Committee Reports

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HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1994

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**TEXT:**

NOTE: BECAUSE OF THE SIZE OF THIS DOCUMENT, IT HAS BEEN SPLIT INTO 2 PARTS. PART 2 OF 2.

SEC. 5125. GRANT PROCEDURES.

(a) PHAs With 250 or More Units.

(1) Grants. In each fiscal year, the Secretary shall make a grant under this chapter from any amounts available under section 5131(b)(1) for the fiscal year to each of the following public housing agencies:

(A) New applicants. Each public housing agency that owns or operates 250 or more public housing dwelling units and has

(i) submitted an application to the Secretary for a grant for such fiscal year, which includes a 5-year crime deterrence and reduction plan under paragraph (2); and

(ii) had such application and plan approved by the Secretary.

(B) Renewals. Each public housing agency that owns or operates 250 or more public housing dwelling units and for which

(i) a grant was made under this chapter for the preceding Federal fiscal year;

(ii) the term of the 5-year crime deterrence and reduction plan applicable to such grant includes the fiscal year for which the grant under this subsection is to be made; and

(iii) the Secretary has determined, pursuant to a performance review under paragraph (4), that during the preceding fiscal year the agency has substantially fulfilled the requirements under subparagraphs (A) and (B) of paragraph (4).

(2) 5-year crime deterrence and reduction plan. Each application for a grant under this subsection shall contain a 5-year crime deterrence and reduction plan. The plan shall describe, for the public housing agency submitting the plan

(A) the nature of the crime problem in public housing owned or operated by the public housing agency;

(B) the building or buildings of the public housing agency affected by the crime problem;

(C) the impact of the crime problem on residents of such building or buildings; and

(D) the actions to be taken during the term of the plan to reduce and deter such crime, which shall include actions involving residents, law enforcement, and service providers.

The term of a plan shall be the period consisting of 5 consecutive fiscal years, which begins with the first fiscal year for which funding under this chapter is provided to carry out the plan.

(3) Amount. In any fiscal year, the amount of the grant for a public housing agency receiving a grant pursuant to paragraph (1) shall be the amount that bears the same ratio to the total amount made available under section 5131(b)(1) as the total number of public dwelling units owned or operated by such agency bears to the total number of dwelling units owned or operated by all public housing agencies that own or operate 250 or more public housing dwelling units that are approved for such fiscal year.

(4) Performance review. For each fiscal year, the Secretary shall conduct a performance review of the activities carried out by each public housing agency receiving a grant pursuant to this subsection to determine whether the agency

(A) has carried out such activities in a timely manner and in accordance with its 5-year crime deterrence and reduction plan; and

(B) has a continuing capacity to carry out such plan in a timely manner.

(5) Submission of applications. The Secretary shall establish such deadlines and requirements for submission of applications under this subsection as the Secretary determines appropriate for timely and orderly allocation and disbursement of amounts made available for grants under this subsection.

(6) Review and determination. The Secretary shall review each application submitted under this subsection upon submission and shall approve the application unless the application and the 5-year crime deterrence and reduction plan are inconsistent with the purposes of this chapter or any requirements established by the Secretary or the information in the application or plan is not substantially complete. Upon approving or determining not to approve an application and plan submitted under this subsection, the Secretary shall notify the public housing agency submitting the application and plan of such approval or disapproval.

(7) Disapproval of applications. If the Secretary notifies an agency that the application and plan of the agency is not approved, not later than the expiration of the 15-day period beginning upon such notice of disapproval, the Secretary shall also notify the agency, in writing, of the reasons for the disapproval, the actions that the agency could take to comply with the criteria for approval, and the deadlines for such actions.

(8) Failure to approve or disapprove. If the Secretary fails to notify an agency of approval or disapproval of an application and plan submitted under this subsection before the expiration of the 60-day period beginning upon the submission of the plan or fails to provide notice under paragraph (7) within the 15-day period under such paragraph to an agency whose application has been disapproved, the application and plan shall be considered to have been approved for purposes of this section.

(b) PHAs With Fewer Than 250 Units and Owners of Federally Assisted Low-Income Housing.

(1) Applications and plans. To be eligible to receive a grant under this chapter, a public housing agency that owns or operates fewer than 250 public housing dwelling units or an owner of federally assisted low-income housing shall submit an application to the Secretary at such time, in such manner, and accompanied by such additional information as the Secretary may require. The application shall include a plan for addressing the problem of crime in and around the housing for which the application is submitted, describing in detail activities to be conducted during the fiscal year for which the grant is requested.

(2) Grants for phas with fewer than 250 units. In each fiscal year the Secretary may, to the extent amounts are available under section 5131(b)(2), make grants under this chapter to public housing agencies that own or operate fewer than 250 public housing dwelling units and have submitted applications under paragraph (1) that the Secretary has approved pursuant to the criteria under paragraph (4).

(3) Grants for federally assisted low-income housing. In each fiscal year the Secretary may, to the extent amounts are available under section 5131(b)(3), make grants under this chapter to owners of federally assisted low-income housing that have submitted applications under paragraph (1) that the Secretary has approved pursuant to the criteria under paragraphs (4) and (5).

(4) Criteria for approval of applications. The Secretary shall determine whether to approve each application under this subsection on the basis of

(A) the extent of the crime problem in and around the housing for which the application is made;

(B) the quality of the plan to address the crime problem in the housing for which the application is made;

(C) the capability of the applicant to carry out the plan; and

(D) the extent to which the tenants of the housing, the local government, local community-based nonprofit organizations, local tenant organizations representing residents of neighboring projects that are owned or assisted by the Secretary, and the local community support and participate in the design and implementation of the activities proposed to be funded under the application.

In each fiscal year, the Secretary may give preference to applications under this subsection for housing made by applicants who received a grant for such housing for the preceding fiscal year under this subsection or under the provisions of this chapter as in effect immediately before the date of the enactment of the Housing and Community Development Act of 1994.

(5) Additional criteria for federally assisted low-income housing. In addition to the selection criteria under paragraph (4), the Secretary may establish other criteria for evaluating applications submitted by owners of federally assisted low-income housing, except that such additional criteria shall be designed only to reflect

(A) relevant differences between the financial resources and other characteristics of public housing authorities and owners of federally assisted low-income housing; or

(B) relevant differences between the problem of crime in public housing administered by such public housing agencies and the problem of crime in federally assisted low-income housing.

SEC. 5126. DEFINITIONS.

For the purposes of this chapter:

(1) Controlled substance. The term "controlled substance" has the meaning given such term in section 102 of the Controlled Substance Act (21 U.S.C. 802).

