

Public Law 95-128  
95th Congress

An Act

To amend certain Federal laws pertaining to community development, housing, and related programs.

Oct. 12, 1977

[H.R. 6655]

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

SECTION 1. This Act may be cited as the "Housing and Community Development Act of 1977".

Housing and  
Community  
Development Act  
of 1977.  
42 USC 5301  
note.

TITLE I—COMMUNITY DEVELOPMENT

OBJECTIVES AND PURPOSES OF COMMUNITY DEVELOPMENT ACTIVITIES

SEC. 101. (a) Section 101(c) of the Housing and Community Development Act of 1974 is amended—

42 USC 5301.

- (1) by striking out "and" at the end of paragraph (6);
- (2) by striking out the period at the end of paragraph (7) and inserting in lieu thereof "; and"; and
- (3) by adding the following new paragraph after paragraph (7):
  - "(8) the alleviation of physical and economic distress through the stimulation of private investment and community revitalization in areas with population outmigration or a stagnating or declining tax base."

(b) Section 101(d)(4) of such Act is amended by inserting the following before the period at the end thereof: "by Federal agencies and programs, as well as by communities".

DEFINITIONS

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

42 USC 5302.

- (1) by striking out "the Trust Territory of the Pacific Islands; and Indian tribes, bands, groups, and nations, including Alaska Indians, Aleuts, and Eskimos, of the United States" in paragraph (1) and inserting in lieu thereof "and the Trust Territory of the Pacific Islands";
- (2) by inserting before the period at the end of paragraph (4) the following: "; except that any city which has been classified as a metropolitan city under clause (B) of this paragraph shall continue to be so classified until the decennial census indicates that the population of such city is less than fifty thousand";
- (3) by inserting the following before the period at the end of paragraph (5): "which have not entered into cooperation agreements with such town or township to undertake or to assist in the undertaking of essential community development and housing assistance activities";
- (4) by inserting in paragraph (6) "either" before "(B)" and by inserting before the period at the end thereof the following: "or (C) has a population in excess of one hundred thousand, a

population density of at least five thousand persons per square mile, and contains within its boundaries no incorporated places as defined by the United States Bureau of Census”;

(5) by redesignating paragraphs (10), (11), (12), and (13) as paragraphs (17), (18), (19), and (20), respectively; and

(6) by inserting after paragraph (9) the following new paragraphs:

“(10) The term ‘age of housing’ means the number of existing housing units constructed in 1939 or earlier based on data compiled by the United States Bureau of the Census and referable to the same point or period in time.

“(11) The term ‘extent of growth lag’ means the number of persons who would have been residents in a metropolitan city or urban county, in excess of the current population of such metropolitan city or urban county, if such metropolitan city or urban county had had a population growth rate between 1960 and the date of the most recent population count referable to the same point or period in time equal to the population growth rate for such period of all metropolitan cities.

“(12) The term ‘housing stock’ means the number of existing housing units based on data compiled by the United States Bureau of the Census and referable to the same point or period in time.

“(13) The term ‘adjustment factor’ means the ratio between the age of housing in the metropolitan city or urban county and the predicted age of housing in such city or county.

“(14) The term ‘predicted age of housing’ means the arithmetic product of the housing stock in the metropolitan city or urban county multiplied times the ratio between the age of housing in all metropolitan areas and the housing stock in all metropolitan areas.

“(15) The term ‘adjusted age of housing’ means the arithmetic product of the age of housing in the metropolitan city or urban county multiplied times the adjustment factor.

“(16) The term ‘Indian tribe’ 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).”.

(b) Section 102 of such Act is amended by adding the following new subsection at the end thereof:

“(d) An urban county designated under subsection (a) (6) (B) (i) of this section shall notify, prior to a date set by the Secretary for each year, all incorporated units of general local government the populations of which are included in the population of such urban county for purposes of this section of their opportunity to exclude their population from such urban county. Any unit of general local government which has not elected to have its population so excluded shall have its population included within the population of such urban county for purposes of this section until it, on its own initiative, elects to exclude its population by notifying the urban county on or before a date set by the Secretary.”.

