

Public Law 95-557  
95th Congress

An Act

Oct. 31, 1978  
[S. 3084]

To amend and extend certain Federal laws relating to housing, community, and neighborhood development and preservation, and related programs, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,*

Housing and  
Community  
Development  
Amendments of  
1978.  
42 USC 5301  
note.

SHORT TITLE

SECTION 1. This Act may be cited as the "Housing and Community Development Amendments of 1978".

TITLE I—COMMUNITY AND NEIGHBORHOOD  
DEVELOPMENT AND CONSERVATION

REHABILITATION LOANS AND LOAN INSURANCE

42 USC 1452b.

SEC. 101. (a) Section 312 of the Housing Act of 1964 is amended—  
(1) by striking out the undesignated paragraph which follows subsection (a) (3) and inserting in lieu thereof the following new undesignated paragraph:

"The Secretary shall, in making loans under this section, give priority to applications by low- and moderate-income persons who own the property to be rehabilitated and will occupy such property upon completion of the rehabilitation, including applications by condominiums and cooperatives in which the residents are principally of low and moderate income. For the purpose of the preceding sentence, the term 'low and moderate income' means income which does not exceed 95 per centum of the median income for the area.";

(2) by striking out subsection (c) (3) and inserting in lieu thereof the following:

Interest rate.

"(3) The loan shall bear interest at such rate as the Secretary determines to be appropriate, but not to exceed 3 per centum per annum for loans to families with adjusted incomes of not more than 80 per centum of the median income for the area. For loans to families with adjusted incomes above 80 per centum of the median income for the area, as determined by the Secretary, the Secretary may establish interest rates based on adjusted family income, ranging from above 3 per centum to a rate determined by the Secretary, but in no case may any such rate exceed the current average market yield on outstanding marketable securities of the United States with remaining periods to maturity comparable to the terms of loans made pursuant to this section, adjusted to the nearest one-eighth of 1 per centum. The Secretary may prescribe such other charges adequate in the judgment of the Secretary to cover administrative costs and possible losses under the program.";

(3) by inserting the following before the semicolon at the end of subsection (c) (4) (A): "or if such refinancing is deemed necessary by the Secretary to minimize displacement of existing tenants of a multifamily property";

(4) by striking out "\$50,000" in subsection (c)(4)(B) and inserting in lieu thereof "\$100,000";

(5) by striking out "and not to exceed \$60,000,000 for the fiscal year beginning on October 1, 1977" in subsection (d) and inserting in lieu thereof "not to exceed \$60,000,000 for the fiscal year beginning on October 1, 1977, and not to exceed \$245,000,000 for the fiscal year beginning on October 1, 1978";

(6) by adding at the end of subsection (d) the following: "Of the amounts available for loans under this section during the fiscal year beginning October 1, 1978, the Secretary may utilize not more than \$60,000,000 for rehabilitation loans for multifamily properties."; and

(7) by adding at the end thereof the following new subsection: "(i) The Secretary may not, after 270 days following the date of the enactment of this subsection, make any loan under this section with respect to any property unless the Secretary has determined that the improvements to such property, upon completion of the rehabilitation, will meet cost-effective energy conservation standards prescribed by the Secretary."

(b) Section 312 of such Act is amended by adding at the end thereof the following: 42 USC 1452b.

"(i) Rehabilitation loans under this section for multifamily properties shall be subject to the following additional limitations and conditions:

"(1) The property must meet the requirements of subsection (a) and—

"(A) be located in a low- or moderate-income neighborhood; or

"(B) have a majority of tenants of low and moderate income.

All such loans must be consistent with an overall community development strategy developed pursuant to title I of the Housing and Community Development Act of 1974.

42 USC 5301.

"(2) The property must have fewer than 100 units, except where the Secretary determines that a loan under this section is essential to meet the community development needs of a neighborhood and alternative sources of financing are not available.

"(3) The Secretary shall enter into an agreement with the investor-owner of a multifamily property which is to be rehabilitated with a loan under this section to limit, for a period of at least five years, the increased rent caused by the rehabilitation.

"(4) The Secretary shall minimize involuntary displacement caused by rehabilitation loans under this section with respect to multifamily properties.

"(j) In conjunction with the annual report required under section 113(a) of the Housing and Community Development Act of 1974, the Secretary shall submit to the Congress a report on the rehabilitation loan program under this section. Such report shall include a summary of the use of funds under this section, particularly with regard to the types of neighborhoods and persons aided under this section, and an evaluation of progress made toward community development goals under this section. As soon as feasible, but not later than December 1, 1979, the Secretary shall submit to Congress an interim report evaluating the use of funds under this section for multifamily properties, with legislative recommendations for improving the overall effectiveness of Federal assistance for the rehabilitation of multifamily properties."

Reports to Congress.

42 USC 5313.

(c) (1) Section 203(k) of the National Housing Act is amended to read as follows:

12 USC 1709.

Commitments to insure loans.

“(k) (1) The Secretary may, in order to assist in the rehabilitation of one- to four-family structures used primarily for residential purposes, insure and make commitments to insure rehabilitation loans (including advances made during rehabilitation) made by financial institutions on and after 180 days following the date of the enactment of the Housing and Community Development Amendments of 1978. Such commitments to insure and such insurance shall be made upon such terms and conditions which the Secretary may prescribe and which are consistent with the provisions of subsections (b), (c), (e), (i), and (j) of this section, except as modified by the provisions of this subsection.

*Ante*, p. 2080.

“(2) For the purpose of this subsection—

“Rehabilitation loan.”

“(A) the term ‘rehabilitation loan’ means a loan, advance of credit, or purchase of an obligation representing a loan or advance of credit, made for the purpose of financing—

“(i) the rehabilitation of an existing one- to four-unit structure which will be used primarily for residential purposes;

“(ii) the rehabilitation of such a structure and the refinancing of the outstanding indebtedness on such structure and the real property on which the structure is located; or

“(iii) the rehabilitation of such a structure and the purchase of the structure and the real property on which it is located; and

“Rehabilitation.”

“(B) the term ‘rehabilitation’ means the improvement (including improvements designed to meet cost-effective energy conservation standards prescribed by the Secretary) or repair of a structure, or facilities in connection with a structure, and may include the provision of such sanitary or other facilities as are required by applicable codes, a community development plan, or a statewide property insurance plan to be provided by the owner or tenant of the project.

Eligibility.

“(3) To be eligible for insurance under this subsection, a rehabilitation loan shall—

“(A) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Secretary shall approve) in an amount which does not exceed, when added to any outstanding indebtedness of the borrower which is secured by the structure and the property on which it is located, the amount specified in subsection (b) (2); except that, in determining the amount of the principal obligation for purposes of this subsection, the Secretary shall establish as the appraised value of the property an amount not to exceed the sum of the estimated cost of rehabilitation and the Secretary’s estimate of the value of the property before rehabilitation;

“(B) bear interest at a rate permitted by the Secretary for mortgages insured under this section; except that the Secretary may permit a higher rate of interest to be applied to the loan with respect to the period beginning with the making of the loan and ending with the completion of the rehabilitation or such earlier time as the Secretary may determine;

“(C) be an acceptable risk, as determined by the Secretary; and

“(D) comply with such other terms, conditions, and restrictions as the Secretary may prescribe.

“(4) Any rehabilitation loan insured under this subsection may be refinanced and extended in accordance with such terms and conditions as the Secretary may prescribe, but in no event for an additional

amount or term which exceeds the maximum provided for in this subsection.

“(5) All funds received and all disbursements made pursuant to the authority established by this subsection shall be credited or charged, as appropriate, to the General Insurance Fund, and insurance benefits shall be paid in cash out of such Fund or in debentures executed in the name of such Fund. Insurance benefits paid with respect to loans insured under this subsection shall be paid in accordance with paragraphs (6) and (7) of section 220(h), except that any reference to ‘this subsection’ in such paragraphs shall be construed as referring to this subsection.”

12 USC 1715k.

(2) Section 203(c) of such Act is amended—

12 USC 1709.

(A) by striking out “subsection (n) is” in the first proviso and inserting in lieu thereof “subsections (n) and (k) are”; and

(B) by inserting “or (k)” after “subsection (n)” the second time it appears in such proviso.

(3) The proviso in the first sentence of section 302(b)(1) of such Act is amended by inserting “or section 203(k)” after “title VIII” in clause (3).

12 USC 1717.

#### URBAN HOMESTEADING

SEC. 102. (a) Section 810(f) of the Housing and Community Development Act of 1974 is amended—

12 USC 1706e.

(1) by inserting “and the Administrator of Veterans’ Affairs” after “Secretary” the first place it appears; and

(2) by inserting “or the Administrator” after “Secretary” the second place it appears.

(b) The first sentence of section 810(g) of such Act is amended—

(1) by striking out “and” immediately following “fiscal year 1977,”; and

(2) by inserting the following before the period at the end thereof: “, and not to exceed \$26,000,000 for the fiscal year 1979”.

#### COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM AMENDMENTS

SEC. 103. (a) Section 104(a)(4)(A) of the Housing and Community Development Act of 1974 is amended by inserting “owners of homes requiring rehabilitation assistance,” after “large families,”

42 USC 5304.

(b) Section 104(a)(4)(B)(i) of such Act is amended by inserting “including existing rental and owner occupied dwelling units to be upgraded and thereby preserved,” after “existing dwelling units,”.

(c) Section 104(a) of such Act is amended by inserting after “expected to reside in the community” in paragraphs (3)(C) and (4)(A) the following: “as a result of existing or projected employment opportunities in the community (and those elderly persons residing in or expected to reside in the community), or as estimated in a community accepted State or regional housing opportunity plan approved by the Secretary.”

(d) Section 104(c) of such Act is amended by adding the following new sentence at the end thereof:

“The Secretary may not disapprove an application on the basis that such application addresses any one of the primary purposes described in paragraph (3) to a greater or lesser degree than any other, except that such application may be disapproved if the Secretary determines that the extent to which a primary purpose is addressed is plainly inappropriate to meeting the needs and objectives which are consistent with the community’s efforts to achieve the primary objective of this title.”

Relocation  
payments.  
42 USC 5305.

(e) Section 105(a)(11) of such Act is amended to read as follows:  
“(11) relocation payments and assistance for displaced individuals, families, businesses, organizations, and farm operations, when determined by the grantee to be appropriate to the community development program;”.

Technical  
assistance.  
42 USC 5307.

(f) The last sentence of section 107(a)(8) of such Act is amended to read as follows: “The Secretary may also provide, directly or through contracts, technical assistance under this paragraph to such governmental units, or to a group designated by such a governmental unit for the purpose of assisting that governmental unit to carry out its Community Development Program.”.

42 USC 5318.

(g) Section 119(c) of such Act is amended—

(1) by striking out “and” at the end of clause (4);

(2) by striking out the period at the end of clause (5) and inserting in lieu thereof “; and”; and

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

“(6) include a statement analyzing the impact of the proposed urban development action program on the residents, particularly those of low and moderate income, of the residential neighborhood, and on the neighborhood, in which the program is to be located.”.

(h) Section 119(e) of such Act is amended by inserting before “and feasibility” the following: “impact of the proposed urban development action program on the residents, particularly those of low and moderate income, of the residential neighborhood, and on the neighborhood, in which the program is to be located;”.

(i) Title I of such Act is amended by adding at the end thereof the following new section:

“FAIR PARTICIPATION FOR SMALL COMMUNITIES

42 USC 5319.

“Sec. 120. No community shall be barred from participating in any program authorized under this title solely on the basis of population, except as expressly authorized by statute.”.

EFFECTIVE DATE

12 USC 1709  
note.

SEC. 104. The amendments made by this title shall become effective October 1, 1978.

TITLE II—HOUSING ASSISTANCE PROGRAMS

OPERATING ASSISTANCE FOR TROUBLED MULTIFAMILY HOUSING PROJECTS

12 USC  
1715z-1a.

SEC. 201. (a) The purposes of this section are to provide assistance to restore or maintain the financial soundness, to assist in the improvement of the management, and to maintain the low- to moderate-income character of certain projects assisted or approved for assistance under the National Housing Act or under the Housing and Urban Development Act of 1965.

12 USC 1701.  
12 USC 1701  
note.

(b) The Secretary of Housing and Urban Development (hereinafter referred to in this section as the “Secretary”) may make available, and contract to make available, to such extent and in such amounts as may be approved in appropriation Acts, financial assistance to owners of rental or cooperative housing projects meeting the requirements of this section. Such assistance shall be made on an annual basis and in accordance with the provisions of this section.

(c) a rental or cooperative housing project is eligible for assistance under this section only if such project—

(1) (A) is assisted under section 236 or the proviso of section 221(d)(5) of the National Housing Act, or under section 101 of the Housing and Urban Development Act of 1965; except that, in the case of any such project which is not insured under the National Housing Act such assistance may not be provided before October 1, 1979; or

12 USC 1715z-1,  
1715f.  
79 Stat. 451.  
12 USC 1701.

(B) met the criteria specified in subparagraph (A) of this paragraph before the acquisition of such project by the Secretary and has been sold by the Secretary, subject to a mortgage insured or held by the Secretary and subject to an agreement (in effect during the period of assistance under this section) which provides that the low- and moderate-income character of the project will be maintained; except that, with respect to projects sold after October 1, 1978, assistance shall be available for a period not to exceed three years; and

(2) meets such other requirements consistent with the purposes of this section as the Secretary may prescribe.

(d) No assistance may be made available under this section unless the Secretary has determined that—

(1) such assistance, when considered with other resources available to the project, is necessary and, in the determination of the Secretary, will restore or maintain the financial soundness of the project and maintain the low- and moderate-income character of the project;

(2) the assistance which could reasonably be expected to be provided over the useful life of the project will be less costly to the Federal Government than other reasonable alternatives by which the Secretary could maintain the low- and moderate-income character of the project;

(3) the owner of the project, together with the mortgagee in the case of a project not insured under the National Housing Act, has provided or has agreed to provide assistance to the project in such manner as the Secretary may determine;

(4) the project is or can reasonably be made structurally sound, as determined on the basis of information obtained as a result of an onsite inspection of the project;

(5) the management of the project is being conducted by persons who meet minimum levels of competency and experience prescribed by the Secretary; and

(6) the project is being operated and managed in accordance with a management-improvement-and-operating plan which is designed to reduce the operating costs of the project, which has been approved by the Secretary, and which includes the following: (A) a detailed maintenance schedule; (B) a schedule for correcting past deficiencies in maintenance, repairs, and replacements; (C) a plan to upgrade the project to meet cost-effective energy efficiency standards prescribed by the Secretary; (D) a plan to improve financial and management control systems; (E) a detailed annual operating budget taking into account such standards for operating costs in the area as may be determined by the Secretary; and (F) such other requirements as the Secretary may determine.

(e) Prior to making assistance available to a project, the Secretary shall consult with the appropriate officials of the unit of local government in which such project is located and seek assurances that—

Consultation.

(1) the community in which the project is located is or will provide essential services to the project in keeping with the community's general level of such services;

(2) the real estate taxes on the project are or will be no greater than would be the case if the property were assessed in a manner consistent with normal property assessment procedures for the community; and

(3) assistance to the project under this section would not be inconsistent with local plans and priorities.

(f) (1) The Secretary may, with respect to any year, provide assistance under this section, and make commitments to provide such assistance, with respect to any project in any amount which the Secretary determines is consistent with the project's management-improvement-and-operating plan described in subsection (d) (6) and which does not exceed the sum of—

(A) an amount determined by the Secretary to be necessary to correct deficiencies in the project which exist at the beginning of the first year with respect to which assistance is made available for the project under this section, which were caused by the deferral of regularly scheduled maintenance and repairs or the failure to make necessary and timely replacements of equipment and other components of the project, and for which payment has not previously been made;

(B) an amount determined by the Secretary to be necessary to maintain the low- and moderate-income character of the project by reducing deficiencies, which exist at the beginning of the first year with respect to which assistance is made available for the project under this section and for which payment has not previously been made, in the reserve funds established by the project owner for the purpose of replacing capital items; and

(C) an amount not greater than the amount by which the estimated operating expenses (as described in paragraph (2) of this subsection) for the year with respect to which such assistance is made available exceeds the estimated revenues to be received (as described in paragraph (2) of this subsection) by the project during such year.