(2) Drug-related crime. The term "drug-related crime" means the illegal manufacture, sale, distribution, use, or possession with intent to manufacture, sell, distribute, or use a controlled substance.

(3) (1) Secretary. The term "Secretary" means the Secretary of Housing and Urban Development.

(4) (2) Federally assisted low-income housing. The term "federally assisted low-income housing" means housing assisted under

(A) section 221(d)(3), section 221(d)(4), or 236 of the National Housing Act;

(B) section 101 of the Housing and Urban Development Act of 1965; or

(C) section 8 of the United States Housing Act of 1937.

(3) Public housing agency. The term "public housing agency" has the meaning given the term in section 3(b) of the United States Housing Act of 1937.

SEC. 5127. IMPLEMENTATION.

The Secretary shall issue regulations to implement this chapter within 180 days after the date of enactment of the Cranston-Gonzalez National Affordable Housing Act Housing and Community Development Act of 1994.

SEC. 5128. REPORTS.

The Secretary (a) 4Reports by Grantees. The Secretary shall require grantees to provide periodic reports that include the obligation and expenditure of grant funds, the progress made by the grantee in implementing the plan described in section 5125(a) for the grantee submitted under subsection (a) or (b) of section 5125, as applicable, and any change in the incidence of drug-related crime in crime in and around projects assisted under this chapter.

(b) Reports by Secretary. For each fiscal year in which the Secretary makes grants under this chapter, the Secretary shall submit a report to the Congress describing the progress achieved in crime deterrence and reduction in the public housing and federally assisted low-income housing for which such grant assistance has been provided. The report shall include any recommendations of the Secretary for changes in the program of assistance under this chapter.

\* \* \* \* \* \* \*

SEC. 5130. AUTHORIZATION OF APPROPRIATIONS.

(a) In General. There are authorized to be appropriated to carry out this chapter $175,000,000 for fiscal year 1993 and $182,350,000 for fiscal year 1994. Any amount appropriated under this section shall remain available until expended.

(b) Set-Asides. Of any amount made available in any fiscal year to carry out this chapter, not more than 6.25 percent of such amount shall be available for grants for federally assisted, low-income housing. Notwithstanding any other provision of law, of any amounts appropriated for drug elimination grants under this chapter for fiscal years 1993 and 1994, not more than 6.25 percent shall be available for grants for federally assisted low-income housing and 5.0 percent shall be available for public housing youth sports program grants under section 520 of the Cranston-Gonzalez National Affordable Housing Act.

(c) Set-Aside for Youth Sports Programs. Of any amount made available in any fiscal year to carry out this chapter, 5 percent of such amount shall be available for public housing youth sports program grants under section 520 of the Cranston-Gonzalez National Affordable Housing Act for such fiscal year.

SEC. 5130. TECHNICAL ASSISTANCE.

(a) In General. To the extent amounts are made available under section 5131(c), the Secretary may provide training, information services, and other technical assistance to public housing agencies and other entities with respect to their participation in the program under this chapter, which shall include activities under subsection (b) of this section. Such technical assistance may be provided directly by the Secretary or indirectly pursuant to grants, contracts, or cooperative agreements.

(b) Use. The Secretary may use amounts available for use under this section

(1) to establish and operate the clearinghouse on drug abuse in public housing and the regional training program on drug abuse in public housing under sections 5143 and 5144 of this Act;

(2) to obtain assistance in establishing and managing assessment and evaluation criteria and specifications and to obtain the opinions of experts in relevant fields; and

(3) upon the request of a public housing agency, to assist the agency in evaluating the extent of the crime problem in any public housing administered by the agency and preparing a 5-year crime deterrence and reduction plan under section 5125(a) or an application and plan under section 5125(b)(1), which assistance may include providing personnel and funding to identify and secure local resources to assist in deterring and reducing crime.

(c) Priority. In selecting entities to receive technical assistance under this section, the Secretary shall give priority to public housing agencies that have submitted applications and plans under section 5125 that the Secretary has determined do not meet the requirements for approval for assistance under this chapter.

SEC. 5131. FUNDING.

(a) Authorization of Appropriations. There is authorized to be appropriated to carry out this chapter $300,000,000 for fiscal year 1995 and $325,000,000 for fiscal year 1996. Any amount appropriated under this subsection shall remain available until expended.

(b) Allocation. Of any amounts appropriated to carry out this chapter in any fiscal year that remain after reserving amounts for use under subsection (c)

(1) 85 percent shall be available only for assistance pursuant to section 5125(a) to public housing agencies that own or operate 250 or more public housing dwelling units;

(2) 10 percent shall be available only for assistance pursuant to section 5125(b)(2) to public housing agencies that own or operate fewer than 250 public housing dwelling units; and

(3) 5 percent shall be available only for assistance to federally assisted low-income housing pursuant to section 5125(b)(3).

(c) Set-Aside for Technical Assistance. Of any amount made available in fiscal years 1994 and 1995 to carry out this chapter, the Secretary shall use not more than $10,000,000 in each such fiscal year to provide technical assistance under section 5130.

SECTION 202 OF THE HOUSING ACT OF 1959

SEC. 202. SUPPORTIVE HOUSING FOR THE ELDERLY.

(a) \* \* \*

(b) General Authority. The Secretary is authorized to provide assistance to private nonprofit organizations and consumer cooperatives to expand the supply of supportive housing for the elderly. Such assistance shall be provided as (1) capital advances in accordance with subsection (c)(1), and (2) contracts for project rental assistance in accordance with subsection (c)(2). Such assistance may also be used to finance the acquisition and installation of elder cottage housing units that are small, freestanding, barrier-free, energy efficient, removable and designed to be installed adjacent to existing 1- to 4-family dwellings and are used as supportive housing for the elderly in accordance with this section. Such assistance may be used to finance the construction, reconstruction, or moderate or substantial rehabilitation of a structure or a portion of a structure, or the acquisition of a structure from the Resolution Trust Corporation, to be used as supportive housing for the elderly in accordance with this section. Assistance may also cover the cost of real property acquisition, site improvement, conversion, demolition, relocation, and other expenses that the Secretary determines are necessary to expand the supply of supportive housing for the elderly.

\* \* \* \* \* \* \*

(k) Definitions.

(1) \* \* \*

\* \* \* \* \* \* \*

(3) The term "owner" means a private nonprofit organization that receives assistance under this section to develop and operate supportive housing for the elderly. The term "frail elderly" means an elderly person whose level of functional disability jeopardizes her or his ability to continue to live independently. The Secretary shall, to the extent possible, develop assessment measures of functional disability that are appropriate for purposes of this section and will provide for effective use of the program under this section with other programs providing supportive services.

