

istance to provide housing for low, moderate, and middle-income people.

Under the guise of budget cutting, the administration has embarked on a course of not just budget cutting in housing and community development, but of simply ending them, terminating the federal presence in the housing of lower income Americans and efforts at assistance in assisting the development needs of urban and rural America.

The choice is stark and simple. This year the Congress will be called upon to answer yes or no to ending the Federal presence in housing. I have staked out my position in H.R. 1 introduced on January 3 of this year. My bill doubles the puny efforts of the past years by raising budget authority levels to twice the level of fiscal year 1985 for the HUD programs and increasing the Farmers Home Administration levels by a somewhat small amount. This could still be at a level well below the levels of the last Carter administration, for example.

The administration is seeking to terminate the rural housing programs of Farmers Home Administration by forcing all housing assistance to come from HUD. Of course, the HUD budget for fiscal year 1985 for new housing assistance is zero. Forcing the rural housing needs to share on a 50-50 basis with the HUD housing programs is a zero option. One-half of zero is zero.

The administration budget has not provided for the general welfare but given away hope in a better future for the radical and revolutionary visions of the Reagan administration's ideological agenda.

Low-income housing programs are not the only targets for budget slashing and termination, but FHA mortgage insurance, Veterans' Administration GI home loan guarantees, and the secondary mortgage market operations of the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation are being attacked by assessing huge fees that will penalize middle-income Americans. They will simply tax the housing authority to a point where homeownership will be beyond the reach of everyone but the wealthy. This, from an administration that is opposed to new taxes.

[The text of H.R. 1, as introduced, follows:]

99TH CONGRESS  
1ST SESSION

# H. R. 1

To amend and extend certain laws relating to housing, and for other purposes.

## IN THE HOUSE OF REPRESENTATIVES

JANUARY 3, 1985

Mr. GONZALEZ introduced the following bill; which was referred to the Committee on Banking, Finance and Urban Affairs

# A BILL

To amend and extend certain laws relating to housing, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 SHORT TITLE

4 SECTION 1. This Act may be cited as the "Housing Act  
5 of 1985".

6 FINDINGS AND PURPOSE

7 SEC. 2. (a) FINDINGS.—The Congress hereby finds

8 that—

1 many as two to three million people, dramatically dem-  
 2 onstrates the lack of affordable residential shelter;

3 (6) people living on the economic margins of our  
 4 society—the elderly, the working poor, and the deinsti-  
 5 tutionalized—have no available alternatives for shelter;

6 (7) due to high interest rates and construction  
 7 costs, the cherished dream of becoming a homeowner is  
 8 fading for all but the wealthiest people of the Nation;

9 (8) a combination of direct subsidies and beneficial  
 10 tax expenditures for homeowners and renters has re-  
 11 sulted in the Federal Government providing an average  
 12 to each household of more than four times the amount  
 13 of Federal assistance to households with annual in-  
 14 comes above \$50,000 than to households with annual  
 15 incomes below \$20,000; and

16 (9) unless actions are taken to increase the pro-  
 17 duction of moderately priced homes and affordable  
 18 rental units, the housing crisis of persons of low and  
 19 moderate income will deepen.

20 (b) PURPOSE.—The purpose of this Act therefore is—  
 21 (1) to reaffirm the principle that decent and af-  
 22 fordable shelter is a basic necessity, and the general  
 23 welfare of the Nation and the health and living stand-  
 24 ards of its people require the production of new hous-  
 25 ing units to remedy a serious shortage of housing units

1 (1) for the past fifty years, the Federal Govern-  
 2 ment has taken the leading role in enabling the people  
 3 of this Nation to be the best housed in the world;

4 (2) the efforts of the Federal Government have in-  
 5 cluded a system of specialized lending institutions, fa-  
 6 vorable tax policies, construction assistance, mortgage  
 7 insurance, loan guarantees, secondary markets, and in-  
 8 terest and rental subsidies that have enabled people to  
 9 rent or buy affordable, decent, safe, and sanitary hous-  
 10 ing;

11 (3) since 1981, the policies pursued by the Feder-  
 12 al Government—

13 (A) have dramatically reversed the Federal  
 14 involvement in ensuring housing for the less afflu-  
 15 ent people of the Nation; and  
 16 (B) have drastically reduced the direct assist-  
 17 ance available for these families;

18 (4) at no time since the Great Depression has the  
 19 shortage of housing been more severe, and approxi-  
 20 mately five-hundred-thousand new housing units need  
 21 to be built each year for the next ten years to replace  
 22 the physically inadequate or crowded housing units oc-  
 23 cupied by persons of very low income;

24 (5) the tragedy of homelessness in urban and sub-  
 25 urban communities across the Nation, involving as

1 (b) FARMERS HOME ADMINISTRATION.—Section 534  
 2 of the Housing Act of 1949 is amended by adding at the end  
 3 thereof the following new subsections:

4 “(d) The Secretary shall transmit to both Committees  
 5 referred to in subsection (b) each notice or handbook to be  
 6 issued by the Secretary under this title not less than 15 days  
 7 before the date of such issuance.

8 “(e) The Secretary shall include with each rule or regu-  
 9 lation, notice, or handbook required to be transmitted to the  
 10 Committees under this section a detailed summary of all  
 11 changes required by the Office of Management and Budget  
 12 that prohibit, modify, postpone, or disapprove such rule or  
 13 regulation, notice, or handbook in whole or part.”

14 TITLE I—HOUSING ASSISTANCE

15 LOWER INCOME HOUSING AUTHORIZATION

16 SEC. 101. (a) AGGREGATE BUDGET AUTHORITY.—  
 17 Section 5(c)(6) of the United States Housing Act of 1937 is  
 18 amended by striking out “, and” and all that follows through  
 19 the period at the end thereof and inserting in lieu thereof the  
 20 following: “, and by \$16,169,470,500 on October 1, 1985.”

21 (b) UTILIZATION OF BUDGET AUTHORITY.—Section  
 22 5(c)(7) of such Act is amended—

23 (1) by striking out subparagraph (A);

24 (2) by redesignating subparagraph (B) as subpara-  
 25 graph (A); and

1 for all Americans, particularly for persons of low and  
 2 moderate income;

3 (2) to make the distribution of direct and indirect  
 4 housing assistance more equitable by increasing the  
 5 Federal assistance for the less affluent people of the  
 6 Nation; and

7 (3) to provide additional housing assistance for  
 8 homeless people and for persons of low and moderate  
 9 income who lack affordable, decent, safe, and sanitary  
 10 housing.

11 REGULATORY AUTHORITY

12 SEC. 3. (a) DEPARTMENT OF HOUSING AND URBAN  
 13 DEVELOPMENT.—Section 7(o) of the Department of Housing  
 14 and Urban Development Act is amended by adding at the  
 15 end thereof the following new paragraphs:

16 “(7) The Secretary shall transmit to both Committees  
 17 each notice or handbook to be issued by the Secretary not  
 18 less than 15 days before the date of such issuance.

19 “(8) The Secretary shall include with each rule or regu-  
 20 lation, notice, or handbook required to be transmitted to the  
 21 Committees under this subsection a detailed summary of all  
 22 changes required by the Office of Management and Budget  
 23 that prohibit, modify, postpone, or disapprove such rule or  
 24 regulation, notice, or handbook in whole or part.”

## TENANT RENTAL CONTRIBUTIONS

## SEC. 102. (a) PUBLIC HOUSING ECONOMIC RENT.—

Section 3(a) of the United States Housing Act of 1937 is amended—

(1) by inserting "(1)" after "(a)";

(2) in the last sentence, by striking out "A" and inserting in lieu thereof the following: "Except as pro-

vided in paragraph (2), a";

(3) by redesignating paragraphs (1) through (3) as subparagraphs (A) through (C), respectively; and

(4) by adding at the end thereof the following new paragraph:

"(2) Any public housing agency may provide that each family residing in a public housing project owned and operated by such agency shall pay as monthly rent an amount determined by such agency to be appropriate that does not exceed a maximum amount that—

"(A) is established by such agency and approved by the Secretary;

"(B) is not more than the amount payable as rent by such family under paragraph (1); and

"(C) is based on the average monthly amount of debt service and operating expenses attributable to dwelling units of similar size in public housing projects owned and operated by such agency."

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

"(B) Using the additional budget authority provided under paragraph (6) and the balances of budget authority which become available during fiscal year 1986, to the extent approved in appropriations Acts, the Secretary shall reserve authority to enter into obligations aggregating—

"(i) for public housing, not less than \$3,769,980,000, of which amount \$493,080,000 shall be available for Indian housing;

"(ii) for assistance under section 8(b)(1), not less than \$4,111,334,500;

"(iii) for assistance under section 8(e)(5), not less than \$2,666,430,000;

"(iv) for assistance under section 8 in connection with projects developed under section 202 of the Housing Act of 1959, not less than \$3,396,726,000; and

"(v) for comprehensive improvement assistance under section 14, not less than \$2,225,000,000."

(c) BUDGET AUTHORITY FOR DEVELOPMENT GRANTS.—Section 17(a) of such Act is amended by adding at the end thereof the following new paragraph:

"(4) ADDITIONAL AUTHORIZATION.—There are authorized to be appropriated not to exceed \$348,282,000 for fiscal year 1986 for development grants."