(2) The estimated revenues for any project under paragraph (1) (C) of this subsection with respect to any year shall be equal to the sum of—

(A) the estimated amount of rent which is to be expended by the tenants of such project during such year, as determined by the Secretary without regard to section 236(f) (1) of the National Housing Act;

(B) the estimated amount of rental assistance payments to be made on behalf of such tenants during such year, other than assistance made under this section;

(C) the estimated amount of assistance payments to be made on behalf of the owner of such project under section 221(d) (5) or section 236 of the National Housing Act during such year; and

(D) other income attributable to the project as determined by the Secretary;

except that—

(E) in computing the estimated amount of rent to be expended by tenants, the Secretary shall provide that (i) at least 25 percent (or such lesser percentage as is provided for under any other Federal housing assistance program in which such tenant is participating) of the income of each such tenant is included, or (ii) in the case of a tenant paying his or her own utilities, a percentage of income which is less than 25 percent and which takes into account the reasonable costs of such utilities; except that no amount shall be provided for any tenant under clause (i) or (ii)

12 USC 1715z-1.

12 USC 1715f,  
1715z-1.

which exceeds the fair market rental charge as determined pursuant to section 236(f)(1) of the National Housing Act for such tenant; and

12 USC 1715z-1.

(F) in computing the estimated amount of rent to be expended by tenants and the estimated amount of rental assistance payments to be made on behalf of such tenants, the Secretary may permit a delinquency-and-vacancy allowance of not more than 6 per centum of the estimated amount of such rent and payments computed without regard to such allowance; except that, with respect to the first three years in which assistance is provided to a project under this section, the Secretary may permit such allowance for such project to exceed such 6 percent by an amount which the Secretary determines is appropriate to carry out the purposes of this section.

For purposes of computing estimated operating expenses of any such project with respect to any year, the Secretary shall include all estimated operating costs which the Secretary determines to be necessary and consistent with the management-improvement-and-operating plan for the project for such year, including, but not limited to, taxes, utilities, maintenance and repairs (except for maintenance and repairs which should have been performed in previous years), management, insurance, debt service, and payments made by the owner for the purpose of establishing or maintaining a reserve fund for replacement costs. The Secretary may not include in such estimated operating expenses any return on the equity investment of the owner in such project.

Estimated operated expenses, computation.

(3) In order to carry out the purposes of this section, the Secretary may, notwithstanding the provisions of section 236(f)(1) of the National Housing Act, provide that, for purposes of establishing a rental charge under such section, there may be excluded from the computation of the cost of operating a project an amount equivalent to the amount of assistance payments made for the project under this section.

(4) Any assistance payments made pursuant to this section with respect to any project shall be made on an annual basis, payable at such intervals, but at least quarterly, as the Secretary may determine, and may be in any amount (which the Secretary determines to be consistent with the purpose of this section), except that the sum of such assistance payments for any year may not exceed the amount computed pursuant to paragraph (1) of this subsection. The Secretary shall review the operations of the project at the time of such payments to determine that such operations are consistent with the management-improvement-and-operating plan.

Annual assistance payments.

Review.

(g) The Secretary is authorized to issue such rules and regulations as may be necessary to carry out the provisions and purposes of this section, including regulations requiring the establishment of a project reserve or such other safeguards as the Secretary determines to be necessary for the financial soundness of any project for which assistance payments are provided.

Rules and regulations.

(h) There is authorized to be appropriated, for the purpose of providing financial assistance under this section, an amount (in addition to any amount appropriated for use under this section pursuant to section 236(f)(3)(B) of the National Housing Act, not to exceed \$74,000,000 for the fiscal year 1979. Any amounts appropriated under this section shall remain available until expended.

Appropriation authorization.

(i) Effective October 1, 1978, section 236 of the National Housing Act is amended—

Effective date. 12 USC 1715z-1.

(1) in subsection (f)(3)—

(A) by inserting "(A)" after "(3)";



(B) by striking out "The" in the second sentence and inserting in lieu thereof "For each fiscal year prior to the fiscal year 1979, the"; and

(C) by adding at the end thereof the following:

"(B) The Secretary shall utilize amounts credited to the fund described in subsection (g) on or after October 1, 1978, for the sole purpose of carrying out the purposes of section 201 of the Housing and Community Development Amendments of 1978. No payments may be made from such fund unless approved in an appropriation Act. No amount may be so approved for any fiscal year beginning after September 30, 1979."; and

(2) by striking out the third and fourth sentences of subsection (g).

#### TENANT PARTICIPATION IN MULTIFAMILY HOUSING PROJECTS

12 USC  
1715z-1b.

"Multifamily  
housing project."

SEC. 202. (a) The purpose of this section is to recognize the importance and benefits of cooperation and participation of tenants in creating a suitable living environment in multifamily housing projects and in contributing to the successful operation of such projects, including their good physical condition, proper maintenance, security, energy efficiency, and control of operating costs. For the purpose of this section, the term "multifamily housing project" means a project which is eligible for assistance as described in section 201(c) of this Act.

(b) The Secretary shall assure that—

(1) where the Secretary's written approval is required with respect to an owner's action and the Secretary deems it appropriate, tenants have adequate notice of, reasonable access to relevant information about, and an opportunity to comment on such actions (and in the case of a project owned by the Secretary, any proposed disposition of the project) and that such comments are taken into consideration by the Secretary;

(2) project owners not interfere with the efforts of tenants to obtain rent subsidies or other public assistance;

(3) leases approved by the Secretary provide that tenants may not be evicted without good cause or without adequate notice of the reasons therefor and do not contain unreasonable terms and conditions; and

(4) project owners do not impede the reasonable efforts of resident tenant organizations to represent their members or the reasonable efforts of tenants to organize.

Regulations.

(c) The Secretary shall promulgate regulations to carry out the provisions of this section not later than 90 days after the date of enactment of this Act.

#### MANAGEMENT AND PRESERVATION OF HUD-OWNED MULTIFAMILY HOUSING PROJECTS

12 USC  
1701z-11.

12 USC 1701.

SEC. 203. (a) It is the policy of the United States that the Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") shall manage and dispose of multifamily housing projects which are owned by the Secretary in a manner consistent with the National Housing Act and this section. The purpose of the property management and disposition program of the Department of Housing and Urban Development shall be to manage and dispose of projects in a manner which will protect the financial interests of the Federal Government and be less costly to the Federal Government

than other reasonable alternatives by which the Secretary can further the goals of—

- (1) preserving the housing units so that they can remain available to and affordable by low- and moderate-income families;
- (2) preserving and revitalizing residential neighborhoods;
- (3) maintaining the existing housing stock in a decent, safe, and sanitary condition;
- (4) minimizing the involuntary displacement of tenants; and
- (5) minimizing the need to demolish projects.

The Secretary, in determining the manner by which a project shall be managed or disposed of, may balance competing goals relating to individual projects in a manner which will further the achievement of the overall purpose of this section.

(b) The Secretary is authorized, in carrying out this section—

(1) to dispose of a multifamily housing project owned by the Secretary on a negotiated, competitive bid, or other basis, on such terms as the Secretary deems appropriate considering the low- and moderate-income character of the project and the requirements of subsection (a) of this section, to a purchaser determined by the Secretary to be capable of (A) satisfying the conditions of the disposition; (B) implementing a sound financial and physical management program; (C) responding to the needs of the tenants and working cooperatively with resident organizations; (D) providing adequate organizational, staff and financial resources to the project; and (E) meeting such other requirements as the Secretary may determine; and

(2) to contract for management services for a multifamily housing project, owned by the Secretary, on a negotiated, competitive bid, or other basis at a price determined by the Secretary to be reasonable, with a manager the Secretary has determined is capable of (A) implementing a sound financial and physical management program, (B) responding to the needs of the tenants and working cooperatively with resident organizations, (C) providing adequate organizational, staff, and other resources to implement a management program determined by the Secretary, and (D) meeting such other requirements as the Secretary may determine.

(c) Except where the Secretary has determined on a case-by-case basis that it would be clearly inappropriate, given the manner by which an individual project is to be managed or disposed of pursuant to subsection (a) of this section, the Secretary shall seek to—

(1) maintain all occupied multifamily housing projects owned by the Secretary in a decent, safe, and sanitary condition; and

(2) to the greatest extent possible, maintain full occupancy in all multifamily housing projects owned by the Secretary.

(d) (1) Whenever tenants will be displaced as a result of the disposition of, or repairs to, a multifamily housing project owned by the Secretary, the Secretary shall identify tenants who will be displaced, and shall notify all such tenants of their pending displacement and of any relocation assistance which may be available.

Tenant  
displacement,  
notification.

(2) The Secretary shall seek to assure the maximum opportunity for any such tenant—

(A) to return, whenever possible, to a repaired unit;

(B) to occupy a unit in another multifamily housing project owned by the Secretary;

(C) to obtain housing assistance under the United States Housing Act of 1937; or

42 USC 1437  
note.

(D) to receive any other available relocation assistance as the Secretary determines to be appropriate.

(e) Notwithstanding any other provision of law, whenever the Secretary is requested to accept assignment of a mortgage insured by the Secretary which covers a multifamily housing project, and the Secretary determines that partial payment would be less costly to the Federal Government than other reasonable alternatives for maintaining the low- and moderate-income character of the project, the Secretary may request the mortgagee in lieu of assignment, to accept partial payment of the claim under the mortgage insurance contract and to recast the mortgage, under such terms and conditions as the Secretary may determine. As a condition to a partial claim payment under this section, the mortgagor shall agree to repay to the Secretary the amount of such payment and such obligation shall be secured by a second mortgage on the property on such terms and conditions as the Secretary may determine.

“Multifamily housing project.”

12 USC 1715z-1,  
12 USC 1715f,  
12 USC 1701.  
Rules and regulations.

(f) For the purpose of this section, the term “multifamily housing project” means a multifamily project which is, or prior to acquisition by the Secretary was, assisted under section 236, the proviso of section 221 (d) (5) of the National Housing Act, or section 101 of the Housing and Urban Development Act of 1965, and which is insured under the National Housing Act.

(g) The Secretary shall issue such rules and regulations as may be necessary to carry out the provisions of this section within 90 days after the date of enactment of this Act.

#### HOUSING ACCESS

12 USC  
1701z-12.

SEC. 204. The Secretary shall require any purchaser of a multifamily housing project owned by the Secretary which is sold on or after October 1, 1978, to agree not to refuse unreasonably to lease a vacant dwelling unit in the project which rents for an amount not greater than the fair market rent for a comparable unit in the area as determined by the Secretary under section 8 of the United States Housing Act of 1937 to a holder of a certificate of eligibility under that section solely because of such prospective tenant's status as a certificate holder.

42 USC 1437f.

#### HOUSING FOR THE HANDICAPPED

12 USC 1701q.

SEC. 205. (a) Section 202 of the Housing Act of 1959 is amended by adding at the end thereof the following new subsection:

“(h) Of the amounts made available in appropriation Acts for loans pursuant to subsection (a) (4) (C) for the fiscal year commencing on October 1, 1978, not less than \$50,000,000 shall be available for loans for the development of rental housing and related facilities specifically designed to meet the needs of handicapped (primarily non-elderly) persons. The Secretary shall take such steps as may be necessary to assure that—

“(1) funds made available pursuant to this subsection will be used to support innovative methods of meeting the needs of handicapped persons by providing a variety of housing options, ranging from small group homes to independent living complexes; and

“(2) housing and related facilities assisted under this subsection will provide handicapped persons occupying units within such housing with an assured range of services specified under subsection (f) and the opportunity for optimal independent living and participation in normal daily activities, and will facilitate access by such persons to the community at large and to suitable employment opportunities within such community.”

(b) The second sentence of section 202(a)(4)(C) of such Act is amended— 12 USC 1701q.

(1) by striking out “in any fiscal year” immediately after “under this section”; and

(2) by striking out “for such year” immediately after “authority established”.

(c) Section 202(d)(3) of such Act is amended by inserting “the cost of movables necessary to the basic operation of the project as determined by the Secretary,” immediately after “related facilities.”

(d) Section 202(d)(2) of such Act is amended to read as follows:

“(2) The term ‘corporation’ means any incorporated private institution or foundation— “Corporation.”

“(A) no part of the net earnings of which inures to the benefit of any member, founder, contributor, or individual;

“(B) which has a governing board (i) the membership of which is selected in a manner to assure that there is significant representation of the views of the community in which such project is located, and (ii) which is responsible for the operation of the housing project assisted under this section; and

“(C) which is approved by the Secretary as to financial responsibility.”

#### LOW-INCOME HOUSING

SEC. 206. (a) Section 5(c) of the United States Housing Act of 1937 is amended— 42 USC 1437c.

(1) by striking out “and” immediately after “October 1, 1976,” in the first sentence;

(2) by inserting immediately after “on October 1, 1977,” in the first sentence the following: “and by \$1,195,043,000 on October 1, 1978”;

(3) by striking out the second and fourth sentences; and

(4) by inserting “and on and after October 1, 1978,” immediately after “October 1, 1976,” in the third sentence.

(b) Section 5(c) of such Act is amended by inserting after the fourth sentence the following: “Of the additional authority to enter into contracts for annual contributions provided on October 1, 1978, and approved in appropriation Acts, the Secretary shall make available not less than \$50,000,000 for modernization of low-income housing projects.”

(c) Section 3(2)(D) of such Act is amended by striking out “10” in the first proviso and inserting in lieu thereof “15”. 42 USC 1437a.

(d)(1) Section 8 of such Act is amended by adding at the end thereof the following new subsection: 42 USC 1437f.

“(i) In entering into contracts under this section with respect to substantially rehabilitated dwelling units, the Secretary shall provide that— Contracts.

“(1) the maximum monthly rent permitted for the assisted units be not greater than the amount permitted under subsection (c) or a lesser amount which the Secretary determines is appropriate taking into consideration the investment of the owner in the assisted units and such other factors as the Secretary determines to be relevant;

“(2) the assisted units be rehabilitated to a level which meets but does not exceed applicable codes and standards for decent, safe, and sanitary housing which are prescribed by the Secretary;

“(3) all the dwelling units in the housing structure in which the assisted units are located meet applicable codes and standards prescribed by the Secretary for decent, safe, and sanitary housing;

“(4) the term of any such contract does not exceed the maxi-

imum term permitted under subsection (e) (1) or a shorter term which the Secretary determines is appropriate taking into consideration the amount of investment of the owner in the assisted units and such other factors as the Secretary determines to be relevant; and

“(5) the assisted units meet cost-effective energy efficiency standards prescribed by the Secretary.”

Effective date.  
42 USC 1437f  
note.

(2) The amendment made by this subsection shall become effective with respect to contracts entered into on or after 270 days following the date of enactment of this Act.

42 USC 1437f.

(e) Section 8(e) of such Act is amended by adding at the end thereof the following:

Terms and  
conditions.

“(5) For the purpose of upgrading and thereby preserving the Nation's housing stock, the Secretary is authorized to make assistance payments under this section directly or through public housing agencies pursuant to contracts with owners or prospective owners who agree to upgrade housing so as to make and keep such housing decent, safe, and sanitary through upgrading which involves less than substantial rehabilitation, as such upgrading and rehabilitation are defined by the Secretary. The Secretary is authorized to prescribe such terms and conditions for contracts entered into under this section pursuant to this paragraph as the Secretary determines to be necessary and appropriate, except that such terms and conditions, to the maximum extent feasible, shall be consistent with terms and conditions otherwise applicable with respect to other dwelling units assisted under this section. The Secretary is also authorized to make assistance available under this section pursuant to this paragraph to any unit in a housing project which, on an overall basis, reflects the need for such upgrading.”