\* \* \* \* \* \* \*

SECTION 106 OF THE ENERGY POLICY ACT OF 1992

SEC. 106. ENERGY EFFICIENT MORTGAGES PILOT PROGRAM.

(a) Establishment of Pilot Program.

(1) \* \* \*

(2) Pilot program. The pilot program established under this subsection shall include the following criteria, where applicable:

(A) Origination. The lender shall originate a housing loan that is insured under title II of the National Housing Act (which may be an adjustable rate mortgage insured under section 251 of such Act and may be a mortgage for a property that is not the principal or secondary residence of the mortgagor to the extent provided in section 203(g) of such Act) in accordance with the applicable requirements.

\* \* \* \* \* \* \*

(D) Rating and installation. The program shall provide that the person conducting the home energy rating report under subsection (c)(2) for the property subject to the energy efficient mortgage may also, subject only to the approval of the mortgagee and mortgagor, install the energy efficiency improvements.

\* \* \* \* \* \* \*

(c) Definitions. For purposes of this section:

(1) The term "base loan" means any mortgage loan for a residential building eligible for insurance under title II of the National Housing Act (including an adjustable rate mortgage loan eligible for insurance under section 251 of such Act) or title 38, United States Code, that does not include the cost of cost-effective energy improvements.

(2) The term "cost-effective" means, with respect to energy efficiency improvements to a residential building, improvements that result in the total present value cost of the improvements (including any maintenance and repair expenses) being less than the total present value of the energy saved over the useful life of the improvement, when 100 percent of the cost of improvements is added to the base loan. energy improvements that generate energy savings in the first year after improvement that are greater than the increase in the amount of the loan payment for such first-year due to the energy improvements. In the case of a base loan insured under section 251 of the National Housing Act, the interest rate used to determine the amount of such increase in the loan payment shall be the maximum allowable interest rate under the mortgage. For purposes of this paragraph, savings and cost-effectiveness shall be determined pursuant to a home energy rating report sufficient for purposes of the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation, or by other technically accurate methods.

\* \* \* \* \* \* \*

SECTION 306 OF THE FEDERAL NATIONAL MORTGAGE ASSOCIATION CHARTER ACT

Management and liquidation functions Government National Mortgage Association

Sec. 306. (a) \* \* \*

\* \* \* \* \* \* \*

(g)(1) \* \* \*

(2) Notwithstanding any other provision of law and subject only to the absence of qualified requests for guarantees, to the authority provided in this subsection, and to the extent of or in such amounts as any funding limitation approved in appropriation Acts, the Association shall enter into commitments to issue guarantees under this subsection in an aggregate amount of $107,700,000,000 during fiscal year 1993 and $91,696,000,000 during fiscal year 1994. There is authorized to be appropriated such sums as may be necessary to cover the costs (as such term is defined in section 502 of the Congressional Budget Act of 1974) of guarantees issued under this Act by the Association.

(2) Notwithstanding any other provision of law and subject only to the absence of qualified requests for guarantees, to the authority provided in this subsection, and to the extent of or in such amounts as any funding limitation approved in appropriation Acts, the Association shall enter into commitments to issue guarantees under this subsection in an aggregate amount of $130,000,000,000 during fiscal year 1995 and $130,000,000,000 during fiscal year 1996. There are authorized to be appropriated to cover the costs (as such term is defined in section 502 of the Congressional Budget Act of 1974) of guarantees issued under this Act by the Association such sums as may be necessary for each of fiscal years 1995 and 1996.

\* \* \* \* \* \* \*

EMERGENCY HOMEOWNERS RELIEF ACT

TITLE I EMERGENCY MORTGAGE RELIEF

Findings and purpose

Sec. 102. (a) The Congress finds that

(1) the Nation is in a severe recession and that the sharp downturn in economic activity has driven large numbers of workers into unemployment and has reduced the incomes of many others;

(1) certain homeowners in the United States are encountering severe economic hardships as a result of unemployment or a reduction in income;

(2) as a result of these adverse economic conditions economic hardships the capacity of many homeowners to continue to make mortgage payments has deteriorated and may further deteriorate in the months ahead, leading to the possibility of widespread mortgage foreclosures and distress sales of homes; and

(3) many of these homeowners could retain their homes with temporary financial assistance until economic conditions their economic conditions improve.

\* \* \* \* \* \* \*

Mortgages eligible for assistance

Sec. 103. No assistance shall be extended with respect to any mortgage under this title unless

(1) \* \* \*

\* \* \* \* \* \* \*

(5) there is a reasonable prospect that the mortgagor will be able to make the adjustments necessary for a full resumption of mortgage payments; and

(6) the mortgaged property is a 1- to 4-family residence that is the principal residence of the mortgagor.; and

(7) the delinquency for which the holder of the mortgage intends to foreclose commenced after the date of the enactment of the Housing and Community Development Act of 1994.

\* \* \* \* \* \* \*

Authorization and expiration date

Sec. 109. (a) There are authorized to be appropriated for purposes of this title such sums as may be necessary, except that the funds authorized to be appropriated for section 106 shall not exceed $500,000,000 for fiscal years 1995 and 1996. Any amounts so appropriated shall remain available until expended.

(b) No loans or advance of credit shall be insured and no emergency mortgage relief payments made under this title after September 30, 1977 September 30, 1996, except if such loan or advance or such payments are made with respect to a mortgagor receiving the benefit of a loan or advance insured, or emergency mortgage relief payments made, under this title on such date.

Notification

Sec. 110. Each Federal supervisory agency with respect to financial institutions subject to its jurisdiction, and the Secretary, with respect to other approved mortgagees, shall (1) prior to October 1, 1977 September 30, 1996, take appropriate action, not inconsistent with laws relating to the safety or soundness of such institutions or mortgagee, as the case may be, to waive or relax limitations pertaining to the operations of such institutions or mortgagees with respect to mortgage delinquencies in order to cause or encourage forebearance in single family residential mortgage loan foreclosures, and (2) until one year from the date of enactment of this title during fiscal years 1995 and 1996, request each such institution or mortgagee to notify that Federal supervisory agency, the Secretary, and the mortgagor, at least thirty days prior to instituting foreclosure proceedings in connection with any mortgage loan. As used in this title the term "Federal supervisory agency" means the Board of Governors of the Federal Reserve System, the Board of Directors of the Federal Deposit Insurance Corporation, the Comptroller of the Currency, the Federal Home Loan Bank Board, the Federal Savings and Loan Insurance Corporation Office of Thrift Supervision, and the National Credit Union Administration.