1 (A) by striking out "and" at the end of paragraph

2 (1);

3 (B) by striking out the period at the end of para-  
4 graph (2) and inserting in lieu thereof "; and"; and

5 (C) by adding at the end thereof the following  
6 new paragraph:

7 "(3) the Secretary has developed a plan for the  
8 addition of public housing dwelling units in an aggre-  
9 gate number equal to the number of such units pro-  
10 posed to be demolished or disposed under such applica-  
11 tion."

12 COMPREHENSIVE IMPROVEMENT ASSISTANCE PROGRAM

13 SEC. 105. (a) PURPOSES.—Section 14(a) of the United  
14 States Housing Act of 1937 is amended—

15 (1) by redesignating paragraphs (1) and (2) as  
16 paragraphs (2) and (3), respectively; and

17 (2) by inserting before paragraph (2) the following  
18 new paragraph:

19 "(1) to maintain the marketability of existing  
20 public housing projects and contribute to their long-  
21 term viability;"

22 (b) REGULATIONS.—(1) Section 14(j)(1) of such Act is  
23 amended by adding at the end thereof the following new sen-  
24 tence: "Notwithstanding any other provision of this section,  
25 the Secretary shall provide assistance under this section in

1 (b) ADJUSTED INCOME.—Section 3(b)(5) of such Act is

2 amended—

3 (1) by striking out "and" at the end of subpara-  
4 graph (C);

5 (2) by striking out the period at the end of sub-  
6 paragraph (D) and inserting in lieu thereof "; and";  
7 and

8 (3) by adding at the end thereof the following new  
9 subparagraph:

10 "(E) 10 percent of the income of the family,  
11 in the case of a family in which any member pays  
12 taxes imposed under chapter 2 or 21 of the Inter-  
13 national Revenue Code of 1954."

14 SECTION 8 CONTRACTS

15 SEC. 103. The first sentence of section 8(b)(1) of the  
16 United States Housing Act of 1937 is amended by inserting  
17 " , which shall be for 15 years," after "annual contributions  
18 contracts".

19 PUBLIC HOUSING

20 SEC. 104. (a) NEW CONSTRUCTION.—Section 6 of the  
21 United States Housing Act of 1937 is amended by striking  
22 out subsection (h).

23 (b) DEMOLITION AND DISPOSITION.—(1) Section  
24 18(a)(1) of such Act is amended by striking out "or" after  
25 "purposes," and inserting in lieu thereof "and".

26 (2) Section 18(b) of such Act is amended—

1 (B) an estimate of the amount of assistance neces-  
 2 sary under such section to improve the physical condi-  
 3 tion of such projects and to upgrade the management  
 4 and operation of such projects;  
 5 (C) a proposal for the creation of a replacement  
 6 reserve account for major and nonroutine repairs of  
 7 public housing projects;  
 8 (D) an evaluation of the feasibility of incorporating  
 9 such replacement reserve account into the performance  
 10 funding system under section 9 of the United States  
 11 Housing Act of 1937; and

12 (E) an estimate of the total annual cost of such  
 13 replacement reserve account.  
 14 HOUSING FOR THE ELDERLY AND HANDICAPPED  
 15 SEC. 106. (a) BUDGET AUTHORITY.—(1) The first sen-  
 16 tence of section 202(a)(4)(B)(i) of the Housing Act of 1959 is  
 17 amended by striking out "October 1, 1984" and inserting in  
 18 lieu thereof the following: "October 1 of 1984 and 1985".  
 19 (2) Section 202(a)(4)(C) of such Act is amended by  
 20 adding at the end thereof the following new sentence: "Not  
 21 more than \$1,125,000,000 may be approved in appropriation  
 22 Acts for such loans for fiscal year 1986.".

23 (b) PROHIBITION OF MANDATORY MEALS.—Section  
 24 202 of such Act is amended by adding at the end thereof the  
 25 following new subsection:

1 accordance with standards established by the Secretary and  
 2 in effect on June 1, 1984."

3 (2) Section 14(j) of such Act is amended by adding at  
 4 the end thereof the following new paragraph:

5 "(3) Not later than the expiration of the 6-month period  
 6 following the date of the enactment of the Housing Act of  
 7 1985, the Secretary shall issue regulations that establish a  
 8 system for allocating and distributing assistance under this  
 9 section."

10 (c) REPORTS.—(1) Section 14 of such Act is amended  
 11 by adding at the end thereof the following new subsection:  
 12 "(k) The Secretary shall include in the annual report  
 13 under section 8 of the Housing and Urban Development Act  
 14 a description of the allocation, distribution, and use of assist-  
 15 ance under this section on a regional basis."

16 (2) Not later than the expiration of the six-month period  
 17 following the date of the enactment of this Act, the Secretary  
 18 of Housing and Urban Development shall prepare and submit  
 19 to the Congress a report evaluating the Comprehensive Im-  
 20 provement Assistance Program under section 14 of the  
 21 United States Housing Act of 1937. Such report shall in-  
 22 clude—

23 (A) an analysis of the current physical condition of  
 24 public housing projects;

1 “(n)(1) No sponsor of housing under this section may  
 2 require as a condition of occupancy in such housing that an  
 3 elderly or handicapped family participate in a mandatory  
 4 meals program, unless such requirement was in effect before  
 5 the date of the enactment of the Housing Act of 1985.  
 6 “(2) The Secretary, in cooperation with sponsors having  
 7 mandatory meals programs in effect before the date of the  
 8 enactment of the Housing Act of 1985, shall take such ac-  
 9 tions as may be necessary to provided for the transition of  
 10 such programs to a system of voluntary participation.”

11 (c) Section 223(a)(2) of the Housing and Urban-Rural  
 12 Recovery Act of 1983 is amended by striking out “October  
 13 1, 1984” and inserting in lieu thereof “October 1, 1986”.

14 CONGREGATE SERVICES

15 SEC. 107. Section 411(a) of the Congregate Housing  
 16 Services Act of 1978 is amended—

17 (1) by striking out “and” at the end of paragraph  
 18 (5);

19 (2) by striking out the period at the end of para-  
 20 graph (6) and inserting in lieu thereof “; and”; and  
 21 (3) by adding at the end thereof the following new  
 22 paragraph:

23 “(7) for fiscal year 1986, not to exceed  
 24 \$10,000,000.”

1 SECTION 235 HOMEOWNERSHIP PROGRAM

2 SEC. 108. (a) CONTRACT AUTHORITY.—The second  
 3 sentence of section 235(h)(1) of the National Housing Act is  
 4 amended—

5 (1) by striking out “and” the last place it appears;  
 6 and

7 (2) by inserting before the period at the end there-  
 8 of the following: “, and by \$30,000,000 on October 1,  
 9 1985”.

10 (b) BUDGET AUTHORITY.—Section 235(h)(1) of such  
 11 Act is amended by inserting after the third sentence the fol-  
 12 lowing new sentence: “The aggregate amount that may be  
 13 obligated over the duration of the contracts entered into with  
 14 the authority provided on October 1, 1985, may not exceed  
 15 \$300,000,000.”

16 (c) ASSISTANCE PAYMENTS AUTHORITY.—Section  
 17 235(h)(1) of such Act is amended by striking out “September  
 18 30, 1985” and inserting in lieu thereof “September 30,  
 19 1986”.

20 (d) INSURANCE AUTHORITY.—Section 235(m) of such  
 21 Act is amended by striking out “September 30, 1985” and  
 22 inserting in lieu thereof “September 30, 1986”.

23 (e) HOUSING STIMULUS AUTHORITY.—Section  
 24 235(q)(1) of such Act is amended by striking out “September

1 30, 1985" in the last sentence and inserting in lieu thereof  
2 "September 30, 1986".

3 RENTAL DEVELOPMENT PROGRAM

4 SEC. 109. (a) Section 17(d)(4) of such Act is amended—

5 (1) by striking out "and" at the end of subpara-  
6 graph (G);

7 (2) by striking out the period at the end of sub-  
8 paragraph (H) and inserting in lieu thereof "; and";

9 and

10 (3) by adding at the end thereof the following new  
11 subparagraph:

12 "(T) the owner of each assisted structure agrees to  
13 comply with the provisions of paragraph (8) until the date on  
14 which the assistance provided under this subsection is repaid  
15 or the 20-year period specified in paragraph (7) has ended."

16 (b) Section 17(d)(8)(A) of such Act is amended in the  
17 second sentence, by striking out "30" and all that follows  
18 through "families" and inserting in lieu thereof the following:  
19 "the amount permitted under section 3(a) for lower income  
20 families".

21 PAYMENTS FOR OPERATION OF LOWER INCOME HOUSING  
22 PROJECTS

23 SEC. 110. (a) PERFORMANCE FUNDING SYSTEM.—  
24 Section 9(a) of the United States Housing Act of 1937 is

25 amended—

1 (1) by striking out the last sentence of paragraph  
2 (1); and

3 (2) by adding at the end thereof the following new  
4 paragraph:

5 "(3)(A) For purposes of making payments under this  
6 section, the Secretary shall utilize a performance funding  
7 system that is based on the system defined in regulations and  
8 in effect on November 30, 1983, and that establishes stand-  
9 ards for costs of operation and reasonable projections of  
10 income, taking into account the character and location of the  
11 project, the characteristics of the families served, and the  
12 extent of economic distress in the community, in accordance  
13 with a formula representing the operations of a prototype  
14 well-managed project. Such performance funding system  
15 shall be established in consultation with public housing agen-  
16 cies and their associations, be contained in a regulation pro-  
17 mulgated by the Secretary prior to the start of any fiscal year  
18 to which it applies, and remain in effect for the duration of  
19 such fiscal year without change.