(f) Section 8 of such Act is amended by adding at the end thereof the following new subsection:

Annual  
contributions  
contracts.

“(j) (1) The Secretary may enter into annual contributions contracts under this subsection for the purpose of assisting lower income families by making rental assistance payments with respect to real property on which is located a mobile home which is owned by any such family and utilized by such family as its principal place of residence. In carrying out this subsection, the Secretary may (A) enter into annual contributions contracts with public housing agencies pursuant to which such agencies may enter into contracts to make such assistance payments to the owners of such real property, or (B) enter into such contracts directly with the owners of such real property.

“(2) Contracts entered into pursuant to this subsection shall establish the maximum monthly rent (including maintenance and management charges) which the owner is entitled to receive for each space on which a mobile home is located and with respect to which assistance payments are to be made. The maximum monthly rent shall not exceed by more than 10 per centum the fair market rental established by the Secretary periodically (but not less than annually) with respect to the market area for the rental of real property suitable for occupancy by families assisted under this subsection. The provisions of subsection (c) (2) of this section shall apply to the adjustments of maximum monthly rents under this subsection.

“(3) The amount of any monthly assistance payment with respect to any family assisted under this subsection shall be the difference between 25 per centum of one-twelfth of the annual income of such family and the sum of—

“(A) the monthly payment made by such family to amortize the cost of purchasing the mobile home;

“(B) monthly utility payments made by such family, subject to reasonable limitations prescribed by the Secretary; and

“(C) the maximum monthly rent permitted with respect to the real property which is rented by such family for the purpose of locating its mobile home;

except that in no case may such assistance exceed the total amount of such maximum monthly rent.

“(4) Each contract entered into under this subsection shall be for a term of not less than one month and not more than 180 months.

“(5) The Secretary may prescribe other terms and conditions which are necessary for the purpose of carrying out the provisions of this subsection and which are consistent with the purposes of this subsection.”

Terms and conditions.

(g) Section 9(c) of such Act is amended—

42 USC 1437g.

(1) by striking out “and” immediately following “on or after October 1, 1976;” and

(2) by inserting immediately before the period at the end thereof the following: “, and not to exceed \$729,000,000 on or after October 1, 1978”.

(h) The amendments made by this section, except the amendment made by subsection (d), shall become effective on October 1, 1978.

Effective date.  
42 USC 1437c  
note.

#### PUBLIC HOUSING SECURITY

SEC. 207. (a) This section may be cited as the “Public Housing Security Demonstration Act of 1978”.

Public Housing  
Security  
Demonstration  
Act of 1978.  
12 USC 1701z-6  
note.

(b) (1) The Congress finds that—

(A) low-income and elderly public housing residents of the Nation have suffered substantially from rising crime and violence, and are being threatened as a result of inadequate security arrangements for the prevention of physical violence, theft, burglary, and other crimes;

(B) older persons generally regard the fear of crime as the most serious problem in their lives, to the extent that one-fourth of all Americans over 65 voluntarily restrict their mobility because of it;

(C) crime and the fear of crime have led some residents to move from public housing projects;

(D) an integral part of successfully providing decent, safe, and sanitary dwellings for low-income persons is to insure that the housing is secure;

(E) local public housing authorities may have inadequate security arrangements for the prevention of crime and vandalism; and

(F) action is needed to provide for the security of public housing residents and to preserve the Nation's investment in its public housing stock.

(2) It is, therefore, declared to be the policy of the United States to provide for a demonstration and evaluation of effective means of mitigating crime and vandalism in public housing projects, in order to provide a safe living environment for the residents, particularly the elderly residents, of such projects.

(c) (1) The Secretary of Housing and Urban Development shall promptly initiate and carry out during the fiscal year beginning on October 1, 1978, to the extent approved in appropriation Acts, a pro-

gram for the development, demonstration, and evaluation of improved, innovative community anticrime and security methods, concepts and techniques which will mitigate the level of crime in public housing projects and their surrounding neighborhoods.

(2) In selecting public housing projects to receive assistance under this section, the Secretary shall assure that a broad spectrum of project types, locations and tenant populations are represented and shall consider at least the following: the extent of crime and vandalism currently existing in the projects; the extent, nature and quality of community anticrime efforts in the projects and surrounding areas; the extent, nature and quality of police and other protective services available to the projects and their tenants; the demand for public housing units in the locality, the vacancy rate, and extent of abandonment of such units; and the characteristics and needs of the public housing tenants.

(3) In selecting the anticrime and security methods, concepts and techniques to be demonstrated under this section, the Secretary shall consider the improvement of physical security equipment or dwelling units in those projects, social and environmental design improvements, tenant awareness and volunteer programs, tenant participation and employment in providing security services, and such other measures as deemed necessary or appropriate by the Secretary. Particular attention shall be given to comprehensive community anticrime and security plans submitted by public housing authorities which (i) provide for coordination between public housing management and local law enforcement officials, or (ii) coordinate resources available to the community through programs funded by the Law Enforcement Assistance Administration, the Department of Health, Education, and Welfare, the Department of Labor, the Community Services Administration, and ACTION, or other Federal or State agencies.

(4) In carrying out the provisions of this section, the Secretary shall coordinate and jointly target resources with other agencies, particularly the Law Enforcement Assistance Administration, the Department of Health, Education, and Welfare, the Department of Labor, the Community Services Administration, and ACTION.

(d) The Secretary shall initiate and carry out a survey of crime and vandalism existing in the Nation's public housing projects. The survey shall include the nature, extent and impact of crime and vandalism and the nature and extent of resources currently available and employed to alleviate crime and vandalism in public housing.

(e) The Secretary shall report to the Congress not later than eighteen months after the date of enactment of this Act. Such report shall include the results of the survey on crime and vandalism in public housing; findings from the demonstration and evaluation of various methods of reducing the level of crime; and legislative recommendations, if appropriate for (A) a comprehensive program to increase security in public housing projects and (B) increasing the coordination between anticrime programs of other State and Federal agencies that may be used by public housing authorities. Any recommendations shall include estimated costs of such programs.

(f) Of the additional authority approved in appropriation Acts with respect to entering into annual contributions contracts under section 5(c) of the United States Housing Act of 1937 for the fiscal year beginning on October 1, 1978, the Secretary may utilize up to \$12,000,000 of such authority in the fiscal year beginning on October 1, 1978, for the establishment of the public housing security demonstration program authorized by this section.

Comprehensive community anticrime and security plans, consideration.

Crime and vandalism, survey.

Report to Congress.

## SECTION 8 HOUSING FOR LARGE FAMILIES

Sec. 208. (a) The Secretary of Housing and Urban Development shall conduct a study for the purpose of examining alternative means of encouraging the development of housing to be assisted under section 8 of the United States Housing Act of 1937 for occupancy by large families which reside in areas with a low-vacancy rate in rental housing.

42 USC 1437f note.

42 USC 1437f.

(b) The Secretary shall report to the Congress no later than one year after the date of enactment of this Act, for the purpose of providing legislative recommendations with respect to the study described in subsection (a).

Report to Congress.

## SOLAR ENERGY SYSTEMS

Sec. 209. (a) It is the purpose of this section to promote and extend the application of viable solar energy systems as a desirable source of energy for residential single-family and multifamily housing units.

12 USC 1701z-13.

(b) (1) The Secretary, in carrying out programs and activities under section 312 of the Housing Act of 1964, section 202 of the Housing Act of 1959, and section 8 of the United States Housing Act of 1937, shall permit the installation of solar energy systems which are cost-effective and economically feasible.

42 USC 1452b.  
12 USC 1701q.

(2) For the purpose of this Act, the term "solar energy system" means any addition, alteration, or improvement to an existing or new structure which is designed to utilize wind energy or solar energy either of the active type based on mechanically forced energy transfer or of the passive type based on convective, conductive, or radiant energy transfer or some combination of these types to reduce the energy requirements of that structure from other energy sources, and which is in conformity with such criteria and standards as shall be prescribed by the Secretary in consultation with the Secretary of Energy.

"Solar energy system."

(c) In carrying out subsection (b), the Secretary shall take such steps as may be necessary to encourage the installation of cost-effective and economically feasible solar energy systems in housing assisted under the programs and activities referred to in such subsection taking into account the interests of low-income homeowners and renters, including the implementation of a plan of action to publicize the availability and feasibility of solar energy systems to current or potential recipients of assistance under such programs and activities.

(d) The Secretary shall, in conjunction with the Secretary of Energy, transmit to the Congress, within eighteen months after the date of enactment of this Act, a report setting forth—

Joint report to Congress.

(1) the number of solar units which were contracted for or installed or which are on order under the provisions of subsection (b) (1) of this section during the first twelve full calendar months after the date of enactment of this Act; and

(2) an analysis of any problems and benefits related to encouraging the use of solar energy systems in the programs and activities referred to in subsection (b).

## TITLE III—PROGRAM AMENDMENTS AND EXTENSIONS

## EXTENSION OF FEDERAL HOUSING ADMINISTRATION MORTGAGE INSURANCE PROGRAMS

Sec. 301. (a) Section 2(a) of the National Housing Act is amended by striking out "November 1, 1978" in the first sentence and inserting in lieu thereof "October 1, 1979".

12 USC 1703.



- 12 USC 1715h. (b) Section 217 of such Act is amended by striking out "October 31, 1978" and inserting in lieu thereof "September 30, 1979".
- 12 USC 1715l. (c) Section 221(f) of such Act is amended by striking out "October 31, 1978" in the fifth sentence and inserting in lieu thereof "September 30, 1979".
- 12 USC 1715z. (d) Section 235(m) of such Act is amended by striking out "October 31, 1978" and inserting in lieu thereof "September 30, 1979".
- 12 USC 1715z-1. (e) Section 236(n) of such Act is amended by striking out "October 31, 1978" and inserting in lieu thereof "September 30, 1979".
- 12 USC 1715z-9. (f) Section 244(d) of such Act is amended—
- (1) by striking out "October 31, 1978" in the first sentence and inserting in lieu thereof "September 30, 1979"; and
  - (2) by striking out "November 1, 1978" in the second sentence and inserting in lieu thereof "October 1, 1979".
- 12 USC 1715z-10. (g) Section 245 of such Act is amended by striking out "October 31, 1978" in the third sentence and inserting in lieu thereof "September 30, 1979".
- 12 USC 1748h-1. (h) Section 809(f) of such Act is amended by striking out "October 31, 1978" in the second sentence and inserting in lieu thereof "September 30, 1979".
- 12 USC 1748h-2. (i) Section 810(k) of such Act is amended by striking out "October 31, 1978" in the second sentence and inserting in lieu thereof "September 30, 1979".
- 12 USC 1749bb. (j) Section 1002(a) of such Act is amended by striking out "October 31, 1978" in the second sentence and inserting in lieu thereof "September 30, 1979".
- 12 USC 1749aaa. (k) Section 1101(a) of such Act is amended by striking out "October 31, 1978" in the second sentence and inserting in lieu thereof "September 30, 1979".

## EXTENSION OF FLEXIBLE INTEREST RATE AUTHORITY

- 12 USC 1709-1. SEC. 302. Section 3(a) of the Act entitled "An Act to amend chapter 37 of title 38 of the United States Code with respect to the veterans' home loan program, to amend the National Housing Act with respect to interest rates on insured mortgages, and for other purposes", approved May 7, 1968, as amended, is amended by striking out "November 1, 1978" and inserting in lieu thereof "October 1, 1979".

EXTENSION OF EMERGENCY HOME PURCHASE ASSISTANCE  
ACT OF 1974

- 12 USC 1723e note. SEC. 303. Section 3(b) of the Emergency Home Purchase Assistance Act of 1974 is amended by striking out "November 1, 1978" and inserting in lieu thereof "October 1, 1979".

## COMPREHENSIVE PLANNING

- 40 USC 461. SEC. 304. (a) The second sentence of section 701(e) of the Housing Act of 1954 is amended by striking out "and not to exceed \$75,000,000 for the fiscal year 1978" and inserting in lieu thereof "not to exceed \$75,000,000 for the fiscal year 1978, and not to exceed \$57,000,000 for the fiscal year 1979".
- (b) The second sentence of section 701(c) of such Act is amended by striking out "biennially" and inserting in lieu thereof "triennially".
- (c) Section 701(d)(2) of such Act is amended by striking out "biennially" and inserting in lieu thereof "at least triennially" and by striking out "two" and inserting in lieu thereof "three".

(d) Section 701(m) of such Act is amended by adding at the end thereof the following: 40 USC 461.

“(5) The term ‘Indian tribal group or body’ means any Indian tribe, band, group, and nation, including Alaska Indians, Aleuts, and Eskimos, and any Alaskan Native Village, of the United States, which is considered an eligible recipient under the Indian Self-Determination and Education Assistance Act (Public Law 93-638) or under the State and Local Fiscal Assistance Act of 1972 (Public Law 92-512).”

“Indian tribal group or body.”

25 USC 450 note.  
31 USC 1221 note.

## RESEARCH AUTHORIZATIONS

SEC. 305. (a) Title V of the Housing and Urban Development Act of 1970 is amended by striking out in the second sentence of section 501 “and not to exceed \$60,000,000 for the fiscal year 1978” and inserting in lieu thereof “not to exceed \$60,000,000 for the fiscal year 1978, and not to exceed \$62,000,000 for the fiscal year 1979”. 12 USC 1701z-1.

(b) Such title is further amended by adding at the end thereof the following new section:

## “CONVERSIONS

“Sec. 510. In carrying out activities under section 501, the Secretary is authorized to conduct demonstrations to determine the feasibility of expanding homeownership opportunities in urban areas and encouraging the creation and maintenance of decent, safe, and sanitary housing in such areas by utilizing techniques including, but not limited to, the conversion of multifamily housing properties to condominium or cooperative ownership by individuals and families.”

Demonstration.  
12 USC 1701z-9.

(c) The Secretary of Housing and Urban Development shall conduct a study of the feasibility of underground construction of residential housing and changes in housing codes and financing which may be necessary as the result of the adoption of this construction method. The Secretary shall transmit a final report no later than one year after the date of enactment of this Act to the Congress containing the findings and conclusions made as a result of such study, along with any legislative recommendations which the Secretary determines should be enacted with respect to the subject of such study.

Study.  
12 USC 1701z-9 note.

Report to Congress.

## NEW COMMUNITIES

SEC. 306. Section 720(a) of the Housing and Urban Development Act of 1970 is amended by striking out “November 1, 1978” and inserting in lieu thereof “October 1, 1979”. 42 USC 4521.

## EXTENSION OF CRIME INSURANCE AND RIOT REINSURANCE PROGRAMS

SEC. 307. (a) Section 1201 of the National Housing Act is amended— 12 USC 1749bbb.

(1) by striking out, in subsection (b) (1), “October 31, 1978” and inserting in lieu thereof “September 30, 1980”;

(2) by striking out, in subsection (b) (1) (A), “October 31, 1981” and inserting in lieu thereof “September 30, 1983”; and

(3) by striking out, in subsection (b) (2), “October 31, 1978” and inserting in lieu thereof “September 30, 1981”.

(b) Section 1211 of such Act is amended by adding the following new subsection at the end thereof: 12 USC 1749bbb-3.

“(c) At least one-third of the voting members of every board of directors, board of governors, advisory committee, and other governing or advisory board or committee for each plan described in subsec-

tion (b) shall be individuals who are not employed by, or otherwise affiliated with, insurers, insurance agents, brokers, producers, or other entities of the insurance industry.”

