceed the allowable limits. Each area office forwards its ranking of applications to HUD headquarters where a consolidated list of ranked applications is prepared and used for reserving loan funds.

HUD has used only one part of the application to rank construction projects, a section containing estimates of the school's housing deficiency.

The components of this deficiency are as follows:

--Excess occupancy in college-owned housing.

--Students living in substandard college-owned housing.

--Students living with parents or guardians beyond a reasonable distance from campus.

--Students living elsewhere off campus who are inadequately housed.

The first two components represent tangible evidence of a student housing shortage, but they have accounted for only a small part of the estimated deficiencies on successful applications. The bulk of claimed housing deficiencies on applications selected for funding in recent years have come from the latter two categories.

HUD's formula favors large enrollments

In HUD's formula, the sum of the four housing deficiency categories is squared and divided by the full-time enrollment of the school. The effect of squaring is to magnify the larger deficiencies. To illustrate how the formula favors larger schools, we computed ranking numbers for two schools, A and B. School A has an enrollment of 4,000 and a housing deficiency of 1,200 (30 percent). School B has an enrollment of 1,000 and a deficiency of 500 (50 percent). The formula is:

$$\frac{\text{deficiency}^2}{\text{enrollment}} = \text{ranking number}$$

Computation of Ranking Number

| School A | School B |
|---|---|
| $\frac{1{,}200^2}{4{,}000} = 360$ | $\frac{500^2}{1{,}000} = 250$ |

School A ranks 110 points higher than School B although its percent of deficiency is lower.

Reacting to criticism that its formula unduly favored large schools, HUD divided construction funds in 1979 between schools with enrollments over 5,000 (35 percent of total funds) and those with enrollments under 5,000 (40 percent). It can be seen from the example above that HUD's distinction, although it does permit some smaller schools to receive loans, does not remove the formula's bias toward applicants with higher enrollments. Within the two categories, larger schools compete more successfully than smaller ones. HUD also designated at least 10 percent of its 1979 funds for historically black colleges and up to 10 percent for colleges in or near one of HUD's approved housing neighborhood strategy areas.

## HUD HAS NOT CAREFULLY REVIEWED LOAN APPLICATIONS

HUD's formula for ranking projects and reserving loan funds depends heavily on estimates of the number of students living at home beyond a reasonable distance from campus and the number living elsewhere off campus who are inadequately housed. Therefore, the reliability and reasonableness of these estimates are critical to the selection of projects if HUD is to have any assurance that the competition is fair and the most needed projects are being funded. We found that HUD area office representatives routinely rank applications without verifying that applicants have used reasonable criteria in making estimates and can support the data in their applications. Many of the successful applications contained no explanation of how the estimates were derived. Our examination of funded 1978 applications revealed that many contain estimates which are unusually high. We also found that many applicants have not followed instructions in reporting their enrollment, further distorting the competition.

HUD relies on a housing representative at each area office to review applications for eligibility, maximum loan amount, and the justification of need. At the offices we visited, the assessment of need consisted essentially of computing the ranking numbers for the applications. Representatives did not require an explanation or documentation for estimates of housing deficiencies. They did not challenge estimates that were unusually high, or verify that applicants were reporting enrollment consistently.

HUD officials told us they rely on the schools to know their own situations and to furnish reliable estimates. They said they lack the time, authority, and specific criteria to evaluate the applications. Representatives said they are not expected to make site visits or to cause extra paperwork for applicants since many will not be funded anyway.

HUD has not furnished applicants or area offices with criteria for a reasonable commuting distance. Area office representatives said they generally do not know what criteria applicants use in making estimates. HUD has criteria for substandard housing, but has permitted applicants to consider also distance and commuting time as determinants of inadequate housing off campus. We discussed estimating procedures with officials at several campuses and found they used widely varying criteria. Their perceptions of reasonable distance ranged from walking distance to 65 miles. Officials were often unable to account for the source of their estimates.

### Successful applications often contain unusually high estimates of housing deficiencies

Many of the applications chosen for funding have contained estimates of the number of students living at home with parents beyond a reasonable distance which appear unusually high. Estimates of the number of students inadequately housed elsewhere off campus were also often very high.

A reasonable standard for commuting distance can be derived from results of a Bureau of the Census survey. The following table shows the one-way distance and time traveled by college students who lived at home in October 1978.

| Distance | Percent | Time | Percent |
|---|---|---|---|
| Less than 1 mile | 8.3 | Less than 15 minutes | 29.8 |
| 1 mile | 4.0 | 15 to 29 minutes | 36.9 |
| 2 miles | 7.8 | 30 to 44 minutes | 18.9 |
| 3 to 4 miles | 14.8 | 45 to 59 minutes | 7.6 |
| 5 to 9 miles | 24.1 | 60 to 89 minutes | 5.3 |
| 10 to 14 miles | 15.4 | 90 minutes or more | 1.6 |
| 15 to 24 miles | 15.0 | | |
| 25 miles or more | 10.6 | | |
| Median (miles) | 9.3 | Median (minutes) | 23.2 |

If 15 miles is considered a reasonable commuting distance, the data shows that only 26 percent of all college students living at home traveled further than that. It can also be seen that only one-third traveled 30 minutes or more to school. By comparison, a 1976 survey by the Census Bureau in 20 metropolitan areas revealed the median travel time for workers to their jobs was 21.8 minutes.

It is reasonable to expect the estimates made by applicants to bear a resemblance to the above norms. Those that diverge widely from them should receive close scrutiny from reviewers to prevent distortion of the ranking system and the competition for funds. Similarly, estimates that more than 50 percent of off-campus students are inadequately housed should be questioned closely.

Our review of 20 of the 25 applications funded in 1978 revealed that 13 estimated 50 percent or more of the students living at home with parents lived beyond a reasonable distance and 12 estimated 50 percent or more of the students living elsewhere off campus were inadequately housed. The following examples from the past 3 years contain very high estimates. We did not attempt to refute them, but we believe they demonstrate that HUD officials should be more skeptical of data submitted in applications.

--The University of North Carolina at Charlotte filed successful applications in both 1977 and 1978. The school reported that all its students not living on campus lived with parents beyond a reasonable distance. No criterion for "reasonable distance" was given.

--The University of Kentucky was funded in 1978 for an application that stated 70 percent of students living at home with parents were beyond a reasonable distance and 82 percent living elsewhere off campus were inadequately housed. University officials told us that "walking distance" was used in making the reasonable distance estimate and that no survey was made to support 82 percent of the off-campus students being inadequately housed.

--Northern Michigan University filed an application in 1977 listing 20 percent of its students living at home with parents as beyond a reasonable distance and 46 percent of those living elsewhere off campus as inadequately housed. Northern Michigan was not funded in 1977, but succeeded in 1978 with estimates of 64 percent beyond a reasonable distance and 89 percent inadequately housed. Support for the revised estimates was not provided by the school and HUD did not question the new estimates. School officials told us that the 1977 estimates were changed to reflect results from updated information.

--California State College at Dominguez Hills applied successfully for $4.7 million in 1979. The school estimated that 995 of its 998 students living at home with parents were beyond a reasonable distance from campus. HUD's Los Angeles Area Office ranked the application without questioning the unusual estimate.