20 "(B) Under the performance funding system established  
21 under this paragraph—

22 "(i) adjustments shall be made annually to reflect  
23 the difference between estimated and actual inflation  
24 rates;

1           “(ii) public housing agencies shall share equally  
2           with the Secretary any cost changes due to the differ-  
3           ences between projected and actual energy rates or  
4           consumption levels attributable to increased operating  
5           efficiencies or other management actions taken by the  
6           agency which lead to the change of such rates or  
7           levels;

8           “(iii) funds received by any public housing agency  
9           from sources other than tenant contributions to rent or  
10          income earned on such contributions, including any  
11          amounts recovered through litigation, shall not be  
12          counted as income in computing the allowable subsidy  
13          nor shall prior receipt of any such funds affect the al-  
14          lowable expense level;

15          “(iv) payments to public housing agencies may  
16          only be ratably reduced if sufficient funds are not avail-  
17          able, and, if excess funds are available, they shall be  
18          retained by the Secretary for use in the next fiscal  
19          year;

20          “(v) there shall be a formal review process for the  
21          purpose of providing such increases to the allowable  
22          expense level of a public housing agency as neces-  
23          sary—

1           “(I) to correct inequities and abnormalities  
2           that exist in the base year expense level of such  
3           public housing agency;

4           “(II) to reflect changes in operating circum-  
5           stances since the initial determination of such  
6           base year expense level; and

7           “(III) to ensure that the allowable expense  
8           limit accurately reflects the higher cost of operat-  
9           ing the project in an economically distressed unit  
10          of local government;

11          “(vi) public housing agencies shall be reimbursed  
12          for costs incurred that were beyond their control and  
13          the full extent of which were not taken into consider-  
14          ation in the original distribution of funds for the fiscal  
15          year involved;

16          “(vii) vacant dwelling units shall be treated in the  
17          same manner as occupied dwelling units, except that—

18          “(D) any public housing agency that has an  
19          occupancy rate of less than 95 percent shall pre-  
20          pare and follow a plan for increasing such occu-  
21          pancy rate to not less than 95 percent within a  
22          reasonable period of time which period shall not  
23          be more than 5 years as agreed upon by the Sec-  
24          retary and the public housing agency, taking into

1 consideration the severity of the problem and the  
2 availability of funds;

3 "(II) the Secretary shall provide assistance  
4 under section 14, for purposes of assisting such  
5 public housing agency in carrying out such plan;  
6 and

7 "(III) at the end of 5 years or such shorter  
8 period of time as agreed upon by the Secretary  
9 and the public housing agency, assistance under  
10 this section may be reduced on the basis of such  
11 occupancy rate of less than 95 percent if such oc-  
12 cupancy rate is not increased according to the  
13 plan;

14 "(viii) public housing agencies shall be permitted  
15 to maintain reasonable operating reserves similar to  
16 those established by well managed, privately owned  
17 rental property;

18 "(ix) the estimate of the rental income for the  
19 next fiscal year of a public housing agency shall be  
20 based on the average rent for the entire preceding  
21 fiscal year; and

22 "(x) any revenues resulting from rental income,  
23 investment income, or other income in excess of esti-  
24 mated revenues from such items may not be recap-

1 tured, used, or computed to reduce assistance provided  
2 under this section, unless such estimate—

3 "(I) was unreasonable according to regula-  
4 tions in effect when the estimate was made; or  
5 "(II) was fraudulent and deceptive."

6 (b) AUTHORIZATION OF APPROPRIATIONS.—Section  
7 9(c) of such Act is amended—

8 (1) by striking out "not" the first place it appears  
9 and all that follows through ", and by"; and

10 (2) by inserting before the period at the end there-  
11 of the following: ", and \$1,400,000,000 for fiscal year  
12 1986".

13 (c) TIME OF PAYMENT.—Section 9 of such Act is  
14 amended by adding at the end thereof the following new sub-  
15 section:

16 "(e) Assistance to be provided to any public housing  
17 agency under this section for any fiscal year of such agency  
18 shall commence not later than the first month of such fiscal  
19 year and shall be paid in equal monthly installments."

20 INCOME ELIGIBILITY FOR ASSISTED HOUSING

21 SEC. 111. The United States Housing Act of 1937 is  
22 amended by striking out section 16.

23 TASK FORCE ON FAMILY HOUSING NEEDS

24 SEC. 112. (a) ESTABLISHMENT.—There hereby is es-  
25 tablished a task force to be known as the Task Force on

1 Family Needs in Assisted Housing (hereafter referred to in  
 2 this section as the "task force"), which shall examine—  
 3 (1) the problems of families with children living in  
 4 highrise buildings assisted by the Secretary of Housing  
 5 and Urban Development;  
 6 (2) the problems of such families who are on wait-  
 7 ing lists for housing assistance provided by, or housing  
 8 assisted by, the Secretary; and  
 9 (3) the need for construction of additional dwelling  
 10 units for such families.  
 11 (b) MEMBERS.—(1) The task force shall consist of not  
 12 less than fifteen members appointed by the Secretary as fol-  
 13 lows:  
 14 (A) five members appointed from among persons  
 15 who are officials of the Department of Housing and  
 16 Urban Development;  
 17 (B) five members appointed from among persons  
 18 who are public housing agency directors; and  
 19 (C) five members appointed from among persons  
 20 who are representatives of tenants in assisted housing.  
 21 (2) Each member of the task force shall serve without  
 22 pay, allowances, or benefits by reason of such service. Each  
 23 such member shall be reimbursed for actual expenses, includ-  
 24 ing travel expenses, incurred in the course of performing the  
 25 duties vested in the task force.

1 (c) MEETINGS.—The task force shall meet as necessary  
 2 to carry out the purposes of this section, at the call of the  
 3 Secretary.  
 4 (d) STAFF AND OFFICES.—The Secretary shall provide  
 5 the task force with such staff and office facilities as the Sec-  
 6 retary, following consultation with the task force, considers  
 7 necessary to permit the task force to carry out its functions  
 8 under this section.  
 9 (e) REPORT.—Not later than the expiration of the one-  
 10 year period following the date of the enactment of this Act,  
 11 the task force shall submit to the Secretary and the Congress  
 12 a report setting forth its findings as a result of its study under  
 13 subsection (a). Such report shall include any recommenda-  
 14 tions of the task force for actions to resolve the problems  
 15 identified in such study.  
 16 ENERGY CONSERVATION IN ASSISTED HOUSING  
 17 SEC. 113. (a) IN GENERAL.—Any housing project, for  
 18 which development is assisted under the United States Hous-  
 19 ing Act of 1937 or section 202 of the Housing Act of 1959  
 20 and commences after the one-year period following the date  
 21 of the enactment of this Act, shall be developed in accord-  
 22 ance with life-cycle cost effective energy conservation per-  
 23 formance standards established by the Secretary of Housing  
 24 and Urban Development and designed to ensure the lowest  
 25 total construction and operating costs over the estimated life  
 26 of the building or the system whichever is shorter, and taking

1 into account the cost of construction and major energy con-  
 2 suming appliances.

3 (b) PROTOTYPE COST LIMITS.—The Secretary shall  
 4 revise the prototype cost limits applicable to the development  
 5 of housing assisted under the United States Housing Act of  
 6 1937 and section 202 of the Housing Act of 1959 for pur-  
 7 poses of taking into consideration life-cycle costs of the struc-  
 8 ture and major energy consuming appliances.

9 (c) REGULATIONS.—The Secretary of Housing and  
 10 Urban Development shall, not later than the expiration of the  
 11 one-year period following the date of the enactment of this  
 12 Act, issue regulations establishing the standards referred to  
 13 in subsection (a) and revising the prototype cost limits re-  
 14 ferred to in subsection (b).

#### 15 VOUCHER DEMONSTRATION PROGRAM

16 SEC. 114. (a) ADMINISTRATIVE EXPENSES.—Section  
 17 8(o) of the United States Housing Act of 1937 is amended by  
 18 adding at the end thereof the following new paragraph:

19 “(9) The percentage of assistance under this subsection  
 20 that is retained by public housing agencies for administrative  
 21 expenses shall be equal to the percentage of assistance under  
 22 section 8(b)(1) that is retained by such agencies for such ex-  
 23 penses.”