12 USC  
1749bbb-3.

(c) Section 1211(b) of such Act is amended by striking out “and” at the end of paragraph (9), by striking out the period at the end of paragraph (10) and inserting in lieu thereof “; and”, and by adding the following new paragraph at the end thereof:

“(11) Notwithstanding any other provision of this section, on and after January 31, 1979, no risk within the plan shall be insured at a rate higher than the rates or advisory rates set by the principal State-licensed rating organization for essential property insurance in the voluntary market; except that this provision shall not be deemed to prohibit the application to any such risk, on a nondiscriminatory basis, of condition charges for substandard physical conditions within the control of the applicant for insurance as set by the principal State-licensed rating organization for the voluntary market.”

#### EXTENSION OF NATIONAL FLOOD INSURANCE PROGRAM

42 USC 4026.

SEC. 308. (a) Section 1319 of the National Flood Insurance Act of 1968 is amended by striking out “October 31, 1978” and inserting in lieu thereof “September 30, 1980”.

42 USC 4056.

(b) Section 1336(a) of such Act is amended by striking out “October 31, 1978” and inserting in lieu thereof “September 30, 1980”.

#### FLOOD INSURANCE STUDIES

42 USC 4127.

SEC. 309. Section 1376(c) of the National Flood Insurance Act of 1968 is amended by striking out “and not to exceed \$108,000,000 for the fiscal year 1978” and inserting in lieu thereof the following: “, not to exceed \$108,000,000 for the fiscal year 1978, and not to exceed \$114,000,000 for the fiscal year 1979.”

#### FEDERAL HOUSING ADMINISTRATION GENERAL INSURANCE FUND

12 USC 1735c.

SEC. 310. Section 519(f) of the National Housing Act is amended by inserting the following before the period: “, which amount shall be increased by \$165,000,000 on October 1, 1978”.

#### MULTIFAMILY MORTGAGE INSURANCE

12 USC 1713.

SEC. 311. (a) The last sentence of section 207(c) of the National Housing Act is amended by striking out “eight” and inserting in lieu thereof “five”.

12 USC 1715z-6.

(b) Section 241(d) of such Act is amended by adding at the end thereof the following: “At any sale under foreclosure of a mortgage on a project or facility which is not insured under this Act but which is senior to a loan assigned to the Secretary pursuant to subsection (c), the Secretary is authorized to bid, in addition to amounts authorized under section 207(k), any sum up to but not in excess of the total unpaid indebtedness secured by such senior mortgage, plus taxes, insurance, foreclosure costs, fees, and other expenses. In the event that, pursuant to subsection (c), the Secretary acquires title to, or is assigned, a loan covering a project or facility which is subject to a mortgage which is not insured under this Act, the Secretary is authorized to make payments from the General Insurance Fund on the debt secured by such mortgage, and to take such other steps as the Secretary may

deem appropriate to preserve or protect the Secretary's interest in the project or facility.”.

#### MORTGAGE INSURANCE FOR NONRESIDENT CARE FACILITIES

SEC. 312. (a) Section 232(a) of the National Housing Act is amended— 12 USC 1715w.

(1) by inserting the following immediately before the period at the end of paragraph (1): “, including additional facilities for the nonresident care of elderly individuals and others who are able to live independently but who require care during the day”; and

(2) by inserting the following immediately before the period at the end of paragraph (2): “, including additional facilities for the nonresident care of elderly individuals and others who are able to live independently but who require care during the day”.

(b) Section 232(b)(2) of such Act is amended by inserting immediately after “nursing services;” in the first sentence the following: “(3) a ‘nursing home’ or ‘intermediate care facility’ may include such additional facilities as may be authorized by the Secretary for the nonresident care of elderly individuals and others who are able to live independently but who require care during the day;”.

“Nursing home”  
or “intermediate  
care facility.”

#### CONDOMINIUM MORTGAGE INSURANCE

SEC. 313. (a) The first sentence of section 234(c) of the National Housing Act is amended by inserting immediately after “less units” in the proviso of clause (2) the following: “, or twelve or more units in the case of a multifamily project the construction of which was completed more than a year prior to the application for mortgage insurance.”. 12 USC 1715y.

(b) The third sentence of section 234(c) of such Act is amended by inserting “(100 per centum if the mortgagor is a veteran as defined under section 203(b)(2) of this Act)” after “centum” in clause (A)(i).

#### PURCHASE OF FEE SIMPLE TITLE

SEC. 314. Section 240(c)(2) of the National Housing Act is amended by adding “(\$30,000, if the property is located in Hawaii)” immediately after “\$10,000”. 12 USC 1715z-5.

#### NATIONAL NEIGHBORHOOD POLICY ACT

SEC. 315. The National Neighborhood Policy Act is amended by striking out “one year” in section 204(c) and inserting in lieu thereof “fifteen months”. 42 USC 1441 note.

#### HOUSING AND URBAN DEVELOPMENT DAY CARE CENTER FACILITIES

SEC. 316. Section 7(n) of the Department of Housing and Urban Development Act is amended to read as follows: 42 USC 3535.

“(n) Notwithstanding any other provision of law, the Secretary is authorized by contract or otherwise to establish, equip, and operate a day care center facility or facilities, or to assist in establishing, equipping, and operating interagency day care facilities for the purpose of serving children who are members of households of employees of the Department. The Secretary is authorized to establish or provide for the establishment of appropriate fees and charges to be

chargeable against the Department of Housing and Urban Development employees or others who are beneficiaries of services provided by any such day care center. In addition, limited start-up costs may be provided by the Secretary in an amount limited to 3 per centum of the first year's operating budget, but not to exceed \$3,500."

SALE OF SURPLUS FEDERAL LAND FOR HOUSING

40 USC 484b.  
Federal surplus  
real property,  
transfer to  
Secretary of  
Housing and  
Urban  
Development.  
40 USC 471  
note.

SEC. 317. (a) The first and second sentences of section 414(a) of the Housing and Urban Development Act of 1969 are amended to read as follows: "Notwithstanding the provisions of the Federal Property and Administrative Services Act of 1949, any Federal surplus real property within the meaning of such Act may, in the discretion of the Administrator of General Services, be transferred to the Secretary of Housing and Urban Development at the Secretary's request for sale or lease by the Secretary at its fair value for use in the provision of housing to be occupied predominantly by families or individuals of low and moderate income, assisted under a Federal housing assistance program administered by the Secretary or under a State or local program found by the Secretary to have the same general purpose, and for related public commercial or industrial facilities approved by the Secretary. Prior to any disposition of Federal surplus real property to an entity other than a public body, the Secretary shall notify the governing body of the locality where such property is located of the proposed disposition and no such disposition shall be made if the local governing body, within ninety days of such notification, formally advises the Secretary that it objects to the proposed disposition, unless the Secretary determines (1) that the proposed disposition would be consistent with any approved housing assistance and community development plans developed by such body pursuant to the Housing and Community Development Act of 1974, or (2) in cases where such plans are not available, that there is a need for low- and moderate-income housing taking into consideration any applicable State housing plans, and that there is or will be available in the area public facilities and services adequate to serve any housing proposed in conjunction with the proposed disposition."

42 USC 5301  
note.

(b) Subsection (b) of section 414 of such Act is amended to read as follows:

"(b) As a condition of any disposition by the Secretary of Federal surplus real property under this section to an entity other than a public body, the Secretary shall obtain such undertakings as the Secretary may consider appropriate to assure that the property will be used, to the maximum practicable extent, in the provision of housing and related facilities to be occupied by families or individuals of low and moderate income for a period of not less than thirty years. If during such period the property is used for any purpose other than the purpose for which it was disposed of, it shall revert to the United States (or, in the case of leased property, the lease shall terminate) unless the Secretary and the Administrator, after the expiration of the first twenty years of such period, have approved the use of the property for such other purposes."

INCREASE IN GOVERNMENT NATIONAL MORTGAGE ASSOCIATION MORTGAGE  
PURCHASE AUTHORITY AND LIMITS

12 USC 1717.

SEC. 318. (a) The third clause of the proviso in section 302(b)(1) of the National Housing Act is amended by striking "if the original principal obligation thereof exceeds or exceeded \$33,000 (or such

higher amount not in excess of \$38,000 as the Secretary may by regulation specify in any geographical area where he finds that cost levels so require), for each family residence or dwelling unit covered by the mortgage (plus an additional \$2,500 for each such family residence or dwelling unit which has four or more bedrooms)" and inserting in lieu thereof "if the original principal obligation thereof exceeds or exceeded \$55,000 in the case of property upon which is located a dwelling designed principally for a one-family residence; or \$60,000 in the case of a two- or three-family residence; or \$68,750 in the case of a four-family residence; or, in the case of a property containing more than four dwelling units, \$38,000 per dwelling unit (or such higher amount not in excess of \$45,000 per dwelling unit as the Secretary may by regulation specify in any geographical area where the Secretary finds that cost levels so require) for that part of the property attributable to dwelling use".

(b) Section 305(c) of such Act is amended by striking out "and by \$2,000,000,000 on July 1, 1969" and inserting in lieu thereof "by \$2,000,000,000 on July 1, 1969, and subject to approval in an appropriation Act, by \$500,000,000 on October 1, 1978". 12 USC 1720.

#### NATIONAL INSTITUTE OF BUILDING SCIENCES

SEC. 319. Section 809(h) of the Housing and Community Development Act of 1974 is amended by inserting after "1978" the following: "and any amounts not appropriated in fiscal years 1977 and 1978 may be appropriated in any fiscal year through 1982". 12 USC 1701j-2.

#### TITLE I HOME IMPROVEMENT LOANS FOR MULTIFAMILY DWELLINGS

SEC. 320. The first sentence of section 2(b) of the National Housing Act is amended by striking out "\$25,000", "\$5,000", and "twelve years" in the third proviso in clause (3) and inserting in lieu thereof "\$37,500", "\$7,500", and "fifteen years", respectively. 12 USC 1703.

#### AMENDMENTS TO THE FEDERAL HOME LOAN MORTGAGE CORPORATION ACT

SEC. 321. (a) Paragraph (1) of subsection (a) of section 305 of the Federal Home Loan Mortgage Corporation Act is amended by inserting the following before the period at the end of the first sentence thereof: "or from any mortgagee approved by the Secretary of Housing and Urban Development for participation in any mortgage insurance program under the National Housing Act". 12 USC 1454.

(b) Paragraph (1) of subsection (a) of section 305 of the Federal Home Loan Mortgage Corporation Act is amended by adding at the end thereof the following new sentences: "The Corporation may establish requirements, and impose charges or fees, which may be regarded as elements of pricing, for different classes of sellers or servicers, and for such purposes the Corporation is authorized to classify sellers or servicers according to type, size, location, assets, or, without limitation on the generality of the foregoing, on such other basis or bases of differentiation as the Corporation may consider necessary or appropriate to effectuate the purposes or provisions of this Act. The Corporation may specify requirements concerning among other things, (A) minimum net worth; (B) supervisory mechanisms; (C) warranty compensation mechanisms; (D) prior approval of facilities; (E) prior origination and servicing experience with respect to different types of mortgages; (F) capital contributions and substitutes; (G) mortgage purchase volume limits; and (H) reduction of mortgage purchases 12 USC 1701.

12 USC 1454.

during periods of borrowing. With respect to any particular type of seller, the Corporation shall not be required to make available programs involving prior approval of mortgages, optional delivery of mortgages, and purchase of other than conventional mortgages to an extent greater than the Corporation elects to make such programs available to other types of eligible sellers. Any requirements specified by the Corporation pursuant to the preceding three sentences must bear a rational relationship to the purposes or provisions of this Act, but will not be considered discriminatory solely on the grounds of differential effects on types of eligible sellers. Insofar as is practicable, the Corporation shall make reasonable efforts to encourage participation in its programs by each type of eligible seller."

Effective date.  
12 USC 1454  
note.

(c) The amendments made by this section shall become effective at the end of the two hundred and ten calendar days after enactment of this Act, but not before January 31, 1979, or on such earlier date as the Federal Home Loan Mortgage Corporation may prescribe.

#### SALE OF ACQUIRED PROPERTY TO COOPERATIVES

12 USC  
1715z-11.

SEC. 322. Section 246 of the National Housing Act is amended to read as follows:

#### "SALE OF ACQUIRED PROPERTY TO COOPERATIVES

"SEC. 246. In any case which the Secretary sells a multifamily housing project acquired as the result of a default on a mortgage which was insured under this Act to a cooperative which will operate it on a non-profit basis and restrict permanent occupancy of its dwellings to members, or to a nonprofit corporation which operates as a consumer cooperative as defined by the Secretary, the Secretary may accept a purchase money mortgage, or upon application of the mortgagee, insure a mortgage under this section upon such terms and conditions as the Secretary determines are reasonable and appropriate, in a principal amount equal to the value of the property at the time of purchase, which value shall be based upon a mortgage amount on which the debt service can be met from the income of property when operated on a nonprofit basis after payment of all operating expenses, taxes, and required reserves; except that the Secretary may add to the mortgage amount an amount not greater than the amount of prepaid expenses and costs involved in achieving cooperative ownership, or make such other provisions for payment of such expenses and costs as the Secretary deems reasonable and appropriate. Prior to such disposition of a project, funds may be expended by the Secretary for necessary repairs and improvements."

#### SECONDARY MORTGAGES ON INSURED PROPERTIES

12 USC 1731a.

SEC. 323. Title V of the National Housing Act is amended by adding at the end thereof the following new section:

#### "SECONDARY MORTGAGES ON INSURED PROPERTIES

12 USC 1735f-6.  
12 USC 1707.

"SEC. 528. In carrying out the provisions of title II of this Act with respect to insuring mortgages secured by a one- to four-family dwelling unit, the Secretary may not deny such insurance for any such mortgage solely because the dwelling unit which secures such mortgage will be subject to a secondary mortgage or loan made or insured, or other secondary lien held, by any State or local governmental agency or instrumentality under terms and conditions approved by the Secretary."

## LEGISLATIVE REVIEW

SEC. 324. Section 7 of the Department of Housing and Urban Development Act is amended by adding at the end thereof the following new subsection:

42 USC 3535.

“(o) (1) Notwithstanding any other provision of law, the Secretary shall transmit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Banking, Finance and Urban Affairs of the House of Representatives an agenda of all rules or regulations which are under development or review by the Department. Such an agenda shall be transmitted to such Committees within 30 days of the date of enactment of this subsection and at least semi-annually thereafter.

Rules or regulations agenda, transmittal to congressional committees.

“(2) (A) Any rule or regulation which is on any agenda submitted under paragraph (1) may not be published for comment prior to or during the first period of 15 calendar days of continuous session of Congress which occurs after the date on which such agenda was transmitted. If within such period, either Committee notifies the Secretary in writing that it intends to review any rule or regulation or portion thereof which appears on the agenda, the Secretary shall submit to both Committees a copy of any such rule or regulation, in the form it is intended to be proposed, at least 15 calendar days of continuous session prior to its being published for comment in the Federal Register.

Notification.

“(B) Any rule or regulation which has not been published for comment before the date of enactment of this subsection and which does not appear on an agenda submitted under paragraph (1) shall be submitted to both such Committees at least 15 calendar days of continuous session of Congress prior to its being published for comment.

“(3) No rule or regulation may become effective until after the first period of 20 calendar days of continuous session of Congress which occurs after the day on which such rule or regulation is published as final. If within such 20-day period, either Committee has reported out or been discharged from further consideration of a joint resolution of disapproval or other legislation which is intended to modify or invalidate the rule or regulation or any portion thereof, the rule or regulation or portion thereof so addressed shall not become effective for a period of 90 calendar days from the date of Committee action or discharge unless the House to which such Committee reports has rejected such resolution or legislation, in which case the rule or regulation may go into effect only after the expiration of the 20 calendar days described in the first sentence of this paragraph if the other House does not have such a resolution or legislation pending or adopted, and if the requirements of section 553 of title 5, United States Code, are met.

“(4) The provisions of paragraphs (2) and (3) may be waived upon the written request of the Secretary, if agreed to by the Chairmen and Ranking Minority Members of both Committees.