25 USC 450 note.

31 USC 1221  
note.  
Local  
governments,  
exclusion from  
urban county  
population.  
Notice.  
42 USC 5302.

## AUTHORIZATIONS

SEC. 103. (a) The first sentence of section 103(a)(1) of the Housing and Community Development Act of 1974 is amended by inserting "and Indian tribes" after "units of general local government". 42 USC 5303.

(b) Section 103(a)(1) of such Act is amended by striking out everything after the first sentence and inserting in lieu thereof the following: "There are authorized to be appropriated for these purposes not to exceed \$3,500,000,000 for the fiscal year 1978, not to exceed \$3,650,000,000 for the fiscal year 1979, and not to exceed \$3,800,000,000 for the fiscal year 1980. Any amount authorized for any fiscal year under this section but not appropriated for such year may be appropriated for any succeeding fiscal year."

(c) Section 103(a)(2) of such Act is amended to read as follows:

"(2) Of the amounts approved in appropriations Acts pursuant to paragraph (1), \$50,000,000 for each of the fiscal years 1975 and 1976, \$200,000,000 for the fiscal year 1977 (not more than 50 per centum of which amount may be used under section 106(d)(1)), \$350,000,000 for the fiscal year 1978 (of which not more than \$175,000,000 may be used under such section), \$265,000,000 for the fiscal year 1979 (of which not more than \$25,000,000 may be used under such section), and \$250,000,000 for the fiscal year 1980 (none of which may be used under such section) shall be added to the amount available for allocation under section 106(d) and shall not be subject to the provisions of section 107." 42 USC 5306.

(d) Section 103(b) of such Act is amended—

(1) by striking out "for the fiscal year 1977," and inserting in lieu thereof "for each of the fiscal years 1977, 1978, 1979, and 1980.;"

(2) by striking out "to units of general local government having urgent community development needs which cannot be met" and inserting in lieu thereof "for the financial settlement and, to the extent feasible, the completion of projects and programs assisted under the categorical programs terminated in section 116(a), primarily urban renewal projects assisted under the Housing Act of 1949, to units of general local government which require supplemental assistance which cannot be provided"; and 42 USC 5316.  
42 USC 1441  
note.

(3) by adding at the end thereof the following new sentence: "No funds shall be made available under this subsection (1) for fiscal year 1978 unless the amount appropriated under subsection (a) for fiscal year 1978 is at least \$3,500,000,000; (2) for fiscal year 1979 unless the amount appropriated under subsection (a) for fiscal year 1979 is at least \$3,650,000,000; or (3) for fiscal year 1980 unless the amount appropriated under subsection (a) for fiscal year 1980 is at least \$3,800,000,000."

(e) Section 103 of such Act is amended by redesignating subsections (c) and (d) as subsections (d) and (e), respectively, and by adding the following new subsection after subsection (b): 42 USC 5303.

"(c) There is authorized to be appropriated a sum not in excess of \$400,000,000 for supplemental grant assistance under section 119 for each of the fiscal years 1978, 1979, and 1980, except that no funds shall be made available for such purpose (1) for fiscal year 1978 unless the amount appropriated under subsections (a) and (b) for fiscal year 1978 is at least \$3,600,000,000; (2) for fiscal year 1979 unless the amount appropriated under subsections (a) and (b) for fiscal year 1979 is at least \$3,750,000,000; or (3) for fiscal year 1980 unless the amount appropriated under subsections (a) and (b) for fiscal year 1980 is at least \$3,900,000,000."

Post, p. 1125.

## APPLICATION REQUIREMENTS

42 USC 5304. SEC. 104. (a) Section 104(a) of the Housing and Community Development Act of 1974 is amended—

(1) by inserting “and housing” in paragraph (1) after “which identifies community development”;

(2) by inserting after “needs” in paragraph (2)(B) the following: “, including activities designed to revitalize neighborhoods for the benefit of low- and moderate-income persons.”;

(3) by striking out “and” at the end of paragraph (3)(A); by striking out the semicolon at the end of paragraph (3)(B) and inserting in lieu thereof “and in a manner to insure fully opportunity for participation by, and benefits to, the handicapped; and”; and by inserting the following new subparagraph after paragraph (3)(B):

“(C) improve conditions for low- and moderate-income persons residing in or expected to reside in the community and foster neighborhood development in order to induce higher-income persons to remain in, or return to, the community.”;