24 (b) STUDY.—Section 8(o) of such Act, as amended in  
 25 subsection (a), is further amended by adding at the end there-  
 26 of the following new paragraph:

1 “(10) For purposes of facilitating congressional consid-  
 2 eration of the appropriateness of additional funding for assist-  
 3 ance under this subsection, the Secretary shall prepare and  
 4 submit to the Congress a report comparing the impact of as-  
 5 sistance under this subsection with assistance under subsec-  
 6 tion (b)(1). Such report shall include comparisons with re-  
 7 spect to—

8 “(A) the percentage of income paid by assisted  
 9 families after receiving assistance for a 3-year period;

10 “(B) the financial characteristics of assisted fami-  
 11 lies;

12 “(C) the extent to which rents paid by assisted  
 13 families exceed 30 percent of adjusted income;

14 “(D) the amount of time needed by assisted fami-  
 15 lies to obtain dwelling units;

16 “(E) the extent to which families requiring dwell-  
 17 ing units with three or more bedrooms are able to  
 18 obtain such dwelling units;

19 “(F) the characteristics of assisted families, includ-  
 20 ing information with respect to family size, age, race,  
 21 and sex;

22 “(G) the extent to which assisted families move to  
 23 other dwelling units; and

1       “(H) the extent of improvement in the physical  
2       condition of dwelling units occupied by eligible families  
3       as a result of assistance.”

4       ANNUAL REPORT ON CHARACTERISTICS OF FAMILIES IN  
5       ASSISTED HOUSING

6       SEC. 115. (a) IN GENERAL.—The Secretary of Housing  
7       and Urban Development shall include in the annual report  
8       under section 8 of the Housing and Urban Development Act  
9       descriptions of the characteristics of families assisted under  
10      each of the following programs of assistance: public housing,  
11      section 8 of the United States Housing Act of 1937 (other  
12      than subsection (c) of such section), section 8(o) of such Act,  
13      and section 202 of the Housing Act of 1959.

14      (b) SPECIFIC REQUIREMENTS.—The descriptions re-  
15      quired in subsection (a) shall include information with respect  
16      to—

17      (1) family size, including the number of children;  
18      (2) amount and sources of family income; and  
19      (3) age, race, and sex, and military status of  
20      family members.

21      PUBLIC HOUSING MANAGEMENT AND FUNDING REPORT

22      SEC. 116. Not later than the expiration of the two-year  
23      period following the date on which the public housing profes-  
24      sion institutes voluntary professional performance standards  
25      for certifying public housing agencies as efficient and well-  
26      managed, the Secretary of Housing and Urban Development

1       shall prepare and submit to the Congress a report evaluating  
2       the feasibility of establishing a system under which public  
3       housing agencies are permitted to certify compliance with  
4       such standards and with other requirements established by  
5       the Secretary for purposes of substantially simplifying the  
6       procedure for receiving assistance under section 9 or 14 of  
7       the United States Housing Act of 1937.

8       TITLE II—RURAL HOUSING

9       PROGRAM AUTHORIZATIONS

10      SEC. 201. (a) INSURANCE AND GUARANTEE AUTHOR-  
11      ITY.—Section 513(a) of the Housing Act of 1949 is  
12      amended—

13      (1) by redesignating paragraph (2) as paragraph  
14      (3); and

15      (2) by inserting after paragraph (1) the following  
16      new paragraph:

17      “(2) The Secretary may insure and guarantee loans  
18      under this title during fiscal year 1986 in an aggregate  
19      amount not to exceed \$4,050,000,000 as follows:

20      “(A) for insured or guaranteed loans under section  
21      502 on behalf of borrowers receiving assistance under  
22      paragraph (1) or (2) of section 521(a), \$2,500,000,000;

23      “(B) for insured loans under section 514,  
24      \$50,000,000; and

1 “(J) such sums as may be necessary for the Sec-  
 2 retary to administer the provisions of sections 235 and  
 3 236 of the National Housing Act and section 8 of the  
 4 United States Housing Act of 1937; and

5 “(K) such sums as may be necessary to meet pay-  
 6 ments on notes or other obligations issued by the Sec-  
 7 retary under section 511 equal to—

8 “(i) the aggregate of the contributions made  
 9 by the Secretary in the form of credits on princi-  
 10 pal due on loans made pursuant to section 503;  
 11 and

12 “(ii) the interest due on a similar sum repre-  
 13 sented by notes or other obligations issued by the  
 14 Secretary.”.

15 (c) ELDERLY HOUSING LOAN INSURANCE.—Section  
 16 515(b)(4) of such Act is amended by striking out “September  
 17 30, 1985” and inserting in lieu thereof “September 30,  
 18 1986”.

19 (d)(1) MUTUAL AND SELF-HELP HOUSING.—Section  
 20 523(f) of such Act is amended by striking out “September 30,  
 21 1985” and inserting in lieu thereof “September 30, 1986”.

22 (2) Section 523(g) of such Act is amended by striking  
 23 out “fiscal year 1985” and inserting in lieu thereof the fol-  
 24 lowing: “fiscal years 1985 and 1986, respectively”.

1 “(C) for insured loans under section 515,  
 2 \$1,500,000,000.”.

3 (b) AUTHORIZATION OF APPROPRIATIONS.—Section  
 4 513(b) of such Act is amended—

5 (1) by inserting “(1)” after the subsection designa-  
 6 tion;

7 (2) by redesignating paragraphs (1) through (8) as  
 8 subparagraphs (A) through (H), respectively; and

9 (3) by adding at the end thereof the following new  
 10 paragraph:

11 “(2) There are authorized to be appropriated for fiscal  
 12 year 1986, and to remain available until expended—

13 “(A) for grants under section 504, \$25,000,000;

14 “(B) for loans under section 504, \$25,000,000;

15 “(C) for purposes of section 509(c), \$2,000,000;

16 “(D) for financial assistance under section 516,  
 17 \$50,000,000;

18 “(E) for rental assistance payments under section  
 19 521(a)(2)(A), \$400,000,000;

20 “(F) for grants under section 523(f), \$15,000,000;

21 “(G) for site loans under section 523(g),  
 22 \$2,700,000;

23 “(H) for site loans under section 524, \$1,000,000;

24 “(I) for grants under section 533, \$100,000,000;

1 RURAL HOUSING PRESERVATION GRANT PROGRAM

2 SEC. 202. Section 533(h) of the Housing Act of 1949 is  
3 amended—

- 4 (1) by inserting "(1)" after the subsection designa-
- 5 tion; and
- 6 (2) by adding at the end thereof the following new
- 7 paragraph:

8 "(2)(A) The Secretary shall, not later than the expira-

9 tion of the 90-day period following the date of the enactment

10 of the Housing Act of 1985, issue regulations to carry out

11 the program of grants under subsection (a)(2).

12 "(B) If such regulations are not issued before the expira-

13 tion of such 90-day period, the Secretary shall appear before

14 the Committee on Banking, Finance and Urban Affairs of the

15 House of Representatives and the Committee on Banking,

16 Housing, and Urban Affairs of the Senate in order to explain

17 the Secretary's lack of compliance with subparagraph (A)."

18 TITLE III—PROGRAM AMENDMENTS AND

19 EXTENSIONS

20 PART A—FEDERAL HOUSING ADMINISTRATION

21 MORTGAGE INSURANCE PROGRAMS

22 EXTENSION OF FEDERAL HOUSING ADMINISTRATION

23 MORTGAGE INSURANCE PROGRAMS

24 SEC. 301. (a) TITLE I INSURANCE.—Section 2(a) of the

25 National Housing Act is amended by striking out "October 1,

1 1985" in the first sentence and inserting in lieu thereof "Oc-

2 tober 1, 1986".

3 (b) GENERAL INSURANCE.—Section 217 of such Act is

4 amended by striking out "September 30, 1985" and inserting

5 in lieu thereof "September 30, 1986".

6 (c) LOW AND MODERATED INCOME HOUSING INSUR-

7 ANCE.—Section 221(f) of such Act is amended by striking

8 out "September 30, 1985" in the fifth sentence and inserting

9 in lieu thereof "September 30, 1986".

10 (d) CO-INSURANCE.—(1) Section 244(d) of such Act is

11 amended by striking out "September 30, 1985" in the first

12 sentence and inserting in lieu thereof "September 30, 1986".

13 (2) Section 244(h) of the National Housing Act is

14 amended by striking out "October 1, 1985" and inserting in

15 lieu thereof "October 1, 1986".

16 (e) GRADUATED PAYMENT AND INDEXED MORTGAGE

17 INSURANCE.—Section 245(a) of such Act is amended by

18 striking out "September 30, 1985" in the last sentence and

19 inserting in lieu thereof "September 30, 1986".

20 (f) ARMED SERVICES HOUSING INSURANCE.—(1) Sec-

21 tion 809(f) of such Act is amended by striking out "Septem-

22 ber 30, 1985" in the last sentence and inserting in lieu there-

23 of "September 30, 1986".

1 to exceed such percent per annum on the amount of the prin-  
 2 cipal obligation outstanding at any time as the Secretary de-  
 3 termines is necessary to meet the mortgage market, taking  
 4 into consideration the yields on mortgages in the primary and  
 5 secondary markets.

6 "(2) The provisions of this subsection shall be applicable  
 7 to interest rates under sections 203(b)(5), 203(k)(3)(B),  
 8 207(c)(3), 213(d), 220(d)(4), 220(h)(2)(iii), 221(d)(5),  
 9 231(c)(6), 232(d)(3)(B), 234(f), 235, 236, 240(c)(4), 241(b)(3),  
 10 242(d)(3)(B), 1002(d)(2), and 1101(c)(4).