Reports

Sec. 111. Within sixty days after enactment of this title and within each sixty-day period thereafter prior to October 1, 1977, the Secretary shall make a report to the Congress on For fiscal year 1995 and each fiscal year thereafter that begins before the date in section 109(b), the Secretary shall submit a report under this section to the Congress. The report for a fiscal year shall be submitted not later than 60 days after the end of the fiscal year and shall describe (1) the current rate of deliquencies and foreclosures in the housing market areas of the country which should be of immediate concern if the purposes purpose of this title is to be achieved; (2) the extent of, and prospect for continuance of, voluntary forebearance by mortgagees in such housing market areas; (3) actions being taken by governmental agencies to encourage forebearance by mortgages in such housing market areas; and (4) actions taken and actions likely to be taken with respect to making assistance under this title available to alleviate hardships resulting from any serious rates of delinquencies and foreclosures; and (5) the current default status and projected default trends with respect to mortgages covering multifamily properties with special attention to mortgages insured under the various provisions of the National Housing Act and with recommendations on how such defaults and prospective defaults may be cured or avoided in a manner which, while giving weight to the financial interests of the United States, takes into full consideration the urgent needs of the many low- and moderate-income families that currently occupy such multifamily properties.

\* \* \* \* \* \* \*

SECTION 608 OF THE NEIGHBORHOOD REINVESTMENT CORPORATION ACT

Authorization

Sec. 608. (a)(1) There are authorized to be appropriated to the corporation to carry out this title $29,476,000 for fiscal year 1993 and $30,713,992 for fiscal year 1994. There are authorized to be appropriated to the corporation to carry out this title $35,000,000 for fiscal year 1995 and $35,000,000 for fiscal year 1996. Not more than 15 percent of any amount appropriated under this paragraph for any fiscal year may be used for administrative expenses.

\* \* \* \* \* \* \*

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT ACT

\* \* \* \* \* \* \*

Administrative provisions

Sec. 7. (a) \* \* \*

\* \* \* \* \* \* \*

(r)(1) \* \* \*

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(6) There are authorized to be appropriated to carry out this subsection such sums as may be necessary for fiscal year 1993 and fiscal year 1994. There are authorized to be appropriated to carry out this subsection such sums as may be necessary for fiscal years 1995 and 1996. Such amounts shall remain available until expended.

(s)(1) Notwithstanding any other provision of law, there is authorized to be appropriated for salaries and expenses to carry out the purposes of this section $988,000,000 for fiscal year 1993 and $1,029,496,000 for fiscal year 1994.

(2) Of the amounts authorized to be appropriated by this section, $96,000,000 shall be available for each of the fiscal years 1993 and 1994, which amounts shall be used to provide staff in regional, field, or zone offices of the Department of Housing and Urban Development to review, process, approve, and service applications for mortgage insurance under title II of the National Housing Act for housing consisting of 5 or more dwelling units.

(3) Of the amounts authorized to be appropriated to carry out this section, not less than $5,000,000 of such amount shall be available for each fiscal year exclusively for the purposes of providing ongoing training and capacity building for Department personnel.

(s) Authorization of Appropriations for Salaries and Expenses. Notwithstanding any other provision of law, there are authorized to be appropriated such sums as may be necessary for each of fiscal years 1995 and 1996 for salaries and expenses to carry out the purposes of this section. There is also authorized to be appropriated for fiscal year 1996, $40,000,000, for the training, travel to training, continuing education, professional development, and improvement of skills of employees of the Department.

(t) Use of Technical Assistance Amounts. The Secretary may transfer to any of the accounts of the Department for salaries and expenses from any other account from which amounts may be drawn for technical assistance such amounts as the Secretary determines are reasonable to reimburse such salaries and expenses account, but only if such reimbursement is made for expenditures for the costs of personal services, travel, and transportation, and other object classifications that are incurred for the technical assistance, training, and related activities provided by or to officials and employees of the Department for a program that is funded from such other account and in which the costs of technical assistance are otherwise eligible for expenditure. Up to 10 percent of the amount transferred may be used for technical assistance, training, travel, and related expenses provided to officials and employees of the Department. The authority under this subsection to transfer amounts shall be in addition to any other authority of the Secretary to transfer funds among accounts which exists on the date of the enactment of the Housing and Community Development Act of 1992 or is provided after such date.

Annual report

Sec. 8. (a) 4In General. The Secretary shall, as soon as practicable after the end of each calendar year, make a report to the President for submission to the Congress on the activities of the Department during the preceding calendar year.

(b) Unfunded Programs. In each annual report under this section, the Secretary shall

(1) identify each program under the jurisdiction of the Department for which amounts have been authorized to be appropriated for each of the 3 most recently completed fiscal years but for which, for all 3 of such years, amounts have not been appropriated; and

(2) include proposed legislation repealing the provisions of Federal law authorizing the programs identified pursuant to paragraph (1) and providing requirements for the treatment, after such repeal, of any assistance provided under such provisions before the repeal.

\* \* \* \* \* \* \*

SEC. 15. REQUIREMENTS FOR PARTICIPATION OF WOMEN IN CONSTRUCTION ASSISTED UNDER HUD PROGRAMS.

(a) Bids. Except as provided in subsection (c), each contractor submitting a bid or contract proposal for a covered construction contract (and each applicant for construction assistance that will carry out construction) shall include in the bid or proposal (or application for construction assistance) documentation sufficient to ensure that the contractor will comply with the requirements of this section or certifications that the contractor will make a good faith effort to comply with such requirements. The Secretary shall, by regulation, establish standards for such documentation and certifications and shall provide for contractors (and applicants) making certifications to periodically provide to the Secretary evidence of such good faith efforts.

(b) Participation Requirements. Any contractor who enters into a covered construction contract (and any recipient of construction assistance carrying out construction), and any subcontractor thereof, shall employ and maintain the employment of construction trades workers in construction covered by the covered construction contract (or assisted with the construction assistance)

(1) for any contractor or subcontractor (or recipient of construction assistance) whose total number of employees is not less than 6 and not more than 19, not less than 1 woman; and

(2) for any contractor or subcontractor (or recipient of construction assistance) whose total number of employees is 20 or more, a number of women that is not less than 10 percent of the positions in each of the construction trades performed by the contractor or subcontractor (or recipient of construction assistance).

(c) Exemption for Small Contractors. Any contractor (or recipient) whose total number of employees is 5 or less shall not be subject to the requirements of this section.