Waiver.

“(5) Congressional inaction on any rule or regulation shall not be deemed an expression of approval of the rule or regulation involved.

“(6) For purposes of this subsection—

“(A) continuity of session is broken only by an adjournment of Congress sine die;

“(B) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain are excluded in the computation of calendar days of continuous session of Congress; and

“(C) the term ‘rule or regulation’ does not include the setting of interest rates pursuant to section 3 of Public Law 90-301.”

“Rule or regulation.”

12 USC 1709-1.



## INCREASED MORTGAGE CEILINGS FOR MORTGAGE INSURANCE PROGRAMS

12 USC 1715l. SEC. 325. (a) Section 221(d)(3)(ii) of the National Housing Act is amended—

(1) by striking out “\$16,860”, “\$18,648”, “\$22,356”, “\$28,152”, and “\$31,884” and inserting in lieu thereof “\$21,563”, “\$24,662”, “\$29,984”, “\$38,379”, and “\$42,756”, respectively; and

(2) by striking out “\$19,680”, “\$22,356”, “\$26,496”, “\$33,120”, and “\$38,400” and inserting in lieu thereof “\$22,692”, “\$26,012”, “\$31,631”, “\$40,919”, and “\$44,917”, respectively.

(b) Section 221(d)(4)(ii) of such Act is amended by striking out “\$18,450”, “\$20,625”, “\$24,630”, “\$29,640”, and “\$34,846” in the matter preceding the first semicolon and inserting in lieu thereof “\$19,406”, “\$22,028”, “\$26,625”, “\$33,420”, and “\$37,870”, respectively.

## FHA-INSURED MORTGAGE REFINANCING OF HOSPITALS

12 USC 1715n. SEC. 326. Section 223(f) of the National Housing Act is amended by—

(1) inserting before the period at the end of the first sentence thereof the following: “or the refinancing of existing debt of an existing hospital.”;

(2) striking out “property” in the second sentence and inserting in lieu thereof “multifamily housing project”; and

(3) adding at the end thereof the following new sentence: “In the case of refinancing of an existing hospital the Secretary shall prescribe such terms and conditions as the Secretary deems necessary to assure that—

“(A) the refinancing is employed to lower the monthly debt service costs (taking into account any fees or charges connected with such refinancing) of such existing hospital;

“(B) the proceeds of any refinancing will be employed only to retire the existing indebtedness and pay the necessary cost of refinancing on such existing hospital;

“(C) such existing hospital is economically viable; and

“(D) such existing hospital has received such certifications from a State agency designated in accordance with section 604(a)(1) or section 1521 of the Public Health Service Act for the State in which the hospital is located as the Secretary deems necessary and appropriate and comparable to the certification required for hospitals insured under section 242 of this Act and that such State agency additionally certify that the services being provided by such existing hospital at the time of refinancing are appropriate as determined pursuant to section 1523(a)(6) of the Public Health Service Act.”.

42 USC 291d,  
300m.

12 USC  
1715z-7.

42 USC 300m-2.

Congregate  
Housing Services  
Act of 1978.

## TITLE IV—CONGREGATE SERVICES

## SHORT TITLE

42 USC 8001  
note.

SEC. 401. This title may be cited as the “Congregate Housing Services Act of 1978”.

## FINDINGS

42 USC 8001.

SEC. 402. The Congress finds that—

(1) congregated housing, coordinated with the delivery of supportive services, offers an innovative, proven, and cost-effective means of enabling temporarily disabled or handicapped indi-

viduals to maintain their dignity and independence and to avoid costly and unnecessary institutionalization;

(2) a large and growing number of elderly and handicapped residents of public housing projects and of nonprofit projects for the elderly and handicapped face premature and unnecessary institutionalization because of the absence of or deficiencies in the availability, adequacy, coordination, or delivery of the supportive services required for the successful development of adequate numbers of congregate housing projects; and

(3) supplemental supportive services, available on a secure and continuing basis, are essential to a successful congregate housing program.

#### DEFINITIONS

SEC. 403. For the purpose of this title—

42 USC 8002.

(1) the term "congregate housing" means (A) low-rent housing which, as of January 1, 1979, was built or under construction, with which there is connected a central dining facility where wholesome and economical meals can be served to such occupants; or (B) low-rent housing constructed after, but not under construction prior to, January 1, 1979, connected with which there is a central dining facility to provide wholesome and economical meals for such occupants;

(2) the term "congregate services programs" means programs to be undertaken by a public housing agency or a nonprofit corporation to provide assistance, including personal assistance and nutritional meals, to eligible project residents who, with such assistance, can remain independent and avoid unnecessary institutionalization;

(3) the term "elderly" means sixty-two years of age or over;

(4) the term "eligible project resident" means elderly handicapped individuals, nonelderly handicapped individuals, or temporarily disabled individuals, who are residents of congregate housing projects administered by a public housing agency or by a nonprofit corporation;

(5) the term "handicapped" means having an impairment which (A) is expected to be of long-continued and indefinite duration, and (B) substantially impedes an individual's ability to live independently unless the individual receives supportive congregate services; such impairment may include a functional disability or frailty which is a normal consequence of the human aging process;

(6) the term "personal assistance" means service provided under this title which may include, but is not limited to, aid given to eligible project residents in grooming, dressing, and other activities which maintain personal appearance and hygiene;

(7) the term "professional assessment committee" means a group of at least three persons appointed by a local public housing agency or a nonprofit corporation and shall include qualified medical professionals and other persons professionally competent to appraise the functional abilities of elderly or permanently disabled adult persons, or both, in relation to the performance of the normal tasks of daily living;

(8) the term "temporarily disabled" means an impairment which (A) is expected to be of no more than six months' duration, and (B) substantially impedes an individual's ability to live independently unless the individual receives supportive congregate services; and

(9) the term "nonprofit corporation" means any corporation responsible for a housing project assisted under section 202 of the Housing Act of 1959.

12 USC 1701q.

AUTHORIZATION TO ENTER INTO CONTRACTS

42 USC 8003.

SEC. 404. The Secretary of Housing and Urban Development (hereinafter referred to as the "Secretary") is authorized to enter into contracts with local public housing agencies under the United States Housing Act of 1937 (hereinafter referred to as "public housing agencies") and with nonprofit corporations, utilizing sums appropriated under this title, to provide congregate services programs for eligible project residents in order to promote and encourage maximum independence within a home environment for such residents capable of self-care with appropriate supportive congregate services. Each contract between the Secretary and a public housing agency or nonprofit corporation shall be for a term of not less than three years or more than five years and shall be renewable at the expiration of such term. Each public housing agency or nonprofit corporation entering into such a contract shall be reserved a sum equal to its total approved contract amount from the moneys authorized and appropriated for the fiscal year in which the notification date of funding approval falls.

42 USC 1437  
note.

CONGREGATE SERVICES PROGRAM

42 USC 8004.

SEC. 405. (a) Congregate services programs assisted under this title must include full meal service adequate to meet nutritional needs, and may also include housekeeping aid, personal assistance, and other services essential for maintaining independent living.

Nondiscrimination.

(b) No services funded under this title may duplicate services which are already affordable, accessible, and sufficiently available on a long-term basis to eligible project residents under programs administered by or receiving appropriations through any department, agency, or instrumentality of the Federal Government or any other public or private department, agency, or organization.

Application,  
consultation.

(c) A public housing agency or nonprofit corporation applying for assistance shall consult with the Area Agency on Aging (or, where no Area Agency on Aging exists, with the appropriate State agency under the Older Americans Act of 1965) in determining the means of providing services under this title and in identifying alternative available sources of funding for such services.

42 USC 3001  
note.

(d) Prior to the submission of a final application for either new or renewed funding under this title, a public housing agency and a nonprofit corporation shall present a copy of a proposed application to the Area Agency on Aging (or, where no Area Agency on Aging exists to the appropriate State agency under the Older Americans Act of 1965) for review and comment. Such agency and nonprofit corporation shall consider such review and comment in the development of any final application for either new or renewed funding under this title.

Copy.  
Review and  
comment.

(e)(1) When nonelderly handicapped individuals are included among the eligible project residents, the public housing agency and nonprofit corporation shall consult with the appropriate local agency, if any, designated by applicable State law as having responsibility for the development, provision, or identification of social services to permanently disabled adults, for the purpose of determining the means of providing services under this title and of identifying alternative available sources of funding for such services.

(2) Such public housing agency and nonprofit corporation shall also, prior to the submission of a final application for either new or renewed funding under this title, present a copy of the proposed application to such appropriate local agency for review and comment. The public housing agency and nonprofit corporation shall consider such review and comment in the development of any final application for either new or renewed funding under this title.

Copy.  
Review and  
comment.

(f) Any nonprofit corporation or public housing agency receiving assistance under this title may provide congregate services directly to eligible project residents or may, by contract or lease, provide such services through other appropriate agencies or providers.

(g) Nonprofit corporations and public housing agencies receiving assistance for congregate services programs under this title shall be required to maintain the same dollar amount of annual contribution which they were making, if any, in support of the provision of services eligible for assistance under this title before the date of the submission of the application for such assistance unless the Secretary determines that the waiver of this requirement is necessary for the maintenance of adequate levels of services to eligible project residents. If any contract or lease entered into by a public housing agency or nonprofit corporation pursuant to subsection (f) of this section provides for adjustments in payments for services to reflect changes in the cost of living, then the amount of annual contribution required to be maintained by such public agency or nonprofit corporation under the preceding sentence shall be readjusted in the same manner.

(h) Each nonprofit corporation and public housing agency shall establish fees for meal service and other appropriate services provided to eligible project residents. These fees shall be reasonable, may not exceed the cost of providing the service, and shall be calculated on a sliding scale related to income which permits the provision of services to such residents who cannot afford meal and service fees. When meal services are provided to other project residents, fees shall be reasonable and may not exceed the cost of providing the meal service.

Fees.

(i) The Secretary shall establish standards for the provision of services under this title, and, in developing such service standards, the Secretary shall consult with the Secretary of the Department of Health, Education, and Welfare and with appropriate organizations representing the elderly and handicapped, as determined by the Secretary.

Standards,  
consultation.

#### ELIGIBILITY FOR SERVICES

SEC. 406. (a) The identification of project residents eligible to participate in a congregate services program assisted under this title, and the designation of the services appropriate to their individual functional abilities and needs, shall be made by a professional assessment committee. Such committee shall utilize procedures which insure that the process of determining eligibility of individuals for services under this title shall accord such individuals fair treatment and due process and a right of appeal of such determination of eligibility, and shall also assure the confidentiality of personal and medical records.

42 USC 8005.

(b) Other residents may participate in a congregate meal service program assisted under this title if the local public housing agency or nonprofit corporation determines that the participation of these individuals will not adversely affect the cost-effectiveness or operation of the program.

(c) Any public housing agency or nonprofit corporation receiving assistance under this title shall notify the Secretary of any change in the membership of the professional assessment committee within thirty

Recipients  
membership  
change,  
notification.

days of such change. Such notification shall list the names and professional qualifications of new members of the committee.

Procedures.

(d) Procedures shall be established to insure that changes in the membership of the professional assessment committee are consistent with the requirements of section 403(7) of this title.

#### APPLICATION PROCEDURES

42 USC 8006.

SEC. 407. (a) An application for assistance under this title shall include—

(1) a plan specifying the types and priorities of the basic services the public housing agency or nonprofit corporation proposes to provide during the term of the contract; such plan must be related to the needs and characteristics of the eligible project residents and, to the maximum extent practicable, provide for the changing needs and characteristics of all project residents; such plan shall be determined after consultation with eligible project residents and with the professional assessment committee;

(2) a list of names and professional qualifications of the members of the professional assessment committee;

(3) the fee schedule established pursuant to section 405(h) of this title;

(4) any comment received in connection with any review of a proposed application pursuant to section 405(d) or 405(e)(2); and

(5) a statement affirming (A) that the nonprofit corporation or public housing agency has followed the consultation procedures required in subsections (c), (d), and (e) of section 405, and (B) that such application complies with subsection (b) of such section.

Submission  
deadlines and  
notification.

(b) The Secretary shall establish appropriate deadlines for each fiscal year for the submission of applications for funding under this title and shall notify any public housing agency and nonprofit corporation applying for assistance under this title of acceptance or rejection of its application within ninety days of such submission.

Review.

(c) Within twelve months prior to the submission of an application for renewed funding under this title, each nonprofit corporation and public housing agency shall review the performance, appropriateness, and fee schedules of their congregate services program with eligible project residents and with the professional assessment committee. The results of such review shall be included in any application for renewal and shall be considered in the development of the application for renewal by the nonprofit corporation or public housing agency and in its evaluation by the Secretary.

#### EVALUATION OF APPLICATION AND PROGRAMS

42 USC 8007.

SEC. 408. (a) In evaluating applications for assistance under this title, the Secretary shall consider—

(1) the types and priorities of the basic services proposed to be provided, and the relationship of such proposal to the needs and characteristics of the eligible residents of the projects where the services are to be provided;

(2) how quickly services will be established following approval of the application;

(3) the degree to which local social services are adequate for the purpose of assisting eligible project residents to maintain independent living and avoid unnecessary institutionalization;

(4) the professional qualifications of the members of the professional assessment committee; and

(5) the reasonableness of fee schedules established for each congregate service.

(b) In evaluating programs receiving assistance under this title, the Secretary shall—

(1) establish procedures for the review and evaluation of the performance of nonprofit corporations and public housing agencies receiving assistance under this title, including provisions for the submission of an annual report, by each such nonprofit corporation and public housing agency, which evaluates the impact and effectiveness of its congregate services program; and

(2) publish annually and submit to the Congress, a report on and evaluation of the impact and effectiveness of congregate services programs assisted under this title. Such report and evaluation shall be based, in part, on the evaluations required to be submitted pursuant to paragraph (1).

Procedures.

Report, annual publication and submittal to Congress.

#### FUNDING PROCEDURES

SEC. 409. (a) The Secretary shall establish procedures—

42 USC 8008.

(1) to assure timely payments to nonprofit corporations and public housing agencies for approved assisted congregate services programs with provision made for advance funding sufficient to meet necessary startup costs;

(2) to permit reallocation of funds approved for the establishment of congregate services in existing public housing projects and projects assisted under section 202 of the Housing Act of 1959 if the services are not established within six months of the notification date of funding approval;

(3) to assure that where such funding has been approved for the establishment of congregate services for public housing projects and projects assisted under section 202 of the Housing Act of 1959 under construction or approved for construction, these services shall be in place at the start of the project's occupancy by tenants requiring such services for maintaining independent living;

12 USC 1701q.

(4) to establish accounting and other standards in order to prevent any fraudulent or inappropriate use of funds under this title; and

(5) to assure that no more than 1 per centum of the funds appropriated under this title for any fiscal year may be used by public housing agencies and nonprofit corporations for evaluative purposes as required by section 408(b)(1).

(b) The Secretary shall establish a reserve fund, not to exceed 10 per centum of the funds appropriated in each fiscal year for the provision of services under this title, in order to supplement grants awarded to public housing agencies and nonprofit corporations under this title when, in the determination of the Secretary, such supplemental adjustments are required to maintain adequate levels of services to eligible project residents.

Reserve fund, establishment.

#### MISCELLANEOUS PROVISIONS

SEC. 410. (a) Each public housing agency and nonprofit corporation shall, to the maximum extent practicable, utilize elderly and permanently disabled adult persons who are residents of public housing projects or projects assisted under section 202 of the Housing Act of 1959, but who are not eligible project residents, to participate in pro-

42 USC 8009.

viding the services assisted under this title. Such persons shall be paid wages which shall not be lower than whichever is the highest of—

29 USC 201.  
29 USC 206.  
29 USC 213.

(1) the minimum wage which would be applicable to the employee under the Fair Labor Standards Act of 1938, if section 6(a)(1) of such Act applied to the resident and if he or she were not exempt under section 13 thereof;

(2) the State or local minimum wage for the most nearly comparable covered employment; or

(3) the prevailing rates of pay for persons employed in similar public occupations by the same employer.