--Northern Kentucky University received a $4.7 million reservation in 1978, stating that 70 percent of its students living at home with parents were beyond a reasonable distance and 70 percent of the off-campus students were inadequately housed. University officials could not remember the criteria they used and could not supply us with documentation to support the estimates. Enrollment data shows that more than 80 percent of their students live within 15 miles of campus.

--Georgetown University has received three construction loans since 1977. Its 1977 applications reported that 40 percent of its off-campus students were inadequately housed. In 1978, Georgetown increased its estimate to 85 percent, again succeeding in the competition. This increase was not questioned by HUD officials.

--Oakland University, funded in 1978, estimated 75 percent of its students living at home commuted an unreasonable distance. Officials told us they used 12 miles as the boundary of a reasonable distance. The campus is located in suburban Detroit, yet HUD officials did not question the high estimate of students living beyond a reasonable distance.

--The University of Maryland at Baltimore filed a successful application in 1977. In its application, the school said it had no information on the number of students inadequately housed off campus, but then added all off-campus students into its housing deficiency. Its total deficiency equaled 68 percent of all students.

## Many applicants report excessive enrollment

The favorable treatment accorded large schools under HUD's formula makes accurate reporting of enrollment an important matter. Applicants are instructed to base their estimates on the number of full-time students as reported in the latest Office of Education Fall Enrollment Survey. Many of the applications we reviewed did not follow these instructions, reporting instead their total enrollment or full-time equivalent enrollment. This means they included part-time students, who are rarely housed on campus.

We checked enrollment figures for 39 of the 89 construction applications for which funds were reserved since 1977, and found that 18 had overstated enrollment, with errors ranging from 5 percent to 40 percent. The most notable example was San Diego State University, which reported its total headcount of 30,313 instead of its full-time enrollment of 18,262. This resulted in a ranking number much higher than it should have been. None of the HUD representatives at the seven area offices we visited identified any of these discrepancies.

## HUD MAY BE FUNDING SOME PROJECTS INTENDED TO EXPAND ENROLLMENT MARKETS

HUD has recently funded some projects involving commuter colleges which are seeking to build their first campus housing. Considering the expected decline in college enrollment in the 1980s and the limited funding for this program, we question whether HUD should support first-time housing.

The late 1950s and the 1960s were the period of extensive loan activity for the college housing program. That was a period when enrollment was growing rapidly throughout the United States, and higher education systems were expanding their capacity to keep up. By 1977 when HUD resumed the loan program, enrollment growth was largely over on a national basis. The Appropriations Committees affirmed there was no longer a substantial national need for a college housing program, but that severe localized shortages continued to exist. During 1977 rulemaking, HUD considered whether institutions with no existing campus housing could receive construction loans. HUD decided they could participate if they demonstrated a shortage in terms of the availability and condition of housing within the commuting area of the institution.

The slowing of enrollment growth and the projected decline of the college-age population in the 1980s has sharpened the competition for students. Many college officials view the character of housing on a campus as a factor in the competition. Commuter colleges may see their absence of housing as limiting their potential market and constraining campus life. Such institutions serve a localized population but would broaden their recruitment if housing were available on campus. The enrollment gains of one school could easily represent losses for another. This could affect the ability of institutions to repay existing loans, considering that nearly 1,200 colleges owe HUD some $3 billion on outstanding college housing loans.

The following five examples involve situations where HUD loans will be used to develop housing on previously nonresidential campuses.

### Example one

Northern Kentucky University received a fund reservation in October 1978. This relatively new State university serves communities in the greater Cincinnati metropolitan area. The State's budget and planning agency (Kentucky Council on Higher Education) had assigned the school a mission of serving "students living in its immediate environs" and had made no provision for housing oncampus. Northern Kentucky applied to HUD without consulting the Council and sought State approval to proceed only after receiving a fund reservation.

University officials emphasized in their application that their need for campus housing was evident since they had none. They estimated their applications for admission would increase 20 percent if they had housing available. A study done for the university's building committee suggested that enrollment of out-of-state and foreign students could be increased if housing were available oncampus.

Example two

Sangamon State University in Springfield, Illinois, received a 1977 loan to build its first campus housing. The school's long-range plan states that housing is needed to complete its "total educational environment" and help increase its future enrollment to a level higher than what the State projected. Sangamon officials reported to us that they plan to apply for additional construction loans, although the school's reports to the Office of Education show its full-time enrollment has been declining since 1975. It is questionable whether housing built in hopes of increasing future enrollment will be fully occupied.

Example three

Another applicant which has not previously housed its students is Coastal Carolina College near Myrtle Beach, South Carolina. Although the school has shown rapid growth as a commuter campus, its application claimed that lack of housing is inhibiting its potential enrollment. HUD reserved funds for Coastal Carolina in 1978, but the project may not go forward because the Governor of South Carolina vetoed a bill authorizing acceptance of the loan.

Example four

California State College (Dominguez Hills) received a fund reservation in 1979. Located in the Los Angeles metropolitan area, the school has never had housing oncampus. Its enrollment peaked in 1975 and has weakened since that time. State officials have expressed concern about the prospects for full occupancy of the proposed housing. They told us the school hopes to improve its enrollment prospects by building housing.

Example five

This case merits attention not only because it provides campus housing for the first time but also because HUD departed substantially from considerations of both the demand for campus housing and the economic feasibility of the project. HUD reserved $7.28 million in 1979 for Hastings College of Law in San Francisco. In this case, the ranking formula would not yield a result favorable to Hastings. The Secretary of HUD made a discretionary commitment to the school. Student housing needs were only one consideration, since the project was conceived as part of a "larger revitalization strategy" and also would relieve the General Services Administration of a vacant building.

Hastings is a State-supported school of some 1,500 students located near a blighted area of downtown San Francisco. Hastings applied to HUD in 1977 for a loan to purchase and rehabilitate a 27-story building which had originally been a hotel but had recently served as a Federal office building. The building had been declared surplus and Hastings was the only public agency to express interest in it.

Hastings intended to use the building as housing for 378 students as well as for meeting rooms, office space, and a gymnasium. Its 1977 application did not rank high enough to be funded, however. In 1978, HUD's San Francisco Regional Office made a bid for special assistance to Hastings, through either revision of the college housing regulations or demonstration financing. During a speech in April 1978, HUD's former Secretary, Patricia Harris, announced her support of a college housing loan for Hastings as an example of Federal-local partnership in urban revitalization. But the school's application, expanded to cover 566 students, was again ranked along with the rest and failed to receive funding by a wide margin.

In the year that followed, the San Francisco Area Office worked with the city to have the area surrounding Hastings designated a neighborhood strategy area. This designation improved the college's chances for funding under the 1979 regulations, which set aside 10 percent of the funds for projects in or near a neighborhood strategy area.

Still remaining was the problem of the maximum loan amount for which Hastings would qualify. According to the regulations, the loan could not exceed $2,500 per full-time student. For Hastings, this amounted to $4,506,000, substantially less than the needed $7,280,000. HUD's General Counsel was asked whether the Secretary could waive the regulations on Hastings' behalf. The General Counsel replied that the Secretary could, but advised the loan reservation be approved before the effective date of the 1979 regulations. This would spread the $7.28 million over all program categories rather than just the amount available for small colleges. Accordingly, a reservation of funds was signed by the Assistant Secretary for Housing on August 9, 1979, 4 days before the 1979 regulations took effect. This was fortuitous for Hastings, since even with neighborhood strategy area designation it would not have ranked high enough for funding in the 1979 competition.