11 "(b) The Secretary shall establish the maximum interest  
 12 rate for obligations with respect to which insurance is grant-  
 13 ed under section 2(b) as the Secretary determines is neces-  
 14 sary to meet the loan market, taking into consideration the  
 15 yields on home improvement and manufactured home loans.

16 "(c) In determining the interest rate to be applicable  
 17 under section 203(b)(5), the Secretary shall consult with the  
 18 Administrator of Veterans' Affairs regarding the rate that the  
 19 Administrator considers necessary to meet the mortgage  
 20 market for guaranteed or insured home loans to veterans  
 21 under chapter 37 of title 38, United States Code.

22 "(d) In establishing maximum interest rates under this  
 23 section, the Secretary shall seek to minimize uncertainty and  
 24 speculation in connection with mortgage and loan transac-  
 25 tions insured under this Act. When effective rates on home

1 (2) Section 810(k) of such Act is amended by striking  
 2 out "September 30, 1985" in the last sentence and inserting  
 3 in lieu thereof "September 30, 1986".

4 (g) LAND DEVELOPMENT INSURANCE.—Section  
 5 1002(a) of such Act is amended by striking out "September  
 6 30, 1985" in the last sentence and inserting in lieu thereof  
 7 "September 30, 1986".

8 (h) GROUP PRACTICE FACILITIES INSURANCE.—Sec-  
 9 tion 1101(a) of such Act is amended by striking out "Septem-  
 10 ber 30, 1985" in the last sentence and inserting in lieu there-  
 11 of "September 30, 1986".

12 AMOUNT TO BE INSURED UNDER THE NATIONAL HOUSING  
 13 ACT

14 SEC. 302. Section 531 of the National Housing Act is  
 15 amended by striking out "and 1985" and inserting in lieu  
 16 thereof the following: ", 1985, and 1986".

17 MAXIMUM INTEREST RATES FOR INSURED MORTGAGES  
 18 AND OBLIGATIONS

19 SEC. 303. (a) GENERAL AUTHORITY.—Title V of the  
 20 National Housing Act is amended by adding at the end there-  
 21 of the following new section:

22 "MAXIMUM INTEREST RATES FOR INSURED MORTGAGES  
 23 AND OBLIGATIONS

24 "SEC. 533. (a)(1) The Secretary shall establish maxi-  
 25 mum interest rates applicable to mortgage insurance pro-  
 26 grams under the provisions referred to in paragraph (2) at not

1 mortgages and other such loans are rising, the Secretary  
 2 shall revise such maximum interest rates with sufficient fre-  
 3 quency to minimize the discount points payable in connection  
 4 with mortgages and loans insured under this Act so that in  
 5 no event shall a mortgagor be charged more than one dis-  
 6 count point."

7 (b) CONFORMING AMENDMENTS.—(1) Section 2(b)(5) of  
 8 the National Housing Act is amended by inserting before the  
 9 period at the end thereof the following: ", not to exceed the  
 10 applicable maximum interest rate established by the Secre-  
 11 tary under section 533".

12 (2) Section 203(b)(5) of the National Housing Act is  
 13 amended by inserting before the period at the end thereof the  
 14 following: ", not to exceed the applicable maximum interest  
 15 rate established by the Secretary under section 533".

16 (3) Section 203(k)(3)(B) of the National Housing Act is  
 17 amended by inserting before the semicolon at the end thereof  
 18 the following: ", not to exceed the applicable maximum inter-  
 19 est rate established by the Secretary under section 533".

20 (4) The first sentence of the first undesignated para-  
 21 graph of section 207(c)(3) of the National Housing Act is  
 22 amended by inserting before the period at the end thereof the  
 23 following: ", not to exceed the applicable maximum interest  
 24 rate established by the Secretary under section 533".

1 (5) The first sentence of section 213(d) of the National  
 2 Housing Act is amended by inserting before the period at the  
 3 end thereof the following: ", not to exceed the applicable  
 4 maximum interest rate established by the Secretary under  
 5 section 533".

6 (6) The second sentence of section 220(d)(4) of the Na-  
 7 tional Housing Act is amended by inserting after "mortga-  
 8 gee" the following: ", not to exceed the applicable maximum  
 9 interest rate established by the Secretary under section  
 10 533".

11 (7) Section 220(h)(2)(iii) of the National Housing Act is  
 12 amended by inserting before the semicolon at the end thereof  
 13 the following: ", not to exceed the applicable maximum inter-  
 14 est rate established by the Secretary under section 533".

15 (8) Section 221(d)(5) of the National Housing Act is  
 16 amended by inserting before the first semicolon the following:  
 17 ", not to exceed the applicable maximum interest rate estab-  
 18 lished by the Secretary under section 533".

19 (9) Section 231(c)(6) of the National Housing Act is  
 20 amended by inserting before the semicolon at the end thereof  
 21 the following: ", not to exceed the applicable maximum inter-  
 22 est rate established by the Secretary under section 533".

23 (10) Section 232(d)(3)(B) of the National Housing Act is  
 24 amended by inserting before the period at the end thereof the

- 1 following: “, not to exceed the applicable maximum interest  
 2 rate established by the Secretary under section 533”.
- 3 (11) The first sentence of section 234(f) of the National  
 4 Housing Act is amended by inserting before the period at the  
 5 end thereof the following: “, not to exceed the applicable  
 6 maximum interest rate established by the Secretary under  
 7 section 533”.
- 8 (12) Section 240(c)(4) of the National Housing Act is  
 9 amended by inserting before the semicolon at the end thereof  
 10 the following: “, not to exceed the applicable maximum inter-  
 11 est rate established by the Secretary under section 533”.
- 12 (13) Section 241(b)(3) of the National Housing Act is  
 13 amended by inserting before the semicolon at the end thereof  
 14 the following: “, not to exceed the applicable maximum inter-  
 15 est rate established by the Secretary under section 533”.
- 16 (14) Section 242(d)(3)(B) of the National Housing Act is  
 17 amended by inserting before the period at the end thereof the  
 18 following: “, not to exceed the applicable maximum interest  
 19 rate established by the Secretary under section 533”.
- 20 (15) Section 1002(d)(2) of the National Housing Act is  
 21 amended by inserting after “mortgagee” the following: “, not  
 22 to exceed the applicable maximum interest rate established  
 23 by the Secretary under section 533”.
- 24 (16) Section 1101(c)(4) of the National Housing Act is  
 25 amended by inserting before the period at the end thereof the

- 1 following: “, not to exceed the applicable maximum interest  
 2 rate established by the Secretary under section 533”.
- 3 (c) CONGRESSIONAL REVIEW.—Section 7(o)(6)(C) of  
 4 the Department of Housing and Urban Development Act is  
 5 amended by striking out “235 or 236” and inserting in lieu  
 6 thereof “235, 236, or 533”.
- 7 STUDY OF VOLUNTARY STANDARDS FOR MODULAR HOMES
- 8 SEC. 304. In order to facilitate the construction of less  
 9 costly housing, the Secretary of Housing and Urban Devel-  
 10 opment shall prepare and submit to the Congress not later  
 11 than six months after the date of the enactment of this Act a  
 12 report describing a feasible system for implementing a volun-  
 13 tary preemptive national code for modular housing, including  
 14 the method for inspecting the structures to ensure compliance  
 15 with the recommended code. Such code shall provide for the  
 16 development of modular housing standards for construction,  
 17 design, and performance that ensure quality, durability, and  
 18 safety and are in accordance with life-cycle cost-effective  
 19 energy conservation standards established by the Secretary of  
 20 Housing and Urban Development and designed to ensure the  
 21 lowest total construction and operating costs over the esti-  
 22 mated life of such housing.
- 23 PART B—FLOOD AND CRIME INSURANCE PROGRAMS
- 24 FLOOD INSURANCE
- 25 SEC. 311. (a) GENERAL AUTHORITY.—Section 1319 of  
 26 the National Flood Insurance Act of 1968 is amended by

1 striking out "September 30, 1985" in the last sentence and  
2 inserting in lieu thereof "September 30, 1986".

3 (b) EMERGENCY IMPLEMENTATION.—Section 1336(a)  
4 of such Act is amended by striking out "September 30,  
5 1985" in the last sentence and inserting in lieu thereof "Sep-  
6 tember 30, 1986".

7 CRIME INSURANCE

8 SEC. 312. (a) GENERAL AUTHORITY.—The matter  
9 preceding the hyphen in section 1201(b)(1) of the National  
10 Housing Act is amended—

11 (1) by striking out "parts A, C, and D" and in-  
12 serting in lieu thereof "part A"; and

13 (2) by inserting after "1985," the following: "and  
14 parts C and D shall terminate on September 30,  
15 1986.".

16 (b) CONTINUATION OF EXISTING CONTRACTS.—Sec-  
17 tion 1201(b)(1)(A) of such Act is amended by striking out  
18 "September 30, 1986" and inserting in lieu thereof "Sep-  
19 tember 30, 1987".