12 USC 1701q.

(b) No service provided to a public housing resident or to a resident of a housing project assisted under section 202 of the Housing Act of 1959 under this title, except for wages paid under subsection (a) of this section, may be treated as income for the purpose of any other program or provision of State or Federal law.

(c) Individuals receiving services assisted under this title shall be deemed to be residents of their own households, and not to be residents of a public institution, for the purpose of any other program or provision of State or Federal law.

Regulations.

(d) The Secretary may issue regulations to carry out the provisions of this title.

#### AUTHORIZATION OF APPROPRIATIONS

42 USC 8010.

SEC. 411. (a) To carry out the provisions of this title, there are authorized to be appropriated—

(1) for fiscal year 1979, not to exceed \$20,000,000;

(2) for fiscal year 1980, not to exceed \$25,000,000;

(3) for fiscal year 1981, not to exceed \$35,000,000; and

(4) for fiscal year 1982, not to exceed \$40,000,000.

(b) Sums appropriated pursuant to this section shall remain available until expended.

#### AMENDMENT TO THE UNITED STATES HOUSING ACT OF 1937

"Congregate housing."  
42 USC 1437e.

SEC. 412. Section 7 of the United States Housing Act of 1937 is amended by striking out the second sentence and inserting in lieu thereof the following: "As used in this section, the term 'congregate housing' means (1) low-rent housing which, as of January 1, 1979, was built or under construction, with which there is connected a central dining facility where wholesome and economical meals can be served to such occupants; or (2) low-rent housing constructed after, but not under construction prior to, January 1, 1979, connected with which there is a central dining facility to provide wholesome and economical meals for such occupants. Such occupants of congregate housing may also be provided with other supportive services appropriate to their needs under title IV of the Housing and Community Development Amendments of 1978."

Ante, p. 2104.

### TITLE V—RURAL HOUSING

#### AUTHORIZATIONS

42 USC 1483.

SEC. 501. (a) Section 513(b) of the Housing Act of 1949 is amended by inserting after "October 31, 1978" the following: ", and not to exceed \$48,000,000 for the fiscal year ending September 30, 1979".

(b) Section 513(c) of such Act is amended by inserting before the semicolon at the end thereof the following: ", and not to exceed \$38,000,000 for the fiscal year ending September 30, 1979".

- (c) Section 513 of such Act is amended by striking out clause (d) and inserting in lieu thereof the following: “(d) not to exceed \$10,000,000 for research and study programs pursuant to subsections (b), (c), and (d) of section 506 for the fiscal year ending September 30, 1979;”. 42 USC 1483.
- (d) Section 514 of such Act is amended by striking out “\$25,000,000” in subsection (d) and inserting in lieu thereof “\$38,000,000 (subject to approval in an appropriation Act)”. 42 USC 1484.
- (e) Section 515(b)(5) of such Act is amended by striking out “October 31, 1978” and inserting in lieu thereof “September 30, 1979”. 42 USC 1485.
- (f) Section 517(a)(1) of such Act is amended by striking out “October 31, 1978” and inserting in lieu thereof “September 30, 1979”. 42 USC 1487.
- (g) Section 523(f) of such Act is amended— 42 USC 1490c.
- (1) by striking out “November 1, 1978” and inserting in lieu thereof “October 1, 1979”;
- (2) by striking out “October 31, 1978” and inserting in lieu thereof “September 30, 1979”; and
- (3) by striking out “\$10,000,000” and inserting in lieu thereof “\$16,500,000”.
- (h) Section 523(g) of such Act is amended by inserting before the period at the end of the first sentence the following: “, and not to exceed \$3,000,000 for the fiscal year ending September 30, 1979”.
- (i) Section 525(c) of such Act is amended by inserting after the first sentence the following new sentence: “There are also authorized to be appropriated for the fiscal year ending September 30, 1979, not to exceed \$5,000,000 for the purposes of subsection (a) and not to exceed \$5,000,000 for the purposes of subsection (b).”. 42 USC 1490e.

## RURAL HOUSING RESEARCH

SEC. 502. (a) Subsection (b) of section 506 of the Housing Act of 1949 is amended to read as follows: Buildings and repairs.

“(b) The Secretary is further authorized and directed to conduct research, technical studies, and demonstrations relating to the mission and programs of the Farmers Home Administration and the national housing goals defined in section 2 of this Act. In connection with such activities, the Secretary shall seek to promote the construction of adequate farm and other rural housing, with particular attention to the housing needs of the elderly, handicapped, migrant and seasonal farmworkers, Indians and other identifiable groups with special needs. The Secretary shall conduct such activities for the purposes of stimulating construction and improving the architectural design and utility of dwellings and buildings.”. 42 USC 1476.

(b) Section 506 of such Act is amended by adding the following new subsection at the end thereof: Study.

“(f)(1) The Secretary shall conduct a study of housing which is available for migrant and settled farmworkers. In conducting such study, the Secretary shall—

“(A) determine the location, number, quality, and condition of housing units which are available to such farmworkers and the cost assessed such farmworkers for occupying such units;

“(B) recommend legislative, administrative, and other action (including the need for new authority for such action) which may be taken for the purpose of improving both the availability and the condition of such housing units; and

“(C) determine the possible roles which individual farmworkers, farmworker associations, individual farmers, farmer



associations, and public and private nonprofit agencies can perform in improving the housing conditions of farmworkers.

Results to House and Senate. “(2) The Secretary shall transmit the results of the study described in paragraph (1) to each House of the Congress within one year after the date of the enactment of this subsection.”

## APPEALS PROCEDURES

Rules and regulations. 42 USC 1480. SEC. 503. Section 510 of the Housing Act of 1949 is amended by redesignating paragraphs (g), (h), and (i) as paragraphs (h), (i), and (j), respectively, and by inserting the following new paragraph after paragraph (f):

“(g) issue rules and regulations which assure that applicants denied assistance under this title or persons or organizations whose assistance under this title is being substantially reduced or terminated are given written notice of the reasons for denial, reduction or termination and are provided at least an opportunity to appeal an adverse decision and to present additional information relevant to that decision to a person, other than the person making the original determination, who has authority to reverse the decision;”

## DOMESTIC FARM LABOR HOUSING

Waiver. 42 USC 1484. SEC. 504. Section 514 of the Housing Act of 1949 is amended by adding at the end thereof the following:

42 USC 1471. “(g) The Secretary may waive the interest rate limitation contained in subsection (a) (2) and the requirement of section 501 (c) (3) in any case in which the Secretary determines that qualified public or private nonprofit sponsors are not currently available and are not likely to become available within a reasonable period of time and such waiver is necessary to permit farmers to provide housing and related facilities for migrant domestic farm laborers, except that the benefits resulting from such waiver shall accrue to the tenants, and the interest rate on a loan insured under this section and for which the Secretary permits such waiver shall be no less than one-eighth of 1 per centum above the average interest rate on notes or other obligations which are issued under section 511 and have maturities comparable to such a loan.”

42 USC 1481.

## SPONSORS PRIORITY

42 USC 1486. SEC. 505. Section 516(e) of the Housing Act of 1949 is amended by adding at the end thereof the following: “The Secretary shall not give priority for funding under this section to any one of the groups listed in subsection (a) over any of the others so listed.”

## ASSISTANCE TO PERSONS RECEIVING LOANS TO PROVIDE OCCUPANT-OWNED, RENTAL, AND COOPERATIVE HOUSING

42 USC 1490a. SEC. 506. (a) Section 521(a)(1) of the Housing Act of 1949 is amended—

(1) by inserting “(A)” after “Sec. 521. (a) (1)”;  
 (2) by striking out everything in the first sentence after “one-eighth of 1 per centum” and inserting in lieu thereof a period;  
 and

(3) by inserting the following at the end thereof:  
 “(B) From the interest rate so determined, the Secretary may provide the borrower with assistance in the form of credits so as to reduce the effective interest rate to a rate not less than 1 per centum per

annum for such periods of time as the Secretary may determine for applicants described in subparagraph (A) if without such assistance such applicants could not afford the dwelling or make payments on the indebtedness of the rental or cooperative housing.

“(C) For persons of low income under section 502 or 517(a) who the Secretary determines are unable to afford a dwelling with the assistance provided under subparagraph (B) and when the Secretary determines that assisted rental housing programs (as authorized under this title, the National Housing Act, and the United States Housing Act of 1937) would be unsuitable in the area in which such persons reside, the Secretary may provide additional assistance, pursuant to amounts approved in appropriation Acts and for such periods of time as the Secretary may determine, which may be in an amount not to exceed the difference between (i) the amount determined by the Secretary to be necessary to pay the principal indebtedness, interest, taxes, insurance, utilities, and maintenance, and (ii) 25 per centum of the income of such applicant.

42 USC 1472,  
1487.

12 USC 1701.  
42 USC 1437  
note.

“(D) With respect to borrowers under section 502 or 517(a) who have received assistance under subparagraph (B) or (C), the Secretary shall provide for the recapture of all or a portion of such assistance rendered upon the disposition or nonoccupancy of the property by the borrower. In providing for such recapture, the Secretary shall make provisions to provide incentives for the borrower to maintain the property in a marketable condition. Notwithstanding any other provision of law, any such assistance whenever rendered shall constitute a debt secured by the security instruments given by the borrower to the Secretary to the extent that the Secretary may provide for recapture of such assistance.

Recapture.

Maintenance  
incentives.

“(E) Except for Federal or State laws relating to taxation, the assistance rendered to any borrower under subparagraphs (B) and (C) shall not be considered to be income or resources for any purpose under any Federal or State laws including, but not limited to, laws relating to welfare and public assistance programs.

“(F) Loans subject to the interest rates and assistance provided under this paragraph (1) may be made only when the Secretary determines the needs of the applicant for necessary housing cannot be met with financial assistance from other sources including assistance under the National Housing Act and the United States Housing Act of 1937.

“(G) Interest on loans under section 502 or 517(a) to victims of a natural disaster shall not exceed the rate which would be applicable to such loans under section 502 without regard to this section.

“(H) The aggregate principal amount of loans made to borrowers receiving assistance pursuant to subparagraph (C) shall not exceed \$440,000,000.”

(b) Section 517(j) of such Act is amended by striking out “(2)” in paragraph (4). 42 USC 1487.

#### RURAL RENTAL ASSISTANCE

SEC. 507. Section 521(a)(2)(A) of the Housing Act of 1949 is amended— 42 USC 1490a.

(1) by striking out “the owners” in the first sentence and inserting in lieu thereof “public and private nonprofit owners”;

(2) by inserting “congregate, or cooperative” after “rental” the second time it appears in the first sentence; and

(3) by inserting “, by a loan under section 514,” immediately after “section 515 for elderly or handicapped housing” in clause (i) of the second sentence.

#### STUDY OF EMERGENCY POTABLE WATER AND SEWAGE PROGRAM

42 USC 1476  
note.

SEC. 508. (a) The Secretary of Agriculture shall—

(1) carry out a study to determine the approximate number of rural housing units without access to sanitary toilet facilities, potable water, or access to both sanitary toilet facilities and potable water, as defined under regulations established by the Secretary; and

(2) prepare a projection of the cost of implementing an emergency program to provide sanitary toilet facilities and potable water supplies for all such housing units over a two-year period.

Report to  
Congress.

(b) Not later than six months after the date of enactment of this Act, the Secretary of Agriculture shall report to the Congress the results of the study and projection under subsection (a).

#### STUDY OF PROBLEMS CAUSED BY REMOTE CLAIMS

42 USC 1480  
note.

SEC. 509. (a) The Secretary of Agriculture (hereafter referred to in this section as “Secretary”) shall make a detailed study of the problems associated with obtaining title insurance by persons in rural areas with respect to real property encumbered by remote claims or other remote encumbrances which prevent such persons from receiving the full benefit of the use of such property, including the benefit of assistance provided under this title. The Secretary shall, in making such study, consider and develop findings and conclusions with respect to—

(1) the extent of such problems as they pertain to the lawful rights of such persons;

(2) the location and amount of land affected by such problems;

(3) the nature, extent, and effectiveness of remedies to such problems presently available, or proposed, under State law;

(4) the potential impact (with respect to existing Federal, State, and local laws) of such remote claims and encumbrances and of any reasonable remedies determined necessary for resolving the problems created for persons by such remote claims or encumbrances;

(5) the liability and losses which might accrue to the Federal Government as a result of each of the remedies considered in the study conducted under this section; and

(6) other issues which the Secretary determines shall be considered, after consulting with the Secretary of Housing and Urban Development.

Reports to  
Congress.

(b) Not later than March 1, 1979, the Secretary shall transmit to the Congress an interim report on the study conducted under this section. In addition, the Secretary shall, not later than one year after the date of the enactment of this Act, transmit a final report to the Congress. Such final report shall contain the findings and conclusions of the Secretary with respect to the study made under this section. In addition, such final report shall include—

Legislative  
recommendations.

(1) recommendations for Federal legislative actions necessary to implement reasonable remedies to the problems studied under this section; and

(2) recommendations for legislative actions which may be undertaken by State and local governments for the purposes of providing such remedies.

TITLE VI—NEIGHBORHOOD REINVESTMENT  
CORPORATION

Neighborhood  
Reinvestment  
Corporation Act.

SHORT TITLE

SEC. 601. This title may be cited as the "Neighborhood Reinvestment Corporation Act". 42 USC 8101  
note.

FINDINGS AND PURPOSE

SEC. 602. (a) The Congress finds that— 42 USC 8101.

(1) the neighborhood housing services demonstration of the Urban Reinvestment Task Force has proven its worth as a successful program to revitalize older urban neighborhoods by mobilizing public, private, and community resources at the neighborhood level; and

(2) the demand for neighborhood housing services programs in cities throughout the United States warrants the creation of a public corporation to institutionalize and expand the neighborhood housing services program and other programs of the present Urban Reinvestment Task Force.

(b) The purpose of this title is to establish a public corporation which will continue the joint efforts of the Federal financial supervisory agencies and the Department of Housing and Urban Development to promote reinvestment in older neighborhoods by local financial institutions working cooperatively with community people and local government, and which will continue the nonbureaucratic approach of the Urban Reinvestment Task Force, relying largely on local initiative for the specific design of local programs.

ESTABLISHMENT OF CORPORATION

SEC. 603. (a) There is established a National Neighborhood Reinvestment Corporation (hereinafter referred to as the "corporation") which shall be a body corporate and shall possess the powers, and shall be subject to the direction and limitations specified herein. 42 USC 8102.

(b) The corporation shall implement and expand the demonstration activities carried out by the Urban Reinvestment Task Force. Duties.

(c) The corporation shall maintain its principal office in the District of Columbia or at such other place the corporation may from time to time prescribe. Offices.

(d) The corporation, including its franchise, activities, assets, and income, shall be exempt from all taxation now or hereafter imposed by the United States, by any territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that any real property of the corporation shall be subject to State, territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed.

BOARD OF DIRECTORS; ESTABLISHMENT

SEC. 604. (a) The corporation shall be under the direction of a board of directors made up of the following members: Membership.  
42 USC 8103.

(1) the Chairman of the Federal Home Loan Bank Board;

(2) the Secretary of Housing and Urban Development;

(3) a member of the Board of Governors of the Federal Reserve System, to be designated by the Chairman of the Board of Governors of the Federal Reserve System;

(4) the Chairman of the Federal Deposit Insurance Corporation;

(5) the Comptroller of the Currency; and

(6) the Administrator of the National Credit Union Administration.

Chairman.

(b) The Board shall elect from among its members a chairman who shall serve for a term of two years, except that the Chairman of the Federal Home Loan Bank Board shall serve as Chairman of the Board of Directors for the first such two-year term.