Like other applicants, Hastings maintained that the project would meet the housing needs of its students. But HUD's own summary of its reasons for funding the proposal made reference only to the fact that the project meets the basic statutory purposes of the college housing law. It goes on to discuss implementing the President's urban policy, revitalizing a neighborhood strategy area, relieving housing competition for the elderly, saving gasoline, using Federal surplus property, preserving a historic building, and providing neighborhood service facilities. The viability of the project will require that 40 percent of Hastings' single students choose to live there. A survey of Hastings students revealed that 40 percent would "seriously consider" living in campus housing, which does not guarantee they would actually live there.

## HUD HAS NOT CONSULTED STATE OFFICIALS

We received complaints in the spring of 1979 from State officials in Kentucky and Michigan that college housing loan reservations had been made which did not coincide with State planning. We pointed out to HUD that State education officials are not consulted prior to the reservation of funds for a State institution. Loans to State institutions create a potential State liability if the school is unable to meet future debt service requirements. HUD officials replied that area offices would be instructed to consult State officials in their 1979 reviews, but we found the agency did not follow through on this idea. By discussing proposed projects with State officials, HUD representatives could acquire more information on which to base a judgment of the need for new construction.

## CONCLUSIONS

Although the Appropriations Committees directed a selective use of the college housing program to relieve localized severe shortages of student housing, HUD has not done enough to assure it is supporting genuinely needed projects. Its funding decisions are based on a mechanical formula, and the information used in this formula is of questionable reliability. Successful applications have been based heavily on estimates of students living at home beyond a reasonable distance from campus and students inadequately housed elsewhere off campus. However, HUD has not provided guidance and specific instructions for evaluating such criteria to make sure that proposed projects meet the test of responding to current severe shortages of campus housing. Enrollment data, also used in the formula, has been reported erroneously in numerous applications. HUD representatives have not attempted to verify application data before ranking the projects.

A number of loans have been made to institutions which have not previously housed students. We examined several of these cases and concluded the projects were strongly related to the schools' plans for expanding their enrollment markets. With the slowdown in enrollment growth and the projected decline of the 18- to 21-year-old population (see ch. 4), the competition for students is becoming keen. Expansion of the enrollment markets of commuter institutions can affect enrollment and dormitory occupancy at traditionally residential institutions, many of which have outstanding loans from HUD.

## RECOMMENDATIONS

HUD will administer the college housing loan program in fiscal year 1980 and then it is scheduled for transfer to the Department of Education. For improving the application review and project selection process, we recommend that the Secretary of Housing and Urban Development and the Secretary of Education:

--Require applicants to submit documentation supporting the reasonableness of their estimates of housing deficiency.

--Verify that full-time enrollment data is reported consistently. This could be done by requiring applicants to submit copies of the prior year's Fall Enrollment Survey.

--Require State institutions to secure approval of State coordination agencies before applying for a loan reservation.

--Review and revise the project selection criteria. Such criteria should meet the Appropriations Committees' test for identifying situations of current severe campus housing shortages.

--Direct that applications from schools which have not previously housed their students be given particular scrutiny to assure that housing is being requested to meet a current shortage and not to expand the schools' enrollment market.

# CHAPTER 3

## HUD HAS BEEN SLOW TO ACHIEVE

## LOAN AGREEMENTS WITH SUCCESSFUL APPLICANTS

HUD has been very slow to give final approval to projects for which funds have been reserved. This final review culminates in a loan agreement and a formal closing which permits the school to draw funds on its loan. As of November 1979, many fund reservations were more than 2 years old with no loan agreement signed. Some applicants have had to extend costly interim financing while others have chosen to wait for loan agreements before starting their projects, and have thereby suffered escalating costs.

### AREA OFFICES HAVE NEGLECTED FINAL PROCESSING OF LOANS

HUD has not set goals for area office processing of loan agreements. One representative told us the paperwork moves slowly through various sections of the office and attributed this to the low priority HUD gives to the college housing program.

The Los Angeles Area Office had three fund reservations in 1977 and 1978, none of which had resulted in a loan agreement by November 1979. A representative in that office said it takes about 18 months to work out a loan agreement, but could not explain why the process took so long. The Detroit Area Office wrote to recipients of 1978 fund reservations in July 1979 that because of a heavy workload no further action would be taken on their projects until after September 15.

In June 1979, the Undersecretary of HUD became concerned that disbursement of funds against reservations was far behind budget estimates. Through April, only $22 million had been disbursed in fiscal year 1979, compared to an estimate of $115 million for the year. This prompted an inquiry to field offices about the status of projects.

### MANY APPLICANTS HAVE INCURRED HIGHER COSTS WHILE AWAITING LOAN AGREEMENTS

Each year since 1977, HUD has allocated a portion of available funds to rehabilitation projects designed to conserve energy and reduce operating costs in existing housing. The average amount of these loans in 1977 and 1978 was $558,000. But many of these projects are still awaiting loan agreements while the cost of energy rises. We obtained information from applicants on the status of 121 of the 146 energy conservation projects and 46 of the 67 construction projects for which funds were reserved in fiscal years 1977 and 1978. The following table shows the status of these projects:

## Status of Projects as of November, 1979

| Projects | Energy projects | | Construction projects | |
|---|---|---|---|---|
| | 1977 | 1978 | 1977 | 1978 |
| With loan agreement | 44 | 9 | 21 | 6 |
| Canceled | 14 | 3 | 2 | 1 |
| Awaiting loan agreement | 28 | 23 | 6 | 10 |
| Totals | 86 | 35 | 29 | 17 |
| (Completed projects) | (35) | (7) | (12) | (2) |

Fund reservations for 1978 were made in October 1978, and as of November 1979 only 29 percent had loan agreements. Of the 115 projects for which funds were reserved in August 1977, 14 percent had been canceled and 30 percent were still awaiting loan agreements.

Construction costs have steadily increased while applicants wait for HUD to process their loan agreements. For example, the Commerce Department's Index of Construction Costs rose 12 percent in 1978. Additional interest costs have been incurred by applicants who used other means of financing until they reached a loan agreement with HUD. The University of California system has achieved a loan agreement for only one of four projects funded at its various campuses in 1977 and 1978. Before the one agreement was signed, the university had to arrange three extensions of its interim financing for the project. Some schools have canceled their projects or reduced their scope rather than accept the increased costs.

Not all applicants claim that escalating costs have occurred due to HUD's slowness in processing loan agreements, but we did receive such complaints from 30 percent of those responding to our inquiry. Typical complaints about HUD area office operations include:

--lack of experience by HUD program officials,
--low priority assigned to the college housing program,
--lack of continuity of HUD staff,
--disorganized processing and data requirements,
--unfamiliarity with energy conservation projects.

## RECOMMENDATION

To avoid further unnecessary cost increases and loss of energy savings, we recommend the Secretary of Housing and Urban Development instruct area offices to give higher priority to the final review of projects and execution of loan agreements. An attempt should be made to clear the backlog of unsigned agreements before transfer of the program to the Department of Education. Reassignment of these cases to persons unfamiliar with the program could lead to further delays.