(d) Definitions. For purposes of this section:

(1) The term "construction assistance" means any assistance provided under any program administered by the Secretary that is used for any construction, but does not include mortgage insurance under the National Housing Act.

(2) The term "construction trades workers" means workers in any construction trade, including

(A) brickmasons, stonemasons, and tile setters;

(B) carpenters;

(C) electricians and power transmission installers;

(D) painters, paperhangers, and plasterers;

(E) plumbers, pipefitters, and steamfitters;

(F) carpet installers;

(G) drywall installers and drywall finishers;

(H) concrete and terrazzo finishers;

(I) glaziers;

(J) insulation workers;

(K) paving, surfacing, and tamping equipment operators;

(L) roofers;

(M) sheetmetal duct installers;

(N) structural metal workers;

(O) power equipment operators (including truck drivers, and backhoe, bulldozer, crane, loader, and grader operators);

(P) sprinkler installers;

(Q) elevator installers;

(R) laborers; and

(S) landscapers.

(3) The term "contractor" includes firms, partnerships, corporations, and any other persons, and any combination thereof.

(4) The term "covered construction contract" means an agreement to provide labor and related materials, supplies, or services for any construction that

(A) involves any construction assistance; and

(B) if such construction assistance is provided

(i) under the community development block grant program under title I of the Housing and Community Development Act of 1974 or the HOME Investment Partnerships Act, involves a total project cost of not less than $100,000; or

(ii) under any other program administered by the Secretary, involves a total project cost of not less than $200,000.

(5) The term "subcontractor" means any firm, partnership, corporation, or any other person, or any combination thereof, who enters into a contract or agreement with a contractor to perform a substantial specified portion of a covered construction contract.

SECTION 102 OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT REFORM ACT OF 1989

SEC. 102. HUD ACCOUNTABILITY.

(a) Notice Regarding Assistance.

(1) Publication of notice of availability. The Secretary shall publish in the Federal Register notice of the availability of any assistance under any program or discretionary fund administered by the Secretary. Each notice of the availability of assistance shall include an estimate of the date by which the Department will notify applicants for such assistance whose applications or requests for assistance are approved of such approval.

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SECTION 502 OF THE HOUSING ACT OF 1948

\* \* \* \* \* \* \*

Sec. 502. In carrying out their respective functions, powers, and duties

(a) The Secretary of Housing and Urban Development may appoint such officers and employees as he may find necessary, which appointments shall be subject to the civil service laws and chapter 51 and subchapter III of chapter 53 of title 5, United States Code. The Secretary may make such expenditures as may be necessary to carry out his functions, powers, and duties, and there are hereby authorized to be appropriated to the Secretary, out of any moneys in the Treasury not otherwise appropriated, such sums as may be necessary to carry out such functions, powers, and duties and for administrative expenses in connection therewith. The Secretary, without in any way relieving himself from final responsibility, may delegate any of his functions and powers to such officers, agents, or employees as he may designate, may authorize such successive redelegations of such functions and powers, as he may deem desirable, and may make such rules and regulations as may be necessary to carry out his functions, powers, and duties. Notwithstanding any other provision of law, employees of the Government National Mortgage Association Department in the Department of Housing and Urban Development shall not be considered employees of the Department for purposes of any limitation on the number of employees of the Department.

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SECTION 501 OF THE HOUSING AND URBAN DEVELOPMENT ACT OF 1970

Sec. 501. The Secretary of Housing and Urban Development is authorized and directed to undertake such programs of research, studies, testing, and demonstration relating to the mission and programs of the Department as he determines to be necessary and appropriate. There is authorized to be appropriated to carry out this title $35,000,000 for fiscal year 1993 and $36,470,000 for fiscal year 1994. There are authorized to be appropriated to carry out this title $40,000,000 for fiscal year 1995 and $42,000,000 for fiscal year 1996.

SECTION 904 OF THE STEWART B. McKINNEY HOMELESS ASSISTANCE AMENDMENTS ACT OF 1988

SEC. 904. PREVENTING FRAUD AND ABUSE IN HOUSING AND URBAN DEVELOPMENT PROGRAMS 4AND RURAL RENTAL HOUSING PROGRAM.

(a) Definitions. As used in this section:

(1) Secretary. The term "Secretary" means the Secretary of Housing and Urban Development.

(1) Secretary concerned. The term "Secretary concerned" means

(A) the Secretary of Housing and Urban Development, with respect to programs of the Department of Housing and Urban Development; and

(B) the Secretary of Agriculture, with respect to the program for rural rental housing under section 515 of the Housing Act of 1949.

(2) Applicant; participant. The terms "applicant" and "participant" shall have such meanings as the Secretary concerned by regulation shall prescribe, except that such terms shall include members of an applicants or participants household, and such terms shall not include persons whose involvement is only in their official capacity, such as State or local government officials and officers of lending institutions.

\* \* \* \* \* \* \*

(b) Applicant and Participant Consent. As a condition of initial or continuing eligibility for participation in any program of the Department of Housing and Urban Development involving initial and periodic review of an applicants or participants income, and as a condition of initial or continuing eligibility for participation in the program for rural rental housing under section 515 of the Housing Act of 1949, and to assure that the level of benefits provided under the program is correct, the Secretary concerned may require that an applicant or participant

(1) sign a consent form approved by the Secretary concerned authorizing the Secretary concerned, the public housing agency, or the owner responsible for determining eligibility for or level of benefits to request current or previous employers to verify salary and wage information pertinent to the applicants or participants eligibility or level of benefits;

(2) sign a consent form approved by the Secretary concerned authorizing the Secretary concerned or the public housing agency responsible for determining eligibility or level of benefits to request a State agency charged with the administration of the State unemployment law to release wage information with respect to such applicant or participant or information regarding whether such applicant or participant is receiving, has received, or has made application for, unemployment compensation, and the amount of any such compensation being received (or to be received) by such applicant or participant; and

(3) sign a consent form approved by the Secretary authorizing the Secretary the Secretary concerned authorizing the Secretary concerned to request the Commissioner of Social Security and the Secretary of the Treasury to release information pursuant to section 6103(l)(7)(D)(ix) of the Internal Revenue Code of 1986 with respect to such applicant or participant for the sole purpose of the Secretary concerned verifying income information pertinent to the applicants or participants eligibility or level of benefits.

Except as provided in this subsection, this consent form shall not be used to request taxpayer return information protected by section 6103 of the Internal Revenue Code of 1986.

(c) Access to Records.