(c) Each director of the corporation shall serve ex officio during the period he holds the office to which he is appointed by the President.

Compensation and expenses.

(d) The directors of the corporation, as full-time officers of the United States, shall serve without additional compensation but shall be reimbursed for travel, subsistence, and other necessary expenses incurred in the performance of their duties as directors of the corporation.

(e) The directors of the corporation shall adopt such bylaws, policies, and administrative provisions as are necessary to the functioning of the corporation and consistent with the provisions of this title.

Quorum.

(f) The presence of a majority of the board members shall constitute a quorum.

(g) The corporation shall be subject to the provisions of section 552 of title 5, United States Code.

(h) All meetings of the board of directors will be conducted in accordance with the provisions of section 552b of title 5, United States Code.

#### OFFICERS AND EMPLOYEES

42 USC 8104.

SEC. 605. (a) The board shall have power to select, employ, and fix the compensation and benefits of such officers, employees, attorneys, and agents as shall be necessary for the performance of its duties under this title, without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, classification, and General Schedule pay rates, except that no officer, employee, attorney, or agent of the corporation may be paid compensation at a rate in excess of the highest rate provided for GS-18 of the General Schedule under section 5332 of title 5, United States Code.

(b) The directors of the corporation shall appoint an executive director who shall serve as chief executive officer of the corporation.

(c) The executive director of the corporation, subject to approval by the board, may appoint and remove such employees of the corporation as he determines necessary to carry out the purposes of the corporation.

(d) No political test or political qualification shall be used in selecting, appointing, promoting, or taking any other personnel action with respect to any officer, agent, or employee of the corporation or of any recipient, or in selecting or monitoring any grantee, contractor, or person or entity receiving financial assistance under this title.

(e) Officers and employees of the corporation shall not be considered officers or employees of the United States, and the corporation shall not be considered a department, agency, or instrumentality of the Federal Government. The corporation shall be subject to administrative and cost standards issued by the Office of Management and Budget similar to standards applicable to non-profit grantees and educational institutions.

## POWERS AND DUTIES

SEC. 606. (a)(1) The corporation shall continue the work of the Urban Reinvestment Task Force in establishing neighborhood housing services programs in neighborhoods throughout the United States, supervising their progress, and providing them with grants and technical assistance. For the purpose of this paragraph, a neighborhood housing services program may involve a partnership of neighborhood residents and representatives of local governmental and financial institutions, organized as a State-chartered non-profit corporation, working to bring about reinvestment in one or more neighborhoods through a program of systematic housing inspections, increased public investment, increased private lending, increased resident investment, and a revolving loan fund to make loans available at flexible rates and terms to homeowners not meeting private lending criteria.

Housing services programs, continuation.  
42 USC 8105.

(2) The corporation shall continue the work of the Urban Reinvestment Task Force in identifying, monitoring, evaluating, and providing grants and technical assistance to selected neighborhood preservation projects which show promise as mechanisms for reversing neighborhood decline and improving the quality of neighborhood life.

Preservation projects.

(3) The corporation shall experimentally replicate neighborhood preservation projects which have demonstrated success, and after creating reliable developmental processes, bring the new programs to neighborhoods throughout the United States which in the judgment of the corporation can benefit therefrom, by providing assistance in organizing programs, providing grants in partial support of program costs, and providing technical assistance to ongoing programs.

(4) The corporation shall continue the work of the Urban Reinvestment Task Force in supporting Neighborhood Housing Services of America, a nonprofit corporation established to provide services to local neighborhood housing services programs, with support which may include technical assistance and grants to expand its national loan purchase pool and may contract with it for services which it can perform more efficiently or effectively than the corporation.

(5) The corporation shall, in making and providing the foregoing grants and technical and other assistance, determine the reporting and management restrictions or requirements with which the recipients of such grants or other assistance must comply. In making such determinations, the corporation shall assure that recipients of grants and other assistance make available to the corporation such information as may be necessary to determine compliance with applicable Federal laws.

(b) To carry out the foregoing purposes and engage in the foregoing activities, the corporation is authorized—

- (1) to adopt, alter, and use a corporate seal;
- (2) to have succession until dissolved by Act of Congress;
- (3) to make and perform contracts, agreements, and commitments;
- (4) to sue and be sued, complain and defend, in any State, Federal, or other court;
- (5) to determine its necessary expenditures and the manner in which the same shall be incurred, allowed, and paid, and appoint, employ, and fix and provide for the compensation of consultants, without regard to any other law, except as provided in section 608(d);
- (6) to settle, adjust, and compromise, and with or without compensation or benefit to the corporation to release or waive in whole

or in part, in advance or otherwise, any claim, demand, or right of, by, or against the corporation;

(7) to invest such funds of the corporation in such investments as the board of directors may prescribe;

(8) to acquire, take, hold, and own, and to deal with and dispose of any property; and

(9) to exercise all other powers that are necessary and proper to carry out the purposes of this title.

Contracts and grants.

(c) (1) The corporation may contract with the Office of Neighborhood Reinvestment of the Federal home loan banks for all staff, services, facilities, and equipment now or in the future furnished by the Office of Neighborhood Reinvestment to the Urban Reinvestment Task Force, including receiving the services of the Director of the Office of Neighborhood Reinvestment as the corporation's executive director.

(2) The corporation shall have the power to award contracts and grants to—

(A) neighborhood housing services corporations and other non-profit corporations engaged in neighborhood preservation activities; and

(B) local governmental bodies.

Services and facilities.

(3) The Secretary of Housing and Urban Development, the Federal Home Loan Bank Board and the Federal home loan banks, the Board of Governors of the Federal Reserve System and the Federal Reserve banks, the Federal Deposit Insurance Corporation, and the Comptroller of the Currency, the National Credit Union Administration or any other department, agency, or other instrumentality of the Federal Government are authorized to provide services and facilities, with or without reimbursement, necessary to achieve the objectives and to carry out the purposes of this title.

(d) (1) The corporation shall have no power to issue any shares of stocks, or to declare or pay any dividends.

(2) No part of the income or assets of the corporation shall inure to the benefit of any director, officer, or employee, except as reasonable compensation for services or reimbursement for expenses.

(3) The corporation may not contribute to or otherwise support any political party or candidate for elective public office.

#### REPORTS AND AUDITS

Transmittal to President and Congress.  
42 USC 8106.

SEC. 607. (a) The corporation shall publish an annual report which shall be transmitted by the corporation to the President and the Congress.

(b) The accounts of the corporation shall be audited annually. Such audits shall be conducted in accordance with generally accepted auditing standards by independent certified public accountants who are certified by a regulatory authority of the jurisdiction in which the audit is undertaken.

(c) In addition to the annual audit, the financial transactions of the corporation for any fiscal year during which Federal funds are available to finance any portion of its operations may be audited by the General Accounting Office in accordance with such rules and regulations as may be prescribed by the Comptroller General of the United States. The financial transactions of the corporation shall be audited by the General Accounting Office at least once during each three years.

(d) For any fiscal year during which Federal funds are available to finance any portion of the corporation's grants or contracts, the General Accounting Office, in accordance with such rules and regulations as may be prescribed by the Comptroller General of the United States, may audit the grantees or contractors of the corporation.

(e) The corporation shall conduct or require each grantee or contractor to provide for an annual financial audit. The report of each such audit shall be maintained for a period of at least five years at the principal office of the corporation.

#### AUTHORIZATION

SEC. 608. (a) There are authorized to be appropriated to the corporation to carry out this title not to exceed \$12,500,000 for fiscal year 1979.

Appropriation  
authorization.  
42 USC 8107.

(b) Funds appropriated pursuant to this section shall remain available until expended.

(c) Non-Federal funds received by the corporation, and funds received by any recipient from a source other than the corporation, shall be accounted for and reported as receipts and disbursements separate and distinct from Federal funds.

(d) The corporation shall prepare annually a business-type budget which shall be submitted to the Office of Management and Budget, under such rules and regulations as the President may establish as to the date of submission, the form and content, the classifications of data, and the manner in which such budget program shall be prepared and presented. The budget of the corporation as modified, amended, or revised by the President shall be transmitted to the Congress as a part of the annual budget required by the Budget and Accounting Act, 1921. Amendments to the annual budget program may be submitted from time to time.

Annual budget  
submittal.

Transmittal to  
Congress.

31 USC 1.

### TITLE VII—NEIGHBORHOOD SELF-HELP DEVELOPMENT

Neighborhood  
Self-Help  
Development Act  
of 1978.

#### SHORT TITLE

SEC. 701. This title may be cited as the "Neighborhood Self-Help Development Act of 1978".

42 USC 8121  
note.

#### FINDINGS AND PURPOSE

SEC. 702. (a) The Congress finds and declares that—

42 USC 8121.

(1) existing urban neighborhoods are a national resource to be conserved and revitalized wherever possible, and that public policy should promote governmental and private programs and activities that further that objective;

(2) to be effective, neighborhood conservation and revitalization efforts must involve the fullest possible support and participation of those most directly affected at the neighborhood levels; and

(3) an effective way to obtain such support and participation at the neighborhood level is through neighborhood organizations accountable to residents of a particular neighborhood with a demonstrable capacity for developing, assessing, and carrying out projects for neighborhood conservation and revitalization.

(b) Therefore, the purposes of this title are (1) to provide grants and other forms of assistance to qualified neighborhood organizations to undertake specific housing, economic or community development, and other appropriate neighborhood conservation and revitalization projects in low- and moderate-income neighborhoods, which are in need of preservation and revitalization, and (2) in the process of pro-



viding such assistance, to increase the capacity of neighborhood organizations to utilize and coordinate resources available from the public and private sectors and from the residents and neighborhoods themselves, in conserving and revitalizing such neighborhoods.

## DEFINITIONS

42 USC 8122.

SEC. 703. As used in this title—

(1) the term “neighborhood organization” means a voluntary, nonprofit organization which (A) is broadly representative of the neighborhood in which the project will be located (and may include representatives of local business, financial and other governmental and nongovernmental entities), (B) is accountable to neighborhood residents with respect to the project being proposed, (C) has an objective the preservation and revitalization of such neighborhood, and (D) is found by the Secretary to have a proven record or demonstrable capacity for developing resources for, and effectively implementing neighborhood conservation and revitalization programs and projects;

(2) the term “neighborhood conservation and revitalization projects” includes, but is not limited to, (A) locally initiated programs for housing rehabilitation or the creative reuse or improvement of existing housing; (B) conservation and revitalization of neighborhood retail business areas and the recycling of vacant or underutilized industrial sites, public facilities, and privately-owned businesses for the purpose of expanding employment opportunities and neighborhood economic development; and (C) energy conservation and weatherization projects; and

(3) the term “Secretary” means the Secretary of Housing and Urban Development.

## AUTHORITY TO PROVIDE ASSISTANCE

Grants.

42 USC 8123.

SEC. 704. (a) The Secretary is authorized to make grants and to provide other forms of assistance to neighborhood organizations for effectively preparing and implementing specific housing, economic and community development, and other appropriate neighborhood conservation and revitalization projects within a particular neighborhood, and to assist such organizations in implementing such projects in partnership with local government and other public and private entities.

(b) Grants and other forms of assistance may be made available under this section only if—

(1) the assistance will be used for a specific project which is related to and supportive of a conservation or revitalization strategy for the neighborhood in which the project will be located;

(2) the project will, to the extent feasible, include a self-help component which involves a contribution of time or resources by neighborhood residents;

(3) the project will directly benefit the residents of a low- or moderate-income neighborhood;

(4) the project will, to the extent feasible, involve leveraging of resources available from the private sector;

(5) the project will, to the extent feasible, involve the coordination of resources available from the local, State, or Federal Government;

(6) the applicant demonstrates that the residents of the neighborhood where the project will be located, and particularly residents who will be directly affected by the project, have been actively involved in and supportive of the selection of the project, and will continue to be involved in project development, implementation, and evaluation through an effective and continuing participation mechanism; and

(7) the applicant provides evidence that identified funding sources support the project and can make funds available contingent on the progress of the project.

(c) Grants and other forms of assistance made available under this section shall be used primarily for preparing and the implementation of specific neighborhood housing, economic, and community development projects. No grant or other assistance or portion thereof shall be made available under this section for (1) planning functions which are not directly combined with project implementation, (2) a public works project such as street repair which is not associated with the specific project being funded under this section, (3) operation of a social service program which is not associated with the specific project being funded under this section, (4) an economic development project which will not primarily benefit the residents of the neighborhood in which it will be located, (5) operating costs of a community group which are not associated with the specific project being funded under this section, or (6) other purposes which the Secretary may determine are not consistent with the purposes of this title.

(d) Grants and other forms of assistance may be made available under this title only if the application contains a certification by the unit of general local government within which the neighborhood to be assisted is located that such assistance is consistent with, and supportive of the specific objectives of that unit of government including housing and community development, economic development, and neighborhood conservation or revitalization activities being carried out by such unit.

(e) The Secretary shall consult with the heads of other Federal departments and agencies having responsibilities related to the purposes of this title, including the Community Services Administration, with respect to (1) general standards, policies, and procedures to be followed in the administration of this title, and (2) particular assistance actions or approvals which the Secretary believes to be of special interest or concern to one or more of such departments and agencies. The Secretary shall ensure the close coordination of activities assisted under this title with other related Federal, State, and local assistance programs, including the programs of the Community Services Administration, and, with respect to particular assistance actions or approvals, ensure a maximum commitment by the neighborhood organization of its own financial and other resources toward the assisted project.

Consultation and coordination.

#### APPROPRIATIONS

SEC. 705. There are authorized to be appropriated for the purpose of carrying out this title not to exceed \$15,000,000 for each of the fiscal years 1979 and 1980. Any amount appropriated pursuant to this section shall remain available until expended.

42 USC 8124.

Livable Cities Act  
of 1978.

TITLE VIII—LIVABLE CITIES

SHORT TITLE

42 USC 8141  
note.

SEC. 801. This title may be cited as the "Livable Cities Act of 1978".

FINDINGS

42 USC 8141.

SEC. 802. The Congress finds and declares—

(1) that artistic, cultural, and historic resources, including urban design, constitute an integral part of a suitable living environment for the residents of the Nation's urban areas, and should be available to all residents of such areas, regardless of income;

(2) that the development or preservation of such resources is a significant and necessary factor in restoring and maintaining the vitality of the urban environment, and can serve as a catalyst for improving decaying or deteriorated urban communities and expanding economic opportunities, and for creating a sense of community identity, spirit, and pride; and

(3) that the encouragement and support of local initiatives to develop or preserve such resources, particularly in connection with federally assisted housing or community development activities or in communities with a high proportion of low-income residents, is an appropriate function of the Federal Government.

PURPOSE

42 USC 8142.

SEC. 803. The primary purpose of this title is to assist the efforts of States, local governments, neighborhood and other organizations to provide a more suitable living environment, expand cultural opportunities, and to the extent practicable, stimulate economic opportunities, primarily for the low and moderate income residents of communities and neighborhoods in need of conservation and revitalization, through the utilization, design or development of artistic, cultural, or historic resources.

DEFINITIONS

42 USC 8143.

SEC. 804. For the purpose of this title—

(1) the terms "art" and "arts" include, but are not limited to, architecture (including preservation, restoration, or adaptive use of existing structures), landscape architecture, urban design, interior design, graphic arts, fine arts (including painting and sculpture), performing arts (including music, drama, and dance), literature, crafts, photography, communications media and film, as well as other similar activities which reflect the cultural heritage of the Nation's communities and their citizens;

(2) the term "nonprofit organization" means an organization in which no part of its net earnings inures to the benefit of any private stockholder or stockholders, individual or individuals and, if a private entity, which is not disqualified for tax exemption under section 501(c)(3) of the Internal Revenue Code of 1954 by reason of attempting to influence legislation and does not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office; such organizations may include States and units of local government (including public agencies or special authorities thereof), regional organizations of local gov-

26 USC 501.

ernments and nonprofit societies, neighborhood groups, institutions, organizations, associations or museums;

(3) the term "project" means a program or activity intended to carry out the purposes of this title, including programs for neighborhood and community-based arts programs, urban design, user needs design, and the encouragement of the preservation of historic or other structures which have neighborhood or community significance;

(4) the term "Secretary" means the Secretary of Housing and Urban Development;

(5) the term "Chairman" means the Chairman of the National Endowment for the Arts;

(6) the term "Department" means the Department of Housing and Urban Development; and

(7) the term "Endowment" means the National Endowment for the Arts.