# CHAPTER 4

## OBSERVATIONS ON THE FUTURE NEED

## FOR NEW CONSTRUCTION

Demand for campus housing has increased substantially in the past 4 to 5 years, but Federal policy should remain cautious since the current cycle of rising demand and construction may be short lived. The impending decline of the college-age population will relieve some of the pressure on existing housing and may lead to significant vacancy problems at many campuses.

HUD has not used information on the general availability and occupancy of college housing, the vacancy rate of private rental housing, or enrollment trends to keep abreast of the current and future need for new housing. Department of Education officials could monitor such indicators and continuously assess the need for new construction.

### DEMAND FOR NEW CAMPUS HOUSING HAS INCREASED

Although HUD has proposed liquidation of the college housing program since 1977, response to the program has been strong. HUD received 237 applications for new construction in 1977, 233 in 1978, and 241 in 1979. HUD was able to reserve funds for 42 projects in 1977, 25 in 1978, and only 22 in 1979. Many of the successful applicants reported to us that they intend to file future applications for construction.

Several reasons may be cited for this interest. A loan at 3-percent interest in a high-cost money market is valuable. Also, occupancy problems at the beginning of the decade caused institutions to defer or cancel construction plans and HUD's suspension of the college housing program may have prolonged this lull. Enrollment growth continued in the 1970s and helped generate a backlog of demand for housing. Pressure on the private rental housing market developed after 1974 which made off-campus housing less available and more costly for students. Additionally, liberalized college rules governing campus living made it more attractive to students and helped increase demand.

#### Low-cost loans are attractive

One reason for the interest in this program is the considerable value an applicant derives from a 3-percent loan in a high-cost money market. While colleges frequently have access to tax-exempt bonds, they have still faced interest rates ranging from 6 to 8 percent or more in recent years. Some unsuccessful applicants have proceeded with their projects by selling tax-exempt bonds, but a number of college officials told us it is not feasible to build new housing without a low-cost loan. The resulting rental rates would be so high that full occupancy could not be assured.

University of Kentucky officials estimate they are saving $4.9 million in service and interest costs by obtaining a HUD loan. University of Dayton officials estimate their annual debt service on two recent bond issues is 57 percent higher than it would have been if they had succeeded in getting a HUD loan.

### Occupancy problems developed in the early 1970s

At the end of the 1960s, a movement of students to off-campus housing occurred, and for several years many colleges experienced underoccupancy of their campus housing facilities. Some schools encountered enrollment declines at that time which aggravated the financial conditions of their housing systems. These situations came as a surprise to higher education officials after a decade of dramatic growth. Projections of enrollment were scaled down substantially and plans for building more campus housing were shelved. A number of schools took residential buildings out of service and converted them to other purposes.

The last inventory of higher education facilities, done in 1974 by the National Center for Education Statistics, gives an idea of the dearth of campus housing construction in the early 1970s. The net assignable square feet of campus buildings increased by 130 million from 1971 to 1974, but residential space decreased by 6 million square feet. Housing accounted for 32 percent of assignable space at 4-year institutions in 1971 but had fallen to 29 percent by 1974. In that year, occupancy of college-owned housing nationally was 91 percent.

College enrollment, which lagged in the early 1970s resumed its growth and showed large increases in the recession years of 1974 and 1975. The demand for college housing began to pick up but the Federal Government had suspended its loan program and the Congress had rescinded the interest subsidy program. The Congress responded to the situation by directing HUD to resume the loan program using funds available from repayment of earlier loans.

### Pressure on private rental housing developed

Many colleges require Freshmen, and occasionally Sophomores, to live oncampus unless they live at home. Upperclassmen, however, often prefer the privacy and freedom of renting off-campus apartments. Our report 1/ issued in November 1979 chronicled the changes in the rental market during the 1970's. Early in the decade, a large number of units came on the market, causing high vacancy rates and depressing rents. This corresponded to the period of underoccupancy of campus housing.

Beginning in 1974, construction of rental units began to fall, and by 1976 was at less than one-third the 1973 level. Vacancy rates declined and rents began to rise rapidly. By early 1979 vacancies were less than 5 percent nationally and were down to 2 percent in some metropolitan areas. Such a tight market can be a particular problem for students because their demand surges just before the academic year.

### Character of campus living has changed

Apart from economic factors, the demand for campus housing is influenced by student preferences. College housing officers and student affairs personnel told us the character of campus living has changed noticeably since the 1960s. Rules for student conduct have been liberalized to allow more freedom in the residence halls, in contrast to the curfews and strict separation of the sexes that once prevailed. Meal plans have been made flexible to permit students more choice in their eating habits. These changes have removed some of the sources of discontent that caused many students to prefer off-campus living.

### Foreign students

The presence of larger numbers of foreign students in the United States could inspire a greater perceived need for campus housing. Officials of the California State University and College system told us that foreign students occupy a significant number of spaces in the system's residence halls. The system's enrollment of California students dropped by 15,000 in 1978, while foreign student enrollment doubled to more than 18,000.

Foreign students constituted only 2 percent of total enrollment at U.S. colleges and universities in 1976. As the number of American students starts falling, however, colleges could be tempted to enroll larger numbers of foreign students to stabilize their income. This may increase the demand for campus housing, since these students often experience difficulty in finding off-campus housing. The following table shows the number of persons admitted to the United States with student visas from 1960 to 1978.

---

1/"Rental Housing: A National Problem That Needs Immediate Attention" (CED-80-11, Nov. 8, 1979).

Non immigrants Admitted to U.S. with Student Visas

1960-1978

| Fiscal year | Students admitted (note a) | Fiscal year | Students admitted (note a) |
|---|---|---|---|
| 1960 | 35,415 | 1970 | 98,179 |
| 1961 | 35,072 | 1971 | 94,035 |
| 1962 | 41,202 | 1972 | 96,568 |
| 1963 | 38,991 | 1973 | 90,693 |
| 1964 | 44,952 | 1974 | 109,197 |
| 1965 | 50,435 | 1975 | 107,495 |
| 1966 | 55,716 | 1976 | 121,317 |
| 1967 | 63,370 | b/ TQ | 68,366 |
| 1968 | 73,303 | 1977 | 154,674 |
| 1969 | 90,486 | 1978 | 187,030 |

a/Returning students are not counted
b/Transition quarter: July-Sept. 1976.

Source: Immigration and Naturalization Service.

## CURRENT STRONG DEMAND FOR COLLEGE HOUSING MAY BE SHORT LIVED

Important upward population trends of the 1970s which exerted pressure on the demand for college housing are headed downward in the 1980s. The 18- to 21-year-old population was increasing during the 1970s but will be decreasing in the 1980s. The 20- to 29-year-old age group exerted great demand on private rental housing during the 1970s but will reduce in size during the 1980s.

### The 18- to 21-year-old population will decline

The 18- to 21-year-old population peaked in 1979 and is projected to decline by 15 percent in the next decade. By 1994, this group is expected to fall 24 percent from its 1979 level. Figure 1, page 28, shows the percent change year to year for the 18- to 21 year-old population. Within the education community, opinions vary on how college enrollment will be affected by the coming population changes.

#### Population trends affect the educational system

Since 1950, the American educational system has had to cope with remarkable changes in the size of the population it serves. Figure 2, page 29, shows the number of live births in the United

States from 1910 to 1978. The low birth rate of the Depression years was followed by a sharp increase at the end of World War II, then a steady if more moderate growth through the 1950s. But a final peak of births in 1961 opened a period of decline that has been broken by only brief recoveries. The fertility rate of American women has fallen to half its 1957 level.