20 PART C—SECONDARY MORTGAGE MARKET PROGRAMS

21 GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

22 MORTGAGE-BACKED SECURITIES PROGRAM

23 SEC. 321. Section 306(g)(2) of the Federal National  
24 Mortgage Association Charter Act is amended by striking out  
25 "and 1985" and inserting in lieu thereof the following: "

1 PROHIBITION OF FEES ON FNMA, GNMA, AND FHLMC

2 SEC. 322. (a) FNMA.—Section 304 of the Federal Na-  
3 tional Mortgage Association Charter Act is amended by  
4 adding at the end thereof the following new subsection:

5 "(f) In no event shall any fee or charge be assessed or  
6 collected by the Secretary of the Treasury or any other  
7 agency on or with regard to (1) the issuance, sale, purchase,  
8 or redemption of any securities, obligations, stock, or trust  
9 certificates of beneficial interest by the corporation; or (2) the  
10 acquisition, sale, or pledge of any assets by the corporation.  
11 Nothing in this subsection shall affect the purchase of any  
12 obligations by the Secretary of the Treasury pursuant to sub-  
13 section (c)."

14 (b) GNMA.—Section 306(g) of such Act is amended by  
15 adding at the end thereof the following new paragraph:

16 "(3) In no event shall any fee or charge in excess of 6  
17 basis points be assessed or collected by the Secretary of the  
18 Treasury or any other agency on or with regard to (1) the  
19 issuance, sale, purchase, or redemption of any securities, obli-  
20 gations, stock, or trust certificates of beneficial interest by  
21 the Association; or (2) the acquisition, sale, or pledge of any  
22 assets by the Association."

23 (c) FHLMC.—Section 306 of the Federal Home Loan  
24 Mortgage Corporation Act is amended by adding at the end  
25 thereof the following new subsection:

1       “(f) In no event shall any fee or charge be assessed or  
2 collected by the Secretary of the Treasury or any other  
3 agency on or with regard to (1) the issuance, sale, purchase,  
4 or redemption of any securities, obligations, stock, or trust  
5 certificates of beneficial interest by the Corporation; or (2)  
6 the acquisition, sale, or pledge of any assets by the Corpora-  
7 tion.”.

8       PART D—REGULATORY AND OTHER PROGRAMS

9               URBAN HOMESTEADING

10       SEC. 331. The first sentence of section 810(k) of the  
11 Housing and Community Development Act of 1974 is  
12 amended—

13       (1) by striking out “and” the last place it appears;  
14       and  
15       (2) by inserting before the period at the end there-  
16 of the following: “, and \$15,000,000 for fiscal year  
17 1986”.

18               REHABILITATION LOANS

19       SEC. 332. Section 312(h) of the Housing Act of 1964 is  
20 amended—

21       (1) by striking out “September 30, 1984” and in-  
22 serting in lieu thereof “September 30, 1986”; and  
23       (2) by striking out “October 1, 1984” and insert-  
24 ing in lieu thereof “October 1, 1986”.

1       NEIGHBORHOOD REINVESTMENT CORPORATION

2       SEC. 333. Section 608(a) of the Neighborhood Reinvest-  
3 ment Corporation Act is amended—

4       (1) by striking out “and” the last place it appears;  
5       and  
6       (2) by inserting before the period at the end there-  
7 of the following: “, and \$15,512,000 for fiscal year  
8 1986”.

9               SOLAR ENERGY AND ENERGY CONSERVATION BANK

10       SEC. 334. Section 522(a) of the Solar Energy and  
11 Energy Conservation Bank Act is amended by inserting  
12 before the period at the end thereof the following: “and  
13 \$50,000,000 for fiscal year 1986”.

14               COUNSELING

15       SEC. 335. Section 106(a)(3) of the Housing and Urban  
16 Development Act of 1968 is amended by inserting before the  
17 period in the first sentence the following: “, and for fiscal  
18 year 1986 there is authorized to be appropriated not to  
19 exceed \$6,000,000 for such purposes”.

20               HOME MORTGAGE DISCLOSURE

21       SEC. 336. The Home Mortgage Disclosure Act of 1975  
22 is amended by striking out section 312.

23               WEATHERIZATION PROGRAM

24       SEC. 337. The second sentence of section 422 of the  
25 Energy Conservation in Existing Buildings Act of 1976 is

1 amended by inserting after "1985" the following: "; and  
2 \$300,000,000 for fiscal year 1986,".

3 RESEARCH AUTHORIZATION

4 SEC. 338. The second sentence of section 501 of the  
5 Housing and Urban Development Act of 1970 is amended—

6 (1) by striking out "and" the last place it appears;

7 and

8 (2) by inserting before the period at the end there-  
9 of the following: ", and \$20,000,000 for fiscal year  
10 1986".

11 MEDIAN AREA INCOME

12 SEC. 339. For purposes of calculating the median area  
13 income for any nonentitlement area under title I of the Hous-  
14 ing and Community Development Act of 1974, any nonme-  
15 tropolitan area under section 8 of the United States Housing  
16 Act of 1937, or any rural area under title V of the Housing  
17 Act of 1949, the Secretary of Housing and Urban Develop-  
18 ment and the Secretary of Agriculture shall utilize whichever  
19 of the following is higher:

- 20 (1) the median income of the county in which the  
21 area is located; or  
22 (2) the median income of all nonentitlement, non-  
23 metropolitan, and rural areas in the State in which the  
24 area involved is located.

1 NEIGHBORHOOD DEVELOPMENT DEMONSTRATION

2 PROGRAM

3 SEC. 340. Section 123(g) is amended by inserting before  
4 the period at the end thereof the following: "; and not to  
5 exceed \$10,000,000 for fiscal year 1986".

6 TITLE IV—SHELTER ASSISTANCE FOR THE  
7 HOMELESS AND DISPLACED

8 PART A—EMERGENCY SHELTER PROGRAM

9 EMERGENCY SHELTER PROGRAM

10 SEC. 401. (a) AUTHORIZATION OF APPROPRIA-  
11 TIONS.—There are authorized to be appropriated to carry  
12 out the emergency food distribution and shelter program es-  
13 tablished in the Second Supplemental Appropriations Act,  
14 1984 (98 Stat. 1382) \$200,000,000 for fiscal year 1986.  
15 Any amount appropriated under this section shall remain  
16 available until expended.

17 (b) UTILIZATION OF AMOUNTS.—In addition to the  
18 other uses authorized under the program referred to in sub-  
19 section (a), amounts appropriated under this section may be  
20 used to rehabilitate existing structures in order to provide  
21 basic shelter, to maintain structures providing such shelter,  
22 to pay for utilities and the furnishing of such shelter, and to  
23 provide for any health and safety measures that are required  
24 to protect the individuals using such shelter.

1 PART B—SECOND STAGE HOUSING FOR THE HOMELESS  
2 AND DISPLACED

3 ESTABLISHMENT OF DEMONSTRATION PROGRAM

4 SEC. 411. (a) IN GENERAL.—The Secretary shall carry  
5 out a demonstration program in accordance with the provi-  
6 sions of this part to determine the effectiveness of assisting  
7 nonprofit organizations in providing housing and supportive  
8 services for homeless persons.

9 (b) PURPOSES.—Such demonstration program shall be  
10 designed to determine—

11 (1) the cost of acquisition, rehabilitation, or acqui-  
12 sition and rehabilitation of existing structures for the  
13 provision of housing for homeless persons;

14 (2) the cost of operating such housing and provid-  
15 ing supportive services to the residents of such hous-  
16 ing;

17 (3) the social, financial, and other advantages of  
18 such housing and supportive services as an alternative  
19 to continued institutionalization of handicapped per-  
20 sons; and

21 (4) the social, financial, and other advantages of  
22 such housing and supportive services as a means of as-  
23 sisting homeless persons.

24 ASSISTANCE TO NONPROFIT ORGANIZATIONS

25 SEC. 412. (a) IN GENERAL.—The Secretary may pro-  
vide the following assistance to any eligible nonprofit organi-

1 zation under the demonstration program established in this  
2 part:

3 (1) a non-interest-bearing advance equal to the  
4 aggregate cost of acquisition, rehabilitation, or acquisi-  
5 tion and rehabilitation of an existing structure for use  
6 in the provision of housing and supportive services for  
7 homeless persons;

8 (2) annual payments for operating expenses of  
9 such housing, not to exceed 80 per centum of the  
10 annual operating expenses of such housing; and

11 (3) technical assistance in establishing and operat-  
12 ing such housing and providing supportive services to  
13 the residents of such housing.

14 (b) NONREPAYMENT OF ADVANCES.—Any advance  
15 provided under subsection (a)(1) shall not be required to be  
16 repaid if the nonprofit organization involved utilizes the  
17 structure for which such advance is made as housing for  
18 homeless persons in accordance with the provisions of this  
19 part for not less than the ten-year period following initial  
20 occupancy of such housing.

21 (c) ASSISTANCE CONTRACTS.—The Secretary shall, to  
22 the extent approved in appropriation Acts, enter into a con-  
23 tract with each nonprofit organization receiving annual pay-  
24 ments under subsection (a)(2) to provide for the making of  
25 such payments for not more than a ten-year period.

1 (2) to employ a full-time residential supervisor  
 2 with sufficient expertise to provide, or supervise the  
 3 provision of, supportive services to the residents of  
 4 such structure;  
 5 (3) to utilize such structure as housing for home-  
 6 less persons in accordance with the provisions of this  
 7 part for not less than the five-year period following ini-  
 8 tial occupancy of such housing; and  
 9 (4) to comply with such other terms and condi-  
 10 tions as the Secretary may establish for purposes of  
 11 carrying out the demonstration program established in  
 12 this part in an effective and efficient manner.  
 13 (d) OCCUPANT RENT.—Each homeless person residing  
 14 in housing assisted under this part shall pay as rent an  
 15 amount determined in accordance with the provisions of sec-  
 16 tion 3(a) of the United States Housing Act of 1937.