(1) \* \* \*

(2) Applicant and participant protections. (A) In order to protect applicants for, and recipients of, benefits under the programs of the Department of Housing and Urban Development or the program for rural rental housing under section 515 of the Housing Act of 1949 from the improper use of information obtained pursuant to the requirements of section 303(i) of the Social Security Act from the State agency charged with the administration of the State unemployment compensation law or pursuant to section 6103(l)(7)(D)(ix) of the Internal Revenue Code of 1986 from the Commissioner of Social Security or the Secretary of the Treasury, officers and employees of the Department of Housing and Urban Development and the Department of Agriculture and (in the case of information obtained pursuant to such section 303(i)) representatives of public housing agencies may only use such information

(i) \* \* \*

\* \* \* \* \* \* \*

(3) Penalty. (A) Any person who knowingly and willfully requests or obtains any information concerning an applicant or participant pursuant to the authority contained in section 303(i) of the Social Security Act or section 6103(l)(7)(D)(ix) of the Internal Revenue Code of 1986 without consent pursuant to subsection (b) of this section or under false pretenses, or any person who knowingly and willfully discloses any such information in any manner to any individual not entitled under any law to receive it, shall be guilty of a misdemeanor and fined not more than $5,000. The term "person" as used in this paragraph shall include an officer or employee of the Department of Housing and Urban Development, an officer or employee of the Department of Agriculture, an officer or employee of any public housing agency, and any owner responsible for determining eligibility for or level of benefits (or employee thereof).

\* \* \* \* \* \* \*

(e) Conditions of Release of Information by Third Parties. An applicant or participant under any program of the Department of Housing and Urban Development or the program for rural rental housing under section 515 of the Housing Act of 1949, may not be required or requested to consent to the release of information by third parties as a condition of initial or continuing eligibility for participation in the program unless

(1) \* \* \*

\* \* \* \* \* \* \*

SECTION 303 OF THE SOCIAL SECURITY ACT

Provisions of state laws

Sec. 303. (a) \* \* \*

\* \* \* \* \* \* \*

(i)(1) The State agency charged with the administration of the State law

(A) shall disclose, upon request and on a reimbursable basis, only to officers and employees of the Department of Housing and Urban Development or the Department of Agriculture, as applicable, and to representatives of a public housing agency, any of the following information contained in the records of such State agency with respect to individuals applying for or participating in any housing assistance program administered by the Department of Housing and Urban Development or in the program for rural rental housing under section 515 of the Housing Act of 1949 who have signed an appropriate consent form approved by the Secretary of Housing and Urban Development or the Secretary of Agriculture, as applicable

(i) \* \* \*

\* \* \* \* \* \* \*

(B) Shall establish such safeguards as are necessary (as determined by the Secretary of Labor in regulations) to ensure that information disclosed under subparagraph (A) is used only for purposes of determining an individuals eligibility for benefits, or the amount of benefits, under a housing assistance program of the Department of Housing and Urban Development or under the program for rural rental housing under section 515 of the Housing Act of 1949.

\* \* \* \* \* \* \*

SECTION 6103 OF THE INTERNAL REVENUE CODE OF 1986

SEC. 6103. CONFIDENTIALITY AND DISCLOSURE OF RETURNS AND RETURN INFORMATION.

(a) \* \* \*

\* \* \* \* \* \* \*

(l) Disclosure of Returns and Return Information for Purposes Other Than Tax Administration.

(1) \* \* \*

\* \* \* \* \* \* \*

(7) Disclosure of return information to federal, state, and local agencies administering certain programs under the social security act, the food stamp act of 1977, or title 38, united states code, or certain housing assistance programs.

(A) \* \* \*

\* \* \* \* \* \* \*

(D) Programs to which rule applies. The programs to which this paragraph applies are:

(i) \* \* \*

\* \* \* \* \* \* \*

(ix) any housing assistance program administered by the Department of Housing and Urban Development that involves initial and periodic review of an applicants or participants income, and the program for rural rental housing under section 515 of the Housing Act of 1949 except that return information may be disclosed under this clause only on written request by the Secretary of Housing and Urban Development or the Secretary of Agriculture, as applicable, and only for use by officers and employees of the Department of Housing and Urban Development or the Department of Agriculture with respect to applicants for and participants in such programs.

Clause (ix) shall not apply after September 30, 1998.

\* \* \* \* \* \* \*

SECTION 305 OF THE HOME MORTGAGE DISCLOSURE ACT OF 1975

Enforcement

Sec. 305. (a) \* \* \*

(b) Compliance with the requirements imposed under this title shall be enforced under

(1) \* \* \*

(2) section 8 of the Federal Deposit Insurance Act, by the Director of the Office of Thrift Supervision, in the case of a savings association the deposits of which are insured by the Federal Deposit Insurance Corporation; and

(3) the Federal Credit Union Act, by the Administrator of the National Credit Union Administration with respect to any credit union; and.

(4) other lending institutions, by the Secretary of Housing and Urban Development.

The terms used in paragraph (1) that are not defined in this title or otherwise defined in section 3(s) of the Federal Deposit Insurance Act (12 U.S.C. 1813(s)) shall have the meaning given to them in section 1(b) of the International Banking Act of 1978 (12 U.S.C. 3101).

(c) Powers of the Secretary of Housing and Urban Development.

(1) In general. The Secretary of Housing and Urban Development (in this subsection referred to as the "Secretary") shall enforce compliance with the requirements imposed under this title with regard to lending institutions not described in subsection (b).

(2) Civil money penalties. Pursuant to paragraph (1) of this subsection, the Secretary may impose a civil money penalty for failure to comply with the requirements of this title.

(3) Amount of penalty. The amount of the penalty, as determined by the Secretary, may not exceed $5,000 for each violation, except that the maximum penalty for all violations by any particular lending institution during any 1-year period shall not exceed $1,000,000.

(4) Violations for which a penalty may be imposed. A civil money penalty may be imposed for the late submission of a report, failure to submit a report, submission of an illegible report, submission of an erroneous report, and failure to submit a corrected report for a report that was illegible or erroneous.

(5) Agency procedures.

(A) Establishment. The Secretary shall establish standards and procedures governing the imposition of civil money penalties under this section. The standards and procedures shall provide for the Secretary to make the determination to impose the penalty or to use an administrative entity (such as the Mortgagee Review Board, established pursuant to section 202(c) of the National Housing Act) to make the determination; shall provide for the imposition of a penalty only after the lending institution has been given an opportunity for a hearing on the record; and may provide for review by the Secretary of a determination or order, or interlocutory ruling, arising from a hearing.