For higher education, the importance of these changes can be seen in figure 3, page 30. The baby boom generation started arriving on campuses in the early 1960s. The growth of enrollment in that decade must be described as spectacular, driven not only by the rising 18- to 21-year-old population but also by the wartime draft and the increasing presence of women and older students on campus. The structure of higher education itself was transformed. States created new universities and community college systems. Teachers colleges were transformed into multipurpose institutions. Graduate degree programs became numerous. Supporting this expanded edifice in the 1980s will be difficult because of the falling pool of potential students. The following table illustrates the expansion which occurred.

Changes in Higher Education

| | 1961-62 | 1969-70 | 1976-77 |
|---|---|---|---|
| Number of institutions | 2,040 | 2,525 | 3,095 |
| Two-year colleges | 593 | 888 | 1,155 |
| Institutions offering doctorate | 219 | -- | 419 |
| Masters degrees conferred | 84,855 | 208,291 | 317,164 |
| Doctorates conferred | 11,622 | 29,866 | 33,232 |
| Full-time faculty | 162,000 | 350,000 | 449,000 |

Source: National Center for Education Statistics

Future enrollment

As can be seen in figure 3, page 30, enrollment grew more rapidly in the 1960s than did the 18- to 21-year-old population. the divergence was striking in the late 1960s when fighting in Vietnam was heavy and draft calls were high. During the 1970s, college enrollment has followed population trends more closely, except for the recession years of 1974 and 1975. Projections of enrollment made at the end of the 1960s have turned out far too high.

Many people connected with higher education are optimistic about future enrollment. Of the schools which received construction loans in 1977 and 1978, only 6 percent of those responding to our inquiry said they anticipate an enrollment decline from 1979 to 1984. On the contrary, 51 percent said they expected their enrollment to increase despite the shrinkage of the college-age population.

The National Center for Education Statistics has also taken a positive view of future enrollment. In 1978, the Center made three alternative projections through 1986. Its preferred alternative shows total enrollment growing to 12,903,000 by autumn 1986, an increase of 15 percent over 1978. Its low alternative projects an eventual decrease, but only by 2 percent from the 1978 total. The optimism of the Center's projections is suggested by the actual results of 1978 enrollment, which were more than 500,000 below the intermediate projection and 150,000 below the low alternative. At the time of our review, the Center was preparing to revise its projections to less optimistic levels.

State government officials are sometimes more pessimistic about enrollment than officials on campus. Statewide projections in Michigan and Pennsylvania suggest declines of 16 to 24 percent over the next decade. Ohio's Board of Regents has projected a 31-percent decline of high school graduates in the State.

College-going rate

The differences over enrollment prospects center largely on two questions: whether the college-going rate of young people can be increased and whether growing attendance by older students can offset the loss of younger ones. Evidence of recent years does not support either of these possibilities.

Figure 4, page 31, shows the college-going rate of young persons from 1960 to 1977. Erosion of the rate for men has occurred in the 1970s except for brief upturns in 1971 and 1975. The decision to attend or continue in college does appear related to such events as war and recession. Over a long perspective, the job opportunities available to young people can make college attendance more or less attractive. During the 1960s, the 18- to 21-year-old population grew at a rapid rate (annual average 4.7 percent) while total employment grew at a lower rate (1.8 percent). In the 1970s growth of the college-age population slowed to an average of 1.7 percent a year, while employment grew at a 2.2-percent rate.

During the 1980s, the labor force will continue to grow while the 18- to 21-year-old population will be decreasing. This suggests that job opportunities for young people will continue to improve, and the incentive to attend college will weaken. The income differential enjoyed by college-educated persons has been narrowing. If this continues, the rate of college attendance may fall in the 1980s and accelerate the decline of college enrollment.

### Vacancy problems accompany reduced enrollments

Some officials told us the demand for campus housing does not follow enrollment trends but rather responds to other factors such as the condition of the off-campus rental market. This appears true up to a point, but we noted that some schools which have experienced enrollment declines have also developed vacancy problems in their housing systems. In the States we visited, available data indicated underoccupancy of existing college housing at the following State institutions:

California

University of California/Riverside
California State College/Bakersfield
California State College/San Bernardino

Kentucky

Murray State University

Michigan

Eastern Michigan University

Ohio

Ohio University
Kent State University

Pennsylvania

Mansfield State College
Edinboro State College

The situation at Ohio University in Athens, Ohio, has been severe. The school lost nearly a third of its students from 1970 to 1975 and did not resume a pattern of growth. It has received special subsidies from the State to cover debt service on its residence halls, which includes payments to HUD on nearly $12 million owed from earlier construction loans. The State took over two of the dormitories and converted them to a school of osteopathy. An official of the Ohio Board of Regents said the State intends to purchase five more buildings but has no current plans for using them.

## Pressure on the private rental housing market may be relieved

Projections of the population suggest that pressure on the off-campus housing market may ease in the early 1980s, a time when college enrollment may also begin to fall. In some geographic areas of the country, this could eliminate the need for new college housing.

The rental housing market may be affected by the size and changes in the population aged 20 to 29, since this group accounts for a large proportion of the demand for rental housing. Figure 5, page 32, shows the evolution of this age group since 1960, with projection to 1993, as well as the number of private multiunit housing starts from 1963 to 1978. It is noteworthy that the period of underoccupancy of campus housing occurred at a time when growth of the 20 to 29 age group was slowing and multiunit housing construction was very strong. A brief recovery of growth by the 20 to 29 group started in 1974, and the demand for campus housing by students also picked up in the mid-1970s.

## INDICATORS OF NEED FOR CAMPUS HOUSING ARE AVAILABLE

HUD generally lacks basic program information to assess reliably the continuing need for campus housing. Its budget presentations to the Congress have proposed liquidation of the program but have not been accompanied by any documented rationale. HUD officials could not supply any recent studies of the demand for such housing. The national associations supporting the program could offer only subjective impressions of need. The Office of Education has not collected information on the capacity and occupancy of college housing since 1974. It would not be difficult to do so, since colleges are reporting much information already in the annual Higher Education General Information Survey.