#### GRANTS TO OR CONTRACTS WITH ORGANIZATIONS

SEC. 805. (a) The Secretary is authorized to make grants to, or enter into contracts with, nonprofit organizations for the purpose of enabling such organizations to undertake or support in cities, urban communities, or neighborhoods, projects which the Secretary, in consultation with the Chairman, determines will carry out the purposes of this title and which—

42 USC 8144.

(1) have substantial artistic, cultural, historical, or design merit,

(2) represent community or neighborhood initiatives which have a significant potential for conserving or revitalizing communities or neighborhoods, and for enhancing community or neighborhood identity and pride, and

(3) meet the criteria established jointly by the Secretary and the Chairman pursuant to this section.

(b) The Secretary and the Chairman shall establish jointly criteria and procedures for evaluating and selecting projects to be assisted under this title. Such criteria shall address, but need not be limited to—

Assistance, criteria and procedures, joint establishment.

(1) artistic, cultural, historical, or design quality;

(2) the degree of broadly based, active involvement of neighborhood residents, community groups, local officials, and persons with expertise in the arts with the proposed project;

(3) the degree of or the potential for utilization or stimulation of assistance or cooperation from other Federal, State, and local public and private sources, including arts organizations;

(4) the feasibility of project implementation, including the capability of the sponsor organization;

(5) the potential contribution to neighborhood revitalization and the creation of a sense of community identity and pride;

(6) the potential for stimulating neighborhood economic and community development, particularly for the benefit of persons of low and moderate income; and

(7) the potential of utilization of the project by neighborhood residents, particularly residents of low and moderate income, senior citizens, and handicapped persons.

(c) No assistance shall be made under this title except upon application therefor submitted to the Secretary in accordance with regulations and procedures established jointly by the Secretary and the Chairman.

## Consultation.

(d) Prior to the approval of any application for assistance under this title, the Secretary shall consult with the Chairman and, in accordance with regulations and procedures established jointly by the Secretary and the Chairman, seek the recommendations of State and local officials and private citizens who have broad knowledge of, or experience or expertise in, community and economic development and revitalization, and of such officials and citizens who have broad knowledge of, or expertise in, the arts.

## Regulations.

(e) The Secretary, in cooperation with the Chairman, shall prescribe regulations which require that specific portions of the cost of any projects assisted under this title shall be provided from sources other than funds made available under this title. Such matching requirements may vary depending on the type of applicant, and the Secretary may reduce or waive such requirements solely in order to take account of the financial capacity of the applicant.

## Reduction or waiver.

## Certification.

(f) Grants and other assistance may be made available under this title only if the application contains a certification by the unit of general local government in which the project will be located that the project is consistent with and supportive of the objectives of that government for the area in which the project is located.

(g) Funds made available under this title shall not be used to supplant other public or private funds.

(h) No more than 10 per centum of the funds appropriated for any fiscal year under section 807 shall be available for administrative expenses.

COORDINATION AND DEVELOPMENT OF PROGRAM WITH OTHER FEDERAL AND NONFEDERAL PROGRAMS

## 42 USC 8145.

SEC. 806. The Secretary shall coordinate the administration of the provisions of this title in cooperation with other Federal agencies and assure that projects assisted under this title are coordinated with efforts undertaken by State and local public and private entities, including arts organizations.

AUTHORIZATION OF APPROPRIATIONS

## 42 USC 8146.

SEC. 807. There are authorized to be appropriated for carrying out the purposes of this title not to exceed \$5,000,000 for fiscal year 1979, and not to exceed \$10,000,000 for fiscal year 1980. Any amounts appropriated under this section shall remain available until expended.

TITLE IX—MISCELLANEOUS

REPORT ON MOBILE HOME CONSTRUCTION AND SAFETY STANDARDS

## 42 USC 5425.

SEC. 901. (a) The first sentence of section 626(a) of the National Mobile Home Construction and Safety Standards Act of 1974 is amended—

(1) by striking out “March 1 of each year” and inserting in lieu thereof “July 1 of every other year beginning with calendar year 1978”; and

(2) by striking out “preceding calendar year” and inserting in lieu thereof “two preceding calendar years”.

(b) The second sentence of section 626(a) of such Act is amended by striking out “such year” in clauses (1), (2), and (5) and “the year” in clause (6) and inserting in lieu thereof “such years” in each such clause.

## STATEMENT OF POLICY AND STUDY ON HOUSING DISPLACEMENT

SEC. 902. The Congress declares that in the administration of Federal housing and community development programs, consistent with other program goals and objectives involuntary displacement of persons from their homes and neighborhoods should be minimized. In furtherance of the objective stated in the preceding sentence, the Secretary of Housing and Urban Development shall conduct a study on the nature and extent of such displacement, and, not later than January 31, 1979, shall report to the Congress on recommendations for the formulation of a national policy to minimize involuntary displacement caused by the implementation of the Department's programs, and to alleviate the problems caused by displacement of residents of the Nation's cities due to residential and commercial development and housing rehabilitation, both publicly and privately financed. In carrying out such study, the Secretary shall (1) consult with representatives of affected public interest groups, government, and the development and lending industries; (2) provide data on the nature and scope of the displacement problem, both past and projected, and identify steps needed to improve the availability of such data; and (3) report fully on the current legal and regulatory powers and policies of the Department to prevent or compensate for displacement caused by its own programs.

42 USC 5313  
note.Report to  
Congress.

## REHABILITATION GUIDELINES

SEC. 903. Title V of the Housing and Urban Development Act of 1970 is amended by adding at the end thereof the following:

## "REHABILITATION GUIDELINES

"SEC. 511. (a) (1) The Secretary shall develop model rehabilitation guidelines for the voluntary adoption by States and communities to be used in conjunction with existing building codes by State and local officials in the inspection and approval of rehabilitated properties.

12 USC  
1701z-10.

"(2) Such guidelines shall be developed in consultation with the National Institute of Building Sciences, appropriate national organizations of agencies and officials of State and local governments, representatives of the building industry, and consumer groups, and other interested parties.

Consultation.

"(3) The Secretary shall publish such guidelines for public comment not later than one year after the date of enactment of this section, and promulgate them no later than eighteen months after such date of enactment.

Publication.

"(4) The Secretary may furnish technical assistance to State and local governments to facilitate the use and implementation of such guidelines.

"(b) The Secretary shall report to Congress not later than thirty-six months after the date of enactment of this section regarding (1) actions taken by State and local governments to adopt guidelines or their equivalents, and (2) recommendations for further action."

Report to  
Congress.

## ALASKA HOUSING PROGRAM

SEC. 904. (a) Subsection (a) of section 1004 of the Demonstration Cities and Metropolitan Development Act of 1966 is amended to read as follows:

Loans and grants.  
42 USC 3371.

"(a) The Secretary of Housing and Urban Development (hereinafter referred to as the 'Secretary') may make loans and grants on

the basis of need to the regional native housing authorities duly constituted under the laws of the State of Alaska for the purpose of providing planning assistance, housing rehabilitation, and maintaining an adequate administrative structure in conjunction with the provision of housing and related facilities for Alaska residents.”.

(b) Subsection (b) of such section is amended by inserting before the period at the end thereof the following: “, except that the Secretary may make a grant in excess of such limitation in any case, after consultation with State officials”.

PAPERWORK REDUCTION

42 USC 3541.

SEC. 905. (a) The Congress finds and declares—

(1) that various departments, agencies, and instrumentalities of the Federal Government with responsibilities involving housing and housing finance programs, require, approve, use or otherwise employ a variety of different forms as residential mortgages (or deeds of trust or similar security instruments) as notes secured by those mortgages, and for applications, appraisals and other purposes, and that such duplication of forms constitutes a paperwork burden that adds to the costs imposed on the Nation's homeowners and home buyers;

(2) that unnecessary paperwork impairs the effectiveness of Federal housing and housing finance programs;

(3) that both single-family and multi-family programs are affected; and

(4) that simplification of paperwork imposed by Federal housing and housing finance programs would contribute to achieving the Nation's housing goals by reducing housing costs.

(b) (1) Insofar as it is practicable and to the extent permitted by law and to the extent that such action would result in a reduction in paperwork and regulatory burden, the Department of Housing and Urban Development and the Veterans' Administration shall employ in their respective programs—

(A) uniform single-family and multi-family note and mortgage forms;

(B) a uniform application form for mortgage approval and commitment for mortgage insurance;

(C) a uniform form for computation of the monthly net effective income of applicants;

(D) a uniform property appraisal form;

(E) a uniform settlement statement which shall satisfy the requirements of the Real Estate Settlement Procedures Act; and

(F) such other consolidated or simplified forms, the consolidation or simplification of which the Secretary of Housing and Urban Development and the Administrator of Veterans' Affairs mutually agree would contribute to a reduction in the paperwork and regulatory burden of housing and housing finance programs administered by the agencies.

(2) Each agency may employ riders, addenda, or similar forms of modification agreements to adapt such uniform forms to its respective programs and policies, consistent with the goals of minimizing the use and extent of such modification agreements and maximizing the suitability of such forms for the use of all participants, public and private.

(3) To the extent permitted by law, the President may require the Farmers Home Administration and the Administrator of the Farmers Home Administration to comply with the requirements of this section

if such compliance will contribute to a reduction in the paperwork and regulatory burden of housing and housing finance programs administered by the agency.

(c) The Director of the Office of Management and Budget shall coordinate and monitor the development and implementation by Federal departments and agencies of the efforts required by subsection (b) and shall report to the Congress on such development and implementation as part of each report required under Public Law 93-556.

Implementation,  
report to  
Congress.

#### HOUSING PRODUCTION REPORT

SEC. 906. Section 1603 of the Housing and Urban Development Act of 1968 is amended to read as follows:

42 USC 1441c.

#### “REPORT ON GOALS

“SEC. 1603. Not later than January 20 of each year, the President shall transmit to the Congress a report which—

Transmittal to  
Congress.

“(1) reviews the progress made in achieving housing production objectives during the preceding year, and in the event that proposed objectives are not achieved, identifies the reasons for the failure;

“(2) projects the level, composition, and general location of production and rehabilitation activity during the current year, and reassesses the availability of required resources;

“(3) specifies Federal programs and policies to be implemented or recommended in order to achieve the objective;

“(4) updates estimates of the housing needs of lower income families, analyzing these needs, insofar as possible, by type of household, housing need, including households with specialized needs, and general location, and in addition, reassesses the capacity of each Federal housing program to serve the needs identified;

“(5) reviews the progress made in achieving goals of conserving and upgrading older housing and neighborhoods, expanding homeownership and equal housing opportunities, and assuring reasonable shelter costs;

“(6) reports on progress made toward developing new methods for measuring and monitoring progress in achieving these goals; and

“(7) identifies legislative and administrative actions which will or should be adopted or implemented during the current year to support achievement of the goals.”.

#### AMENDMENTS TO INTERSTATE LAND SALES FULL DISCLOSURE ACT

SEC. 907. (a) Section 1403(a) of the Interstate Land Sales Full Disclosure Act is amended—

15 USC 1702.

(1) by inserting “condominium,” after “commercial,” in clause (3);

(2) by inserting after “‘adverse claims’ do not refer to” in clause (10) the following: “United States land patents or Federal grants and reservations similar to United States land patents, nor to”; and



(3) by striking out the matter which precedes “when—” in clause (11) and inserting in lieu thereof the following:

“(11) the sale or lease of real estate which is zoned by the appropriate governmental authority for industrial or commercial development or which is restricted to such use by a declaration of covenants, conditions, and restrictions which has been recorded in the official records of the city or county in which such real estate is located.”.

15 USC 1702.

(b) Section 1403 of such Act is amended—

(1) by redesignating subsection (b) as subsection (c); and

(2) by inserting after subsection (a) thereof the following:

15 USC  
1704-1707.

“(b) Unless the method of disposition is adopted by the purpose of evasion of this title, the requirements of sections 1405 through 1408 shall not apply to the sale or lease of a lot which is located within a municipality or county where a unit of local government specifies minimum standards for the development of subdivision lots taking place within its boundaries, when—

“(1) the subdivision meets all local codes and standards and is either zoned for single family residences or, in the absence of a zoning ordinance, is limited exclusively to single family residences;

“(2) the lot is situated on a paved, public street or highway which has been built to a standard acceptable to the unit of local government in which the subdivision is located or a bond or other surety acceptable to the municipality or county in the full amount of the cost of the improvements has been posted to assure completion to such standards and the unit of local government has accepted or is obligated to accept the responsibility of maintaining the public street or highway;

“(3) at the time of closing, potable water, sanitary sewage disposal, and electricity have been extended to the lot or the unit of local government is obligated to install such facilities within 180 days. For subdivisions which do not have a central water or sewage disposal system, rather than installation of water or sewer facilities, there must be assurances that an adequate potable water supply is available year-round and that the lot is approved for the installation of a septic tank;

“(4) the contract of sale requires delivery of a warranty deed to the purchaser within 180 days after the signing of the sales contract;

“(5) a policy of title insurance is issued in connection with the transaction showing that, at the time of closing, title to the lot purchased or leased is vested in the seller or lessor subject only to such exceptions as may be approved in writing by the purchaser or lessee prior to recordation of the deed or execution of the lease;

“(6) each and every purchaser or spouse has made a personal, on the lot inspection of the lot purchased or leased, prior to signing of a contract to purchase or lease; and

“(7) there are no direct mail or telephone solicitations or offers of gifts, trips, dinners, or other such promotional techniques to induce prospective purchasers or lessees to visit the subdivision or to purchase or lease a lot.”.

## COST-BENEFIT ANALYSIS OF FIELD REORGANIZATIONS

SEC. 908. Section 7 of the Department of Housing and Urban Development Act is amended by adding at the end thereof the following:

42 USC 3535.

“(p) A plan for the reorganization of any regional, area, insuring, or other field office of the Department of Housing and Urban Development may take effect only upon the expiration of 90 days after publication in the Federal Register of a cost-benefit analysis of the effect of the plan on each office involved. Such cost-benefit analysis shall include, but not be limited to—

“(1) an estimate of cost savings supported by background information detailing the source and substantiating the amount of the savings;

“(2) an estimate of the additional cost which will result from the reorganization;

“(3) a study of the impact on the local economy; and

“(4) an estimate of the effect of the reorganization on the availability, accessibility, and quality of services provided for recipients of those services.

where any of the above factors cannot be quantified, the Secretary shall provide a statement on the nature and extent of those factors in the cost-benefit analysis.”.

Approved October 31, 1978.

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**LEGISLATIVE HISTORY:**

**HOUSE REPORTS:** No. 95-1161 accompanying H.R. 12433 (Comm. on Banking, Finance, and Urban Affairs) and No. 95-1792 (Comm. of Conference).

**SENATE REPORT** No. 95-871 (Comm. on Banking, Housing, and Urban Affairs).  
**CONGRESSIONAL RECORD**, Vol. 124 (1978):

July 19, 20, considered and passed Senate.

June 23, 28, 29, July 20, 21, H.R. 12433 considered and passed House.

July 24, considered and passed House, amended, in lieu of H.R. 12433.

Oct. 14, Senate agreed to conference report.

Oct. 15, House agreed to conference report.