(B) Final orders. If no hearing is requested within 15 days of receipt of the notice of opportunity for hearing, the imposition of the penalty shall constitute a final and unappealable determination. If the Secretary reviews the determination or order, the Secretary may affirm, modify, or reverse that determination or order. If the Secretary does not review the determination or order within 90 days of the issuance of the determination or order, the determination or order shall be final.

(C) Factors in determining amount of penalty. In determining the amount of a penalty under this subsection, consideration shall be given to such factors as the gravity of the offense, any history of prior offenses, ability to pay the penalty, deterrence of future violations, and such other factors as the Secretary may determine to be appropriate.

(D) Reviewability of imposition of penalty. The Secretarys determination or order imposing a penalty under this subsection shall not be subject to review, except as provided in this subsection.

(6) Judicial review of agency determination.

(A) In general. After exhausting all administrative remedies established by the Secretary under this subsection, a lending institution against whom the Secretary has imposed a civil money penalty under this subsection may obtain a review of the penalty as may be addressed in the notice of determination to impose a penalty in the appropriate court of appeals of the United States, by filing in such court, within 20 days after the entry of such order or determination, a written petition praying that the Secretarys determination or order be modified or set aside in whole or in part.

(B) Objections not raised in hearing. The court shall not consider any objection that was not raised in the hearing conducted pursuant to this subsection unless a demonstration is made of extraordinary circumstances causing the failure to raise the objection. If any party demonstrates to the satisfaction of the court that additional evidence not presented at the hearing is material and that there were reasonable grounds for the failure to present such evidence at the hearing, the court shall remand the matter to the Secretary for consideration of the additional evidence.

(C) Scope of review. The decisions, findings, and determinations of the Secretary shall be reviewed pursuant to section 706 of title 5, United States Code.

(D) Order to pay penalty. Notwithstanding any other provision of law, in any such review, the court shall have the power to order payment of the penalty imposed by the Secretary.

(7) Action to collect penalty. If a lending institution fails to comply with the Secretarys determination or order imposing a civil money penalty under this subsection, after the determination or order is no longer subject to review as provided by this subsection, the Secretary may bring an action in an appropriate United States district court to obtain a monetary judgment against the lending institution. In such an action, the validity and appropriateness of the Secretarys determination or order imposing the penalty shall not be subject to review. The monetary judgment may, in the courts discretion, include the attorneys fees and other expenses incurred by the United States in connection with the action.

(8) Settlement by secretary. The Secretary may compromise, modify, or remit any civil money penalty which may be imposed under this subsection.

(9) Regulations. The Secretary shall issue such regulations as the Secretary deems appropriate to implement this subsection.

(10) Deposit of penalties in treasury. All civil money penalties collected under this subsection shall be deposited in the Miscellaneous Receipts Account of the Treasury.

(c) (d) For the purpose of the exercise by any agency referred to in subsection (b) of its powers under any Act referred to in that subsection, a violation of any requirement imposed under this title shall be deemed to be a violation of a requirement imposed under that Act. In addition to its powers under any provision of law specifically referred to in subsection (b), each of the agencies referred to in that subsection may exercise, for the purpose of enforcing compliance with any requirement imposed under this title, any other authority conferred on it by law.

SECTION 40 OF THE FEDERAL DEPOSIT INSURANCE ACT

SEC. 40. FDIC AFFORDABLE HOUSING PROGRAM.

(a) \* \* \*

(b) Funding and Limitations of Program.

(1) Duration of program. The provisions of this section shall be effective, subject to the provisions of paragraph (2), only during the 3-year period beginning upon the commencement of the first fiscal year for which amounts are provided pursuant to paragraph (2)(A) until the end of fiscal year 1997.

(2) Annual fiscal limitations.

(A) In general. In each fiscal year during the 3-year period referred to in paragraph (1), the provisions of this section shall apply only

(i) \* \* \*

\* \* \* \* \* \* \*

(C) Authorization of appropriations. There are authorized to be appropriated, for each fiscal year during the 3-year period referred to in paragraph (1), such sums as may be necessary for any costs of the program under this section other than losses resulting from the sale of properties under this section.

\* \* \* \* \* \* \*

(r) Facilitation of Program. Notwithstanding any provision of this section or any other provision of law, the Corporation shall be considered to be in compliance with this section if (in the sole discretion of the Corporation) the Corporation at any time modifies, amends, or waives any provisions of this section to maximize the efficient use of amounts appropriated to carry out this section. The Corporation shall not be subject to suit for any failure to comply with the requirements of this section.

SECTION 9304 OF TITLE 31, UNITED STATES CODE

9304. Surety corporations

(a) \* \* \*

\* \* \* \* \* \* \*

(c) State Agencies. A State agency, including any financing authority established by any State, which meets the requirements of paragraphs (2) and (3) of subsection (a) may be treated as a surety corporation for purposes of this chapter.

Additional Views on H.R. 3838, the Housing and Community Development Act of 1994

Introduction

Since the beginning of the Clinton Administration, Republican Members have cooperated with Secretary Cisneros and his new HUD team in the redirection of housing and community development programs, which is long overdue. Interestingly, a significant number of housing and community development policies long championed by Republican Members over the past twelve years have been major provisions of the Clinton Administration policy. These policy proposals include public housing rent reform, demolition/disposition and replacement housing reform, multifamily property disposition reform, expedited hearing procedures for speedier eviction of problem tenants, and consolidation of unwieldy homeless initiatives.

H.R. 3838 reauthorizes the diverse housing and community development programs under the Department of Housing and Urban Development (HUD) and Farmers Home Administration (FmHA) for about $31.5 billion in FY 95 and $33.6 billion in FY 96. Although Secretary Cisneros proposed a series of new initiatives, the bill focuses less on creating new programs and more on reorganizing existing ones. In many cases, this means giving HUD, local housing authorities, and other participants in HUDs programs more flexibility in using federal funds.

Republican Members actively participated in crafting this legislation. Amendments offered were designed to address pressing housing problems in a reasonable and fiscally responsible manner. It is with that attitude toward creating a national housing and community development policy that we support, with reservation, this legislation. We hope that this legislation continues to reach a balance that maximizes the investments made by the American taxpayers to sustain the rebuilding of our communities started by the Presidents predecessors.

REINVENTING HUD

The Administrations FY 95 legislative proposal, H.R. 4310, the Housing Choice and Community Investment Act of 1994, gave us our first comprehensive look at the future direction of housing and community development policy under this Administration. We commend the Secretary for proposing a good beginning in the area of public housing reform and homeless program consolidation. The Administrations bill, however, launched a multitude of new initiatives that it believes will change the focus and pace of housing and community development.