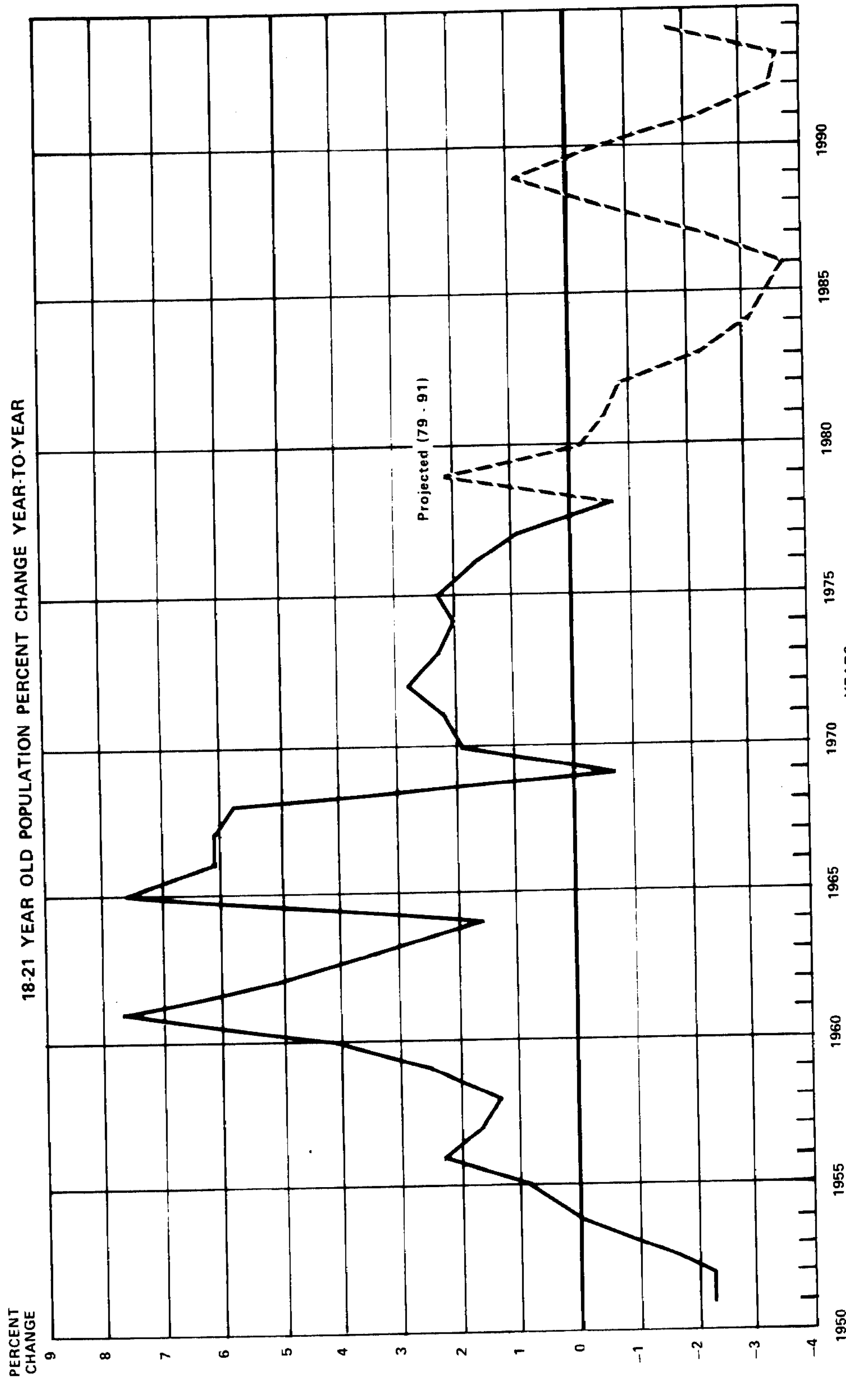
It is possible to track the relevant variables on a regular basis. The National Center for Educational Statistics revises its enrollment projections periodically to reflect recent results. The Bureau of the Census reports vacancy rates in rental housing quarterly. Program officials can also be alert to any unusual growth in the delinquency rate on college housing loans. Such indicators, along with data on the occupancy rate of campus housing, would assist the Congress to decide whether continued authorization of new loans is justified.

RECOMMENDATION

Starting in fiscal year 1981, the new Department of Education will administer the college housing loan program. Since 1977, the Appropriation Committees have instructed HUD to use the program only to relieve severe localized shortages of student housing and to renovate buildings for energy conservation. During the 1980s, the college-age population and enrollment are expected to decline. Therefore, we recommend that the Secretary of Education biennially assess the need for new campus housing construction by monitoring such indicators as enrollment trends, occupancy of existing campus housing, and rental housing vacancy rates. The results of these assessments should be presented to the Congress as part of the budgetary process for its consideration of the continuing need for the college housing loan program.

FIGURE 1

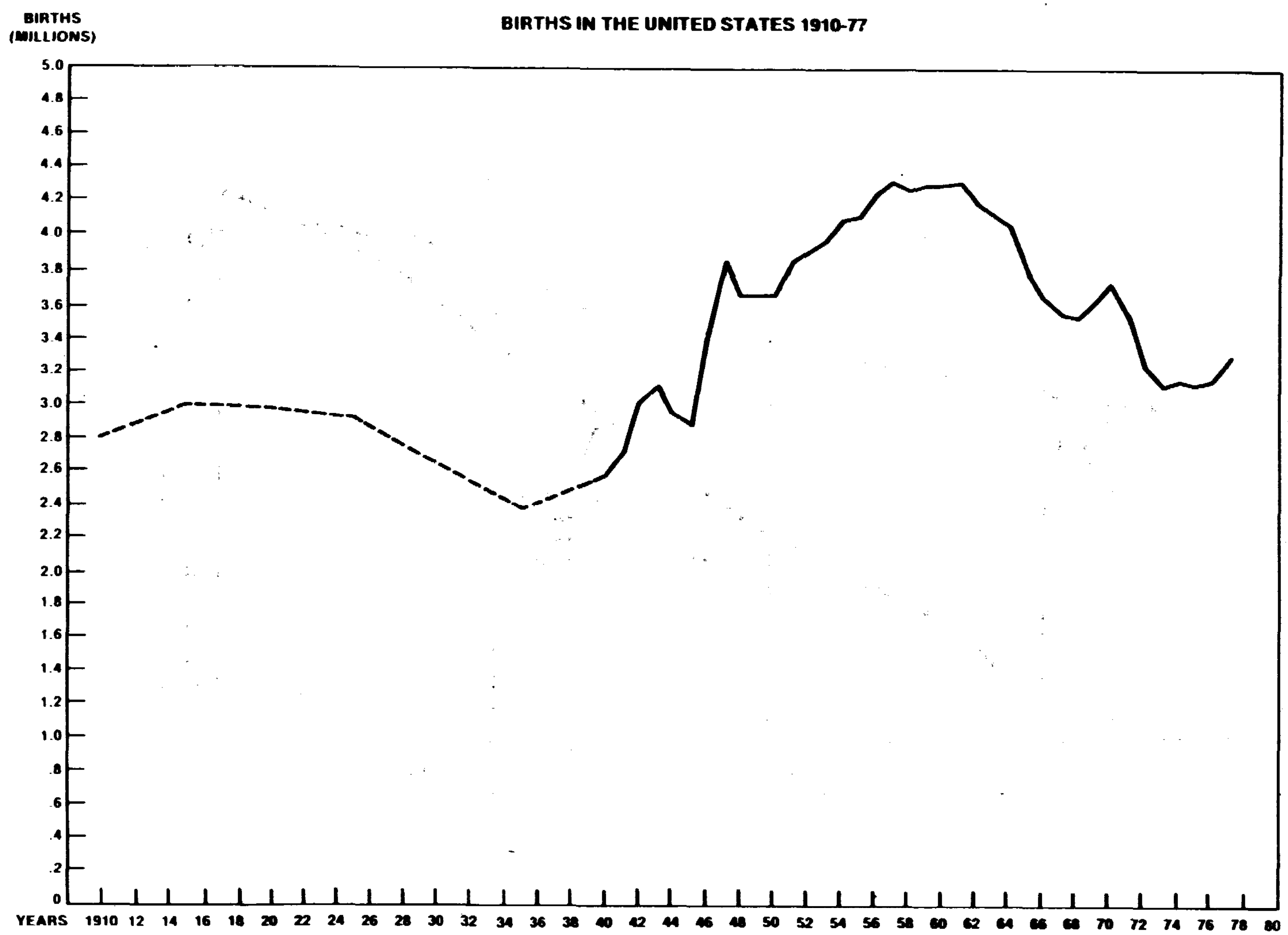
18-21 YEAR OLD POPULATION PERCENT CHANGE YEAR-TO-YEAR