REGULATIONS

18 SEC. 414. (a) IN GENERAL.—Not later than the expira-  
 19 tion of the one hundred and eighty-day period following the  
 20 date of the enactment of this Act, the Secretary shall issue  
 21 such regulations as may be necessary to carry out the provi-  
 22 sions of this part.

23 (b) ADVANCE CONSULTATION.—Before issuing regula-  
 24 tions under this section, the Secretary shall consult with per-  
 25 sons and entities having expertise with respect to the prob-

PROGRAM REQUIREMENTS

1  
 2 SEC. 413. (a) APPLICATIONS.—Applications for assist-  
 3 ance under this part shall be made in such form and in ac-  
 4 cordance with such procedures as the Secretary shall estab-  
 5 lish.

6 (b) SELECTION CRITERIA.—In selecting nonprofit or-  
 7 ganizations for assistance under this part, the Secretary shall  
 8 consider—

- 9 (1) the ability of such nonprofit organization to de-  
 10 velop and operate housing for homeless persons and to  
 11 provide or coordinate supportive services for the resi-  
 12 dents of such housing;
- 13 (2) the need for such housing and supportive serv-  
 14 ices in the area to be served; and
- 15 (3) such other factors as the Secretary determines  
 16 to be appropriate for purposes of carrying out the dem-  
 17 onstration program established in this part in an effec-  
 18 tive and efficient manner.

19 (c) REQUIRED AGREEMENTS.—Each nonprofit organi-  
 20 zation receiving assistance under this part shall agree, with  
 21 respect to each structure for which such assistance is provid-

- 22 ed—
- 23 (1) to conduct an assessment of the supportive  
 24 services required by the residents of such structure;

1 lems and needs of homeless persons or experience in provid-  
2 ing housing or supportive services for such persons.

3 REPORTS TO CONGRESS

4 SEC. 415. The Secretary shall submit to the Con-  
5 gress—

6 (1) not later than three months after the end of  
7 fiscal year 1986, an interim report summarizing the ac-  
8 tivities carried out under this part during such fiscal  
9 year and setting forth any preliminary findings or con-  
10 clusions of the Secretary as a result of such activities;  
11 and

12 (2) not later than six months after the end of  
13 fiscal year 1987, a final report summarizing all activi-  
14 ties carried out under this part and setting forth any  
15 findings, conclusions, or recommendations of the Secre-  
16 tary as a result of such activities.

17 DEFINITIONS

18 SEC. 416. For purposes of this part:

19 (1) The term "elderly person" means an individ-  
20 ual who is not less than sixty-two years of age.

21 (2) The term "handicapped person" means an in-  
22 dividual having a physical, psychological, or other im-  
23 pairment that substantially impedes the ability of such  
24 individual to live independently without supportive  
25 services.

1 (3) The term "homeless person" means an indi-  
2 vidual who—

3 (A) is a lower income person, elderly person,  
4 or handicapped person;

5 (B) lacks permanent housing; and

6 (C) cannot live independently without sup-  
7 portive services.

8 (4) The term "housing for homeless persons"  
9 means a single- or multifamily structure suitable for  
10 the provision of housing and supportive services for not  
11 more than twelve homeless persons.

12 (5) The term "lower income person" means an in-  
13 dividual whose income does not exceed 80 per centum  
14 of the median income of the area involved.

15 (6) The term "nonprofit organization" means any  
16 governmental or private nonprofit entity that is ap-  
17 proved by the Secretary as to financial responsibility.

18 (7) The term "operating costs" means expenses  
19 incurred by a nonprofit organization operating housing  
20 for homeless persons under this part with respect to—

21 (A) the administration, maintenance, repair,  
22 and security of such housing;

23 (B) utilities, fuel, furnishings, and equipment  
24 for such housing;

TITLE V--NEHEMIAH HOUSING OPPORTUNITY

GRANTS

STATEMENT OF PURPOSE

SEC. 501. It is the purpose of this title--

- (1) to encourage homeownership by families in the United States who are not otherwise able to afford homeownership;
- (2) to undertake a concentrated effort to rebuild the depressed areas of the cities of the United States and to create sound and attractive neighborhoods; and
- (3) to increase the employment of neighborhood residents and to encourage the learning of homebuilding skills.

DEFINITIONS

SEC. 502. For purposes of this title:

- (1) The term "Fund" means the Nehemiah Housing Opportunity Fund established in section 508(a).
- (2) The term "home" means any one- to four-family dwelling. Such term includes any dwelling unit in a condominium project or cooperative project consisting of not more than four dwelling units, any townhouse, and any manufactured home.
- (3) The term "lower income families" has the meaning given such term in section 3(b)(2) of the United States Housing Act of 1937.

(C) the conducting of the assessment required

in section 413(c)(1); and

(D) the provision of supportive services to the residents of such housing.

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

(9) The term "supportive services" means assistance in obtaining permanent housing, medical and psychological counseling and supervision, employment counseling, nutritional counseling, and such other services essential for maintaining independent living as the Secretary determines to be appropriate. Such term includes the provision of assistance to residents of housing for homeless persons in obtaining other Federal, State, and local assistance available for such persons, including mental health benefits, employment counseling, and medical assistance.

LIMITATION ON BUDGET AUTHORITY

SEC. 417. The aggregate amount of non-interest bearing advances and annual payments for operating expenses made by the Secretary under this part in fiscal year 1986 may not exceed \$100,000,000. Such amount shall remain available until expended.

- 1 (4) The term "nonprofit organization" means a  
 2 private nonprofit corporation, or other private nonprofit  
 3 legal entity, that is approved by the Secretary as to fi-  
 4 nancial responsibility.
- 5 (5) The term "Secretary" means the Secretary of  
 6 Housing and Urban Development.
- 7 (6) The term "State" means each of the several  
 8 States, the District of Columbia, the Commonwealth of  
 9 Puerto Rico, the Virgin Islands, Guam, American  
 10 Samoa, the Northern Mariana Islands, the Trust Terri-  
 11 tory of the Pacific Islands, and any other territory or  
 12 possession of the United States.
- 13 (7) The term "substantial rehabilitation" means—  
 14 (A) rehabilitation involving costs in excess of  
 15 60 per centum of the maximum sale price of a  
 16 home assisted under this title in the market area  
 17 in which it is located; or  
 18 (B) the rehabilitation of a vacant, uninhabita-  
 19 ble structure.
- 20 (8) The term "unit of general local government"  
 21 means any borough, city, county, parish, town, town-  
 22 ship, village, or other general purpose political subdivi-  
 23 sion of a State.
- 24 ASSISTANCE TO NONPROFIT ORGANIZATIONS
- 25 SEC. 503. (a) IN GENERAL.—The Secretary may pro-  
 26 vide assistance to nonprofit organizations to carry out a Ne-

- 1 hemiah housing opportunity program in accordance with the  
 2 provisions of this title. Such assistance shall be made in the  
 3 form of grants.
- 4 (b) APPLICATIONS.—Applications for assistance under  
 5 this title shall be made in such form, and in accordance with  
 6 such procedures, as the Secretary may prescribe.
- 7 USE OF ASSISTANCE
- 8 SEC. 504. (a) IN GENERAL.—Any nonprofit organiza-  
 9 tion receiving assistance under this title shall use such assist-  
 10 ance to provide loans to families purchasing homes construct-  
 11 ed or substantially rehabilitated in accordance with a Nehe-  
 12 miah housing opportunity program approved under this title.
- 13 (b) SPECIFIC REQUIREMENTS.—Each loan made to a  
 14 family under this section shall—
- 15 (1) be secured by a second mortgage held by the  
 16 Secretary on the property involved;
- 17 (2) be in an amount not exceeding \$15,000;
- 18 (3) bear no interest; and
- 19 (4) be repayable to the Secretary upon the sale or  
 20 any other transfer of such property to a family that is  
 21 not eligible for assistance under this title, if such pro-  
 22 ceeds exceed the amount due on the first mortgage on  
 23 such property.
- 24 PROGRAM REQUIREMENTS
- 25 SEC. 505. (a) IN GENERAL.—Assistance provided  
 26 under this title may be used only in connection with a Nehe-

1 miah housing opportunity program of construction or sub-  
 2 stantial rehabilitation of homes.

3 (b) FAMILY NEED.—Each family purchasing a home  
 4 under this title shall—

5 (1) have a family income on the date of such pur-  
 6 chase that is not more than the area median income for  
 7 a family of four persons, or the national median income  
 8 for a family of four persons, whichever amount is  
 9 higher; and

10 (2) not have owned a home during the three-year  
 11 period preceding such purchase.

12 (c) DOWNPAYMENT.—(1) Each family purchasing a  
 13 home under this title shall make a downpayment of not less  
 14 than 10 per centum of the sale price of such home, or of such  
 15 greater amount determined by the nonprofit organization in-  
 16 volved to be appropriate.