While these new initiatives are laudable; however, the rearranging of HUDs priorities at this stage in HUDs history may have some unintended consequences. We recognize that each new Administration and each new HUD Secretary establishes a new set of missions and priorities for HUD. Obviously, this is an outgrowth of different personalities and different political philosophies. In the case of HUD, it also reflects the basic lack of consensus as to HUDs mission. In fact, the Administrations proposed legislation creates some 13 new program initiatives requiring over $3 billion in new spending. Fortunately, H.R. 3838 authorizes only 3 of the new initiatives, while addressing the other new initiatives through existing programs.

For example, there are differences of opinion within HUD and outside HUD as to whether it is a social, "bricks and mortar," or a housing-finance agency. These differences affect how programs are run. There are differences in philosophy regarding whether the best way to solve the nations housing problem is through more new construction and rehabilitation or Section 8 tenant based rental assistance. There are major differences of opinion regarding whether HUDs mission is to dictate to communities what to do or to help communities in what to do.

Because of constantly changing missions and priorities, legislation over the past two decades has been in a state of constant change. Many view HUDs problems as a maze of byzantine programs with insufficient staff resources to implement effectively. Since the HUD scandals, two major housing bills the 1990 National Affordable Housing Act and the 1992 Housing and Community Development Act have been enacted. These bills created a host of new programs and major policy changes, many of which HUD has yet to implement. HUDs own Inspector General raised this as an issue in the September 30, 1992 Semiannual Report to Congress:

We urge Congress to continue its oversight of HUD and to ensure that sufficient resources are appropriated to avoid a repeat of the problems of the 1980s. In this regard, it is extremely troubling to us that the recently enacted Fiscal Year 1993 housing authorization bill continued the pattern of proposing new programs and functions for HUD staff without any authorization of the resources to carry out these new initiatives.

Nevertheless, the 1993 HUD/VA Independent Agencies Appropriations report documented 130 new HUD programs and major amendments to existing programs enacted during the period 1974-1992. As a result, last years HUD Appropriations bill earmarked $1 million for HUD to contract with the National Academy of Public Administration (NAPA) to perform a comprehensive management review of HUD. This report began under former Secretary Kemp and was completed under Secretary Cisneros with a draft report issued in May 1994.

The NAPA report indicates that HUDs problems are symptomatic of those which have impacted all agencies in the 1980s and 1990s: eroding financial resources, politically directed spending, uncoordinated activities, and gross mismanagement. Significantly, the National Academy of Public Administration gives the Administration and the Congress the following wake-up call:

The department should be preserved only if it can demonstrate the capacity to manage its resources responsibly, and if the administration, Congress, and HUD can put aside the past to look forward how the department can best help communities meet their needs in a flexible fashion. If, after 5 years, HUD is not operating under a clear legislative mandate and in an effective, accountable manner, the President and Congress should seriously consider dismantling the department and moving its core programs elsewhere.

Yet, with the exception of homeless program consolidation and the merger of the Section 8 certificate and voucher programs (both Congressional initiatives), this years legislative package does very little to eliminate outmoded programs and consolidate others. It appears that a Department set on "reinventing" did not itself reinvent.

In view of the documented problem over HUDs capacity to manage its programs effectively, Representative Lazio offered an amendment at Subcommittee which is included in the Committee bill. The Lazio provision requires the Secretary to report annually to the Congress any HUD program which has been authorized since 1990 for three consecutive fiscal years, but has not received an appropriation. Along with the report, the Secretary is to transmit legislation repealing the program. We believe that this provision is a modest step in helping get HUDs house in order.

However, we wish to emphasize that HUD needs to ensure that its existing core programs are well administered. The HUD Inspector General has warned repeatedly of management problems at HUD. We urge the Secretary to continue to ensure that HUDs existing core programs, such as CDBG, the HOME program, the Public Housing programs, the Section 8 program, and the FHA mortgage insurance programs, are well administered and serve the housing and community development needs of the nation.

FUNDING

In the aggregate the Committee bill authorizes $31.5 billion for FY 95 and $33.6 billion for FY 96 for HUD, FmHA, and certain independent agencies. These totals are somewhat higher than the Full Committee print, however, based on previous commitments between the Chairman and Ranking Member Roukema; these totals will be adjusted downward in the managers amendment to that of the initial full Committee print of $31.3 billion for FY 95 and $33.6 billion for FY 96. Generally, the adjusted level for FY 95, represents a 1.9% increase over the FY 94 appropriated levels and the FY 95 Administration Budget. Moreover, the FY 95 authorized level exceeds the FY 95 appropriated level by $1.3 million or 4%. Compared to the FY 94 authorized levels in the 1992 Housing Bill, the FY 95 authorized level is some $2.5 billion lower. A funding comparison for programs authorized by the Committee bill is attached.

Compared to previous housing authorization bills, the funding levels in the Committee bill appear to be reasonable and reflect the current budget realities. Although the Administrations FY 95 budget for HUD proposed a $1 billion increase, we must keep in mind that the 1993 Budget Reconciliation Act freezes domestic discretionary spending over a five year period. The Clinton budget for HUD is not that different from the last Bush budget. What this indicates is that funding for HUD over the next few years will not increase in any significant way. Therefore, it is necessary for us to improve our basic core housing and community development programs and begin to "spend smart". The Committee bill makes a very modest beginning in this regard by limiting the Administrations desire for new programs. However, we remind our colleagues that in view of HUDs documented capacity problems, more streamlining and consolidation is necessary.

Promising proposals in H.R. 3838

Meaningful public housing reforms

Rent reform. Most notable of the reforms are those in the public housing program. Current law requires most tenants to pay 30% of any new income toward rent. Application of the 30% rule discourages public housing residents from working more hours and seeking higher pay, because a substantial part of the increase in earnings must go for rent. A bipartisan measure, based on legislation introduced by Representatives Knollenberg and Roukema at the beginning of the 103d Congress, decoupled rent payments from their income levels. The proposal authorizes disallowances of earned income when a family member becomes employed for 18 months as well as allows PHAs to establish reasonable ceiling rents. Accordingly, working households are encouraged to remain in public housing, thereby ending the counterproductive policy of penalizing working people.

Public housing authority deregulation. Through the efforts of Representatives Castle and Bereuter, highly effective PHAs are furnished with incentives to reward their effective operations and management. These incentives include lifting burdensome regulatory requirements and allowing PHAs to retain savings generated from efficient management.