Source: Bureau of the Census

## FIGURE 2

**BIRTHS IN THE UNITED STATES 1910-77**

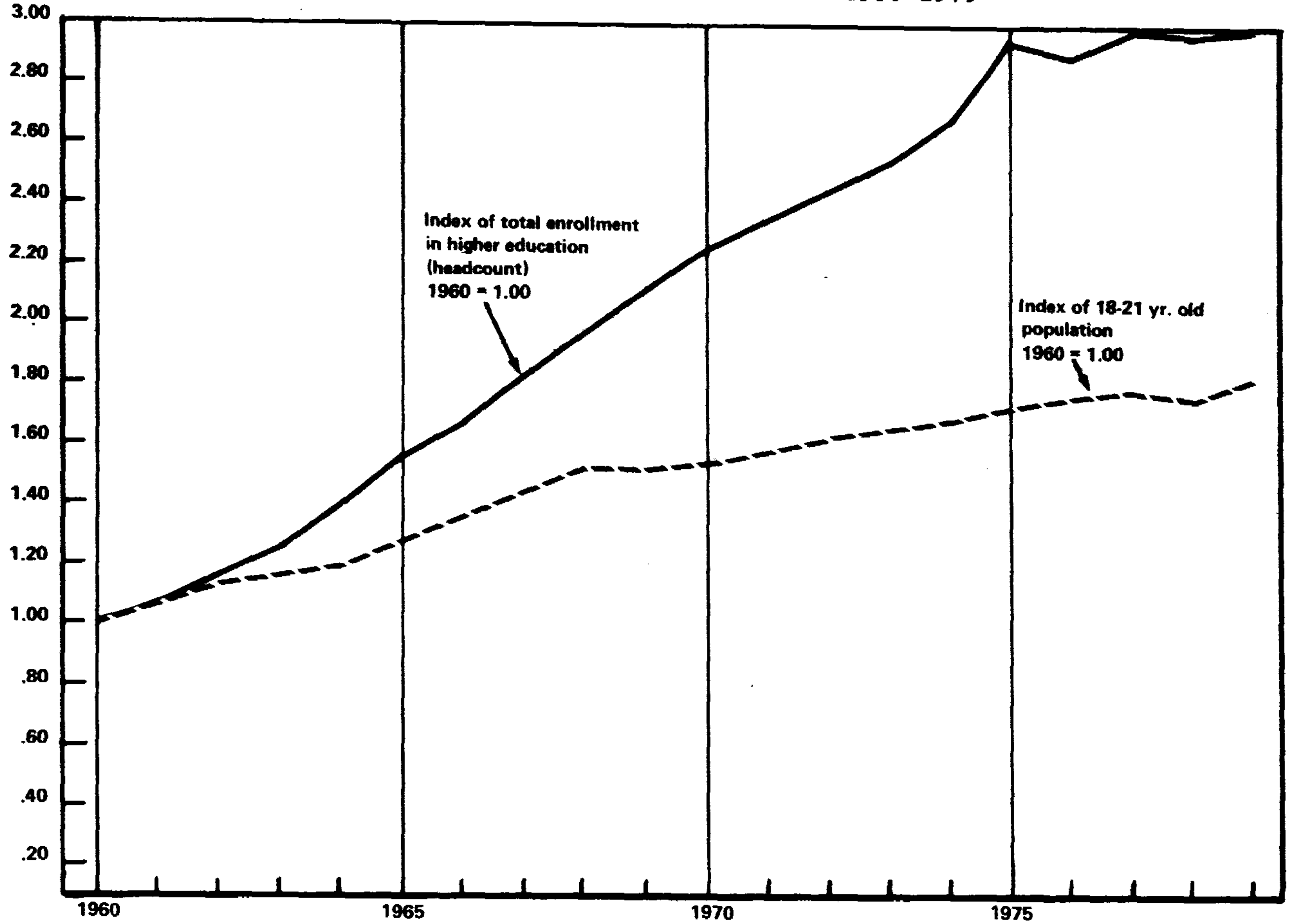



Source: Bureau of the Census



APPENDIX I

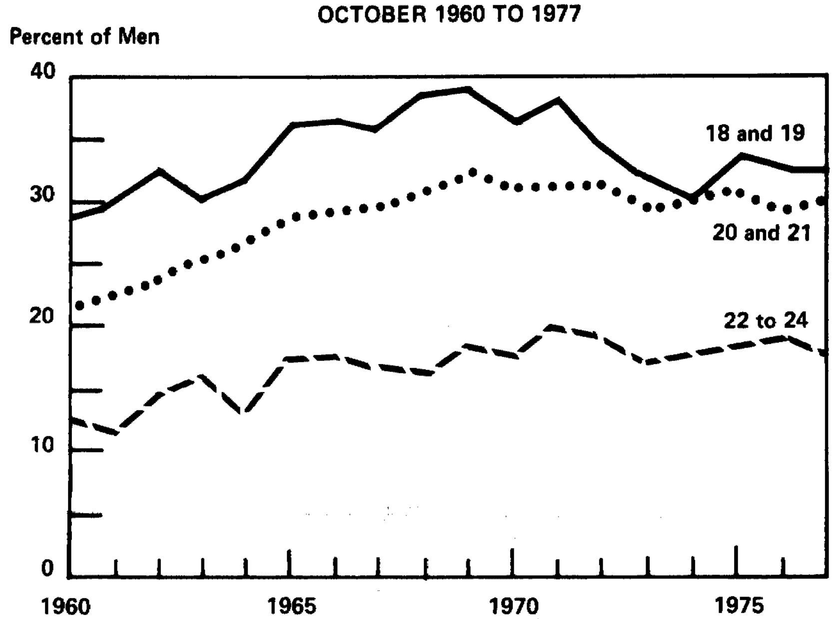
FIGURE 3
INDEX OF TOTAL ENROLLMENT IN HIGHER EDUCATION AND
INDEX OF 18 TO 21-YEAR-OLD POPULATION 1960-1979