17 (2) Any downpayment made under this subsection shall  
 18 accrue interest from the date on which such downpayment is  
 19 made through the date of settlement, at a rate not less than  
 20 the passbook rate. Such interest shall be paid by the nonprof-  
 21 it organization involved to the family purchasing the home  
 22 for which such downpayment was made.

23 (d) LEASING PROHIBITION.—No family purchasing a  
 24 home under this title may lease such home, unless the Secre-  
 25 tary approves such leasing following a determination that

1 there exist extraordinary circumstances that require such  
 2 leasing in order to avoid imposing an undue hardship on such  
 3 family.

4 TERMS AND CONDITIONS OF ASSISTANCE

5 SEC. 506. (a) LOCAL CONSULTATION.—No proposed  
 6 Nehemiah housing opportunity program may be approved by  
 7 the Secretary under this title unless the nonprofit organiza-  
 8 tion involved demonstrates to the satisfaction of the Secre-  
 9 tary that—

10 (1) it has consulted with and received the support  
 11 of residents of the neighborhood in which such program  
 12 is to be located; and

13 (2) it has the approval of each unit of general  
 14 local government in which such program is to be  
 15 located.

16 (b) PROGRAM SCHEDULE.—Each nonprofit organiza-  
 17 tion applying for assistance under this title shall submit to the  
 18 Secretary a schedule for completion of its proposed Nehemiah  
 19 housing opportunity program.

20 (c) MINIMUM PARTICIPATION.—No nonprofit organiza-  
 21 tion receiving assistance under this title may commence any  
 22 construction or substantial rehabilitation (except with respect  
 23 to homes to be constructed or substantially rehabilitated for  
 24 the purpose of display) until not less than 25 per centum of  
 25 the homes to be constructed or substantially rehabilitated are

1 contracted for sale to purchasers who intend to live in such  
2 homes and the required downpayments are made.

3 (d) FINANCIAL FEASIBILITY.—The Secretary may not  
4 provide any assistance under this title to any nonprofit orga-  
5 nization unless such nonprofit organization demonstrates the  
6 financial feasibility of its proposed Nehemiah housing oppor-  
7 tunity program, including the availability of non-Federal  
8 public and private funds.

9 (e) HOME QUALITY AND LOCATION.—A Nehemiah  
10 housing opportunity program may be approved under this  
11 title only if it provides that—

12 (1) not less than fifty homes will be constructed or  
13 substantially rehabilitated under such program;

14 (2) each home constructed or substantially reha-  
15 bilitated under such program will comply with the min-  
16 imum property standards or construction standards es-  
17 tablished by the Secretary for similar properties that  
18 are subject to mortgages insured under the National  
19 Housing Act;

20 (3) all homes constructed or substantially rehabili-  
21 tated under such program will be located in census  
22 tracts in which the median family income is not more  
23 than 80 per centum of the median family income of the  
24 area in which such program is to be located, as such  
25 median family income and area are determined for pur-

1 poses of assistance under section 8 of the United  
2 States Housing Act of 1937;

3 (4) all homes constructed or substantially rehabili-  
4 tated under such program will be concentrated in a  
5 single neighborhood and located on contiguous parcels  
6 of land, except that not more than 25 per centum of  
7 the assistance provided under this title for such pro-  
8 gram may be used for homes that are not located on  
9 contiguous parcels of land; and

10 (5) sales contracts entered into under such pro-  
11 gram will contain provisions restricting resale to fami-  
12 lies with incomes that would qualify under the income  
13 guidelines of such program, at a price comparable to  
14 the original sale price (as adjusted for the general in-  
15 crease in incomes and home prices since the time of  
16 the original sale).

17 (f) MAXIMUM ASSISTANCE.—The assistance provided  
18 to any nonprofit organization under this title may not exceed  
19 \$15,000 per home.

#### 20 PROGRAM SELECTION CRITERIA

21 SEC. 507. In selecting Nehemiah housing opportunity  
22 programs for assistance under this title from among eligible  
23 programs, the Secretary shall make such selection on the  
24 basis of the extent to which—

25 (1) non-Federal public or private entities will con-  
26 tribute land necessary to make each program feasible;

1 (2) non-Federal public and private financial or  
 2 other contributions (including tax abatements, waivers  
 3 of fees related to development, waivers of construction,  
 4 development, or zoning requirements, direct financial  
 5 contributions, and the value of services, materials, and  
 6 labor provided by families purchasing homes under this  
 7 title or by other organizations or individuals) will  
 8 reduce the cost of homes constructed or substantially  
 9 rehabilitated under each program;

10 (3) each program will produce the greatest  
 11 number of units for the least amount of assistance pro-  
 12 vided under this title, taking into consideration the cost  
 13 differences among different market areas;

14 (4) each program is located in an area of severe  
 15 physical and economic blight;

16 (5) each program uses construction methods that  
 17 will reduce the cost per square foot below the average  
 18 construction cost in the market area involved; and

19 (6) each program provides for the employment of  
 20 local residents in the planning, and construction or sub-  
 21 stantial rehabilitation, of homes.

22 NEHEMIAH HOUSING OPPORTUNITY FUND

23 SEC. 508. (a) ESTABLISHMENT.—There hereby is es-  
 24 tablished in the Treasury of the United States a revolving  
 25 fund, to be known as the Nehemiah Housing Opportunity  
 26 Fund. The Fund shall be available to the Secretary, to the

1 extent approved in appropriation Acts, for purposes of pro-  
 2 viding assistance under section 503.

3 (b) ASSETS.—The Fund shall consist of—

4 (1) any amount appropriated under section 511;

5 (2) any amount received by the Secretary under  
 6 section 504(b)(4); and

7 (3) any amount received by the Secretary under  
 8 subsection (c).

9 (c) ADMINISTRATION.—Any amount in the Fund deter-  
 10 mined by the Secretary to be in excess of the amount cur-  
 11 rently required to carry out the provisions of this title shall be  
 12 invested by the Secretary in obligations of, or obligations  
 13 guaranteed as to both principal and interest by, the United  
 14 States or any agency of the United States.

15 ANNUAL REPORT

16 SEC. 509. The Secretary shall annually prepare and  
 17 submit to the Congress a comprehensive report setting forth  
 18 the activities carried out under this title. Such report shall  
 19 include—

20 (1) an analysis of the characteristics of the fami-  
 21 lies assisted under this title during the preceding year,  
 22 including family size, number of children, family  
 23 income, sources of family income, race, age, and sex;

24 (2) an analysis of the market value of homes pur-  
 25 chased under this title during the preceding year;

- 1 (3) an analysis of the non-Federal public and pri-  
 2 vate financial or other contributions made during the  
 3 preceding year to reduce the cost of homes constructed  
 4 or substantially rehabilitated under each program;  
 5 (4) an analysis of the sales prices of homes under  
 6 this title during the preceding year;  
 7 (5) an analysis of the amounts of the grants made  
 8 to programs under this title during the preceding year;  
 9 and  
 10 (6) any recommendations of the Secretary for  
 11 modifications in the program established by this title in  
 12 order to ensure the effective implementation of such  
 13 program.

#### 14 REGULATIONS

15 SEC. 510. The Secretary shall issue such regulations as  
 16 may be necessary to carry out the provisions of this title. Any  
 17 such regulations shall be issued in accordance with section  
 18 553 of title 5, United States Code, notwithstanding the pro-  
 19 visions of subsection (a)(2) of such section.

#### 20 AUTHORIZATION OF APPROPRIATIONS

21 SEC. 511. There is authorized to be appropriated to  
 22 carry out the provisions of this title \$300,000,000 for fiscal  
 23 year 1986. Any amount appropriated under this section shall  
 24 be deposited in the Nehemiah Housing Opportunity Fund,  
 25 and shall remain available until expended.

Chairman GONZALEZ. It is fitting that our first witness at these hearings after our site visit yesterday is from the National Low Income Housing Coalition, one of the very few stalwart organizations that has fearlessly stood up for the housing needs of low-income Americans, despite all the current fads of budget cutting and the derogatory comments of old wasteful expensive programs that do nothing but foster dependency. We have the new president of the coalition, an old friend of this subcommittee, Mr. Barry Zigas. He has recently succeeded the legendary Cushing Dolbearre, and I take the liberty of asking Ms. Dolbearre to rise so we can welcome her here and thank her for her presence.  
 [Applause.]

Chairman GONZALEZ. I might point out that we have prepared two charts from materials prepared by the Congressional Budget Office which vividly show the reductions in both HUD and Farmers Home Administration low-income housing assistance since 1977. The data shown indicates the number of additional households that funding levels allowed in each fiscal year. For the HUD programs, the reduction in the levels of additional households assisted drops from over 354,000 in 1977 to 96,492 in 1985 and to as low as 2,397 in 1986 as proposed by the administration. The increases since 1983 are mainly the result of the Congress approving somewhat higher budget authority levels for 1984 and 1985 and because the number of units converted from section 23 rent supplements and rental assistance payments to programs were reduced from the 1982 and 1983 levels. These amounted to 73,240 units in 1982, 83,343 in 1983, down to 55,837 in 1984, and 26,900 estimated for 1985.

For rural housing the reductions are equally drastic—from 145,689 households assisted in 1977 to an estimated 86,886 in 1985 and to zero under the administration's 1986 proposals.

[The charts follow.]