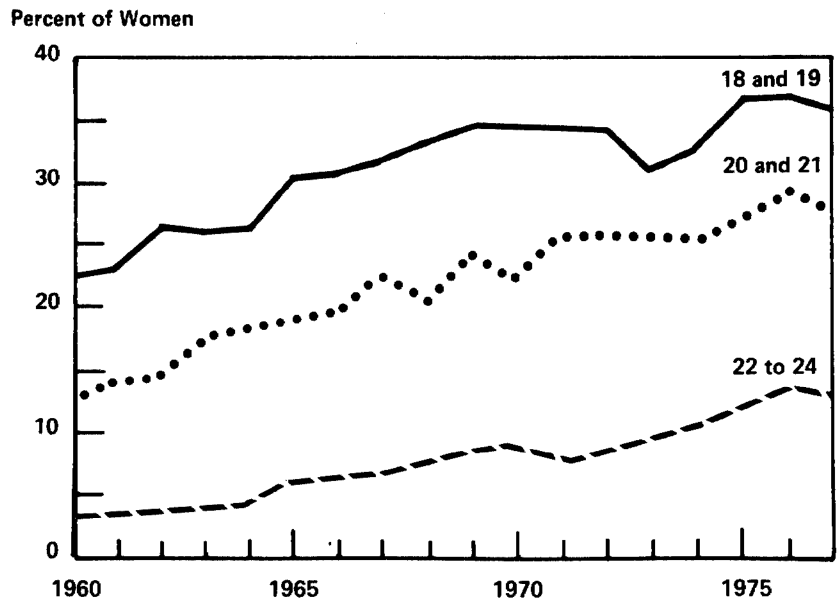



Source: Bureau of the Census National Center for Educational Statistics

FIGURE 4

PERCENT ENROLLED IN COLLEGE FOR ALL MEN, INCLUDING THE ARMED FORCES, AND CIVILIAN WOMEN: OCTOBER 1960 TO 1977

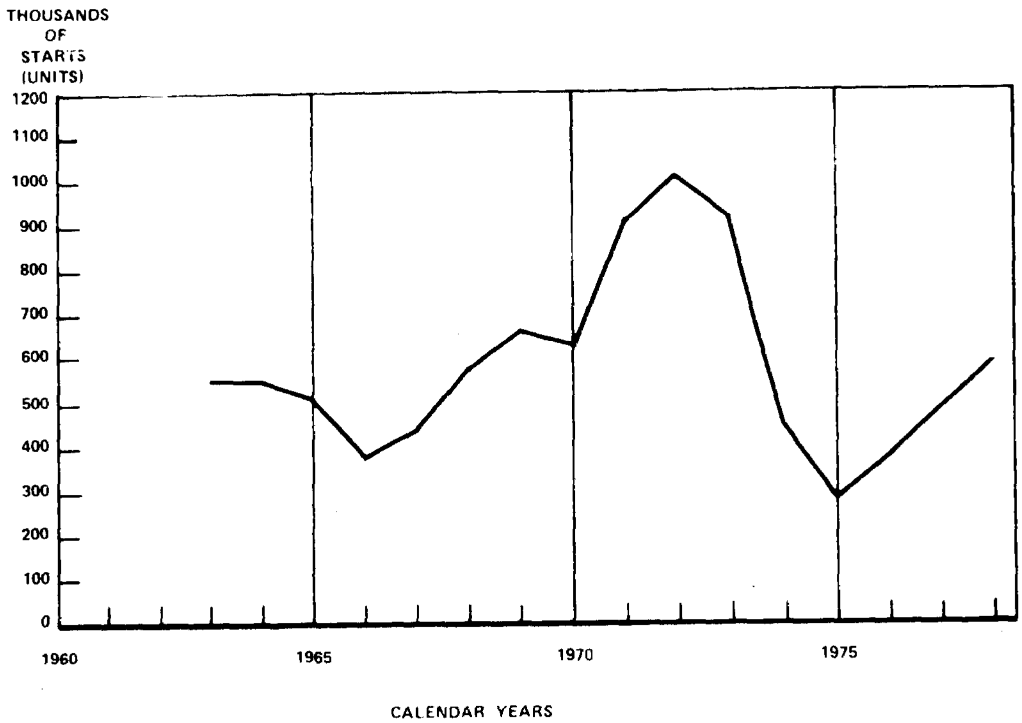



Source: Bureau of the Census

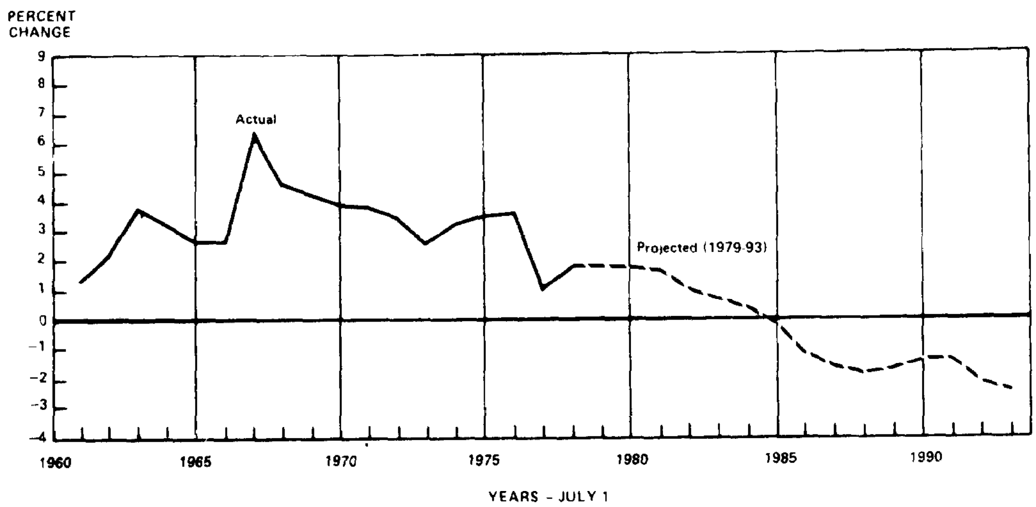
FIGURE 5

MULTIUNIT PRIVATE HOUSING STARTS 1963-78
AND POPULATION AGED 20-29:
PERCENT CHANGE YEAR-TO-YEAR 1960-93




Source: Department of Commerce

POPULATION AGED 20-29: PERCENT CHANGE YEAR TO YEAR 1960-93




Source Bureau of the Census Current Population Reports Series P 25, Numbers 800, 721, 519, 704

United States Senate

COMMITTEE ON APPROPRIATIONS
WASHINGTON, D.C. 20510

May 7, 1979

The Honorable Elmer B. Staats
Comptroller General of the United States
U.S. General Accounting Office
441 G Street N.W.
Washington, D.C. 20548

Dear Elmer:

Over the past few weeks your HUD audit unit has provided this Subcommittee with helpful information regarding HUD's college housing program. The information confirmed data from other sources indicating that there are many weaknesses in the program and raising significant questions about the feasibility of continuing the program unless HUD significantly improves program management. On the other hand Secretary Harris told the Subcommittee during hearings on April 25, 1979, that HUD rigorously administers the college housing program.

Consequently, it would be helpful if the General Accounting Office would undertake a comprehensive review of HUD's college housing program including:

-- an evaluation of the degree to which HUD's processing and approval procedures in fiscal years 1978 and 1979 have insured that only essential new college housing and housing related facilities are funded,

-- a determination of any college housing vacancy problems that schools may be experiencing and the likely impact this may have in the future on the Federal government's investment, and

-- an evaluation of any other aspects of the program that you consider necessary to determine program need.

I suggest that your staff work with Mr. Tom van der Voort of the Subcommittee staff towards this end. It would be helpful to receive your report several months before HUD's fiscal year 1981 appropriations hearings.

I appreciate the helpful information that your staff has provided and look forward to its continuing cooperation with this Subcommittee.

Sincerely,

William Proxmire, Chairman
HUD-Independent Agencies
Subcommittee
Senate Appropriations Committee

WP: tvR

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