(4) by striking out paragraph (4) and inserting in lieu thereof the following:

“(4) submits a housing assistance plan which—

“(A) accurately surveys the condition of the housing stock in the community and assesses the housing assistance needs of lower-income persons (including elderly and handicapped persons, large families, and persons displaced or to be displaced) residing in or expected to reside in the community and identifies housing stock which is in a deteriorated condition,

“(B) specifies a realistic annual goal for the number of dwelling units or lower-income persons to be assisted, including (i) the relative proportion of new, rehabilitated, and existing dwelling units, (ii) the sizes and types of housing projects and assistance best suited to the needs of lower-income persons in the community, and (iii) in the case of subsidized rehabilitation, adequate provisions to assure that a preponderance of persons assisted should be of low- and moderate-income, and

“(C) indicates the general locations of proposed housing for lower-income persons, with the objective of (i) furthering the revitalization of the community, including the restoration and rehabilitation of stable neighborhoods to the maximum extent possible, and the reclamation of the housing stock where feasible through the use of a broad range of techniques for housing restoration by local government, the private sector, or community organizations, including provision of a reasonable opportunity for tenants displaced as a result of such activities to relocate in their immediate neighborhood, (ii) promoting greater choice of housing opportunities and avoiding undue concentrations of assisted persons in areas containing a high proportion of low-income persons, and (iii) assuring the availability of public facilities and services adequate to serve proposed housing projects.”; and

(5) by striking out paragraph (6) and inserting in lieu thereof the following:

Housing  
assistance  
plan.

"(6) provides satisfactory assurances that, prior to submission of its application, it has (A) prepared and followed a written citizen participation plan which provides citizens an opportunity to participate in the development of the application, encourages the submission of views and proposals, particularly by residents of blighted neighborhoods and citizens of low- and moderate-income, provides for timely responses to the proposals submitted, and schedules hearings at times and locations which permit broad participation; (B) provided citizens with adequate information concerning the amount of funds available for proposed community development activities and housing activities, the range of activities that may be undertaken, and other important requirements; (C) held public hearings to obtain the views of citizens on community development and housing needs; and (D) provided citizens with an opportunity to submit comments concerning the community development performance of the applicant; but nothing in this paragraph shall be construed to restrict the responsibility and authority of the applicant for the development of the application and the execution of its community development program."

Citizen  
participation  
plan.

(b) Section 104(b) (2) of such Act is amended—

42 USC 5304.

(1) by striking out "low- or moderate-income" in the first sentence and inserting in lieu thereof "low- and moderate-income"; and

(2) by striking out all after "urgency" in the second sentence and inserting in lieu thereof "because existing conditions pose a serious and immediate threat to the health or welfare of the community, and other financial resources are not available."

(c) Section 104(b) (3) of such Act is amended—

(1) by striking out clauses (B) and (C) and inserting in lieu thereof "(B) the application does not involve a comprehensive community development program, as determined by the Secretary, and"; and

(2) by redesignating clause (D) as clause (C).

(d) Section 104(c) (3) of such Act is amended by inserting after "the requirements of this title" the following: ", with specific regard to the primary purposes of principally benefiting persons of low- and moderate-income or aiding in the prevention or elimination of slums or blight or meeting other community development needs having a particular urgency,".

(e) Section 104(d) of such Act is amended—

(1) by inserting after the first sentence the following: "The performance report shall include any citizen comments submitted pursuant to subsection (a) (6) (D) and the Secretary shall consider such comments, together with the views of other citizens and such other information as may be available, in carrying out the provisions of this subsection."; and

(2) by adding at the end thereof the following: "With respect to grants made pursuant to sections 106(d) (2) and 106(f) (1) (B), the Secretary may adjust, reduce, or withdraw grant funds, or take other action as appropriate in accordance with such reviews and audits, except that funds already expended on eligible activities under this title shall not be recaptured or deducted from future grants made to the recipient."

Grants.  
Post, p. 1118.

(f) Section 104(e) of such Act is amended by adding the following new sentence at the end thereof: "In addition, the Secretary may provide an opportunity for the State, in which a grant is to be made to

42 USC 5306. a unit of general local government under section 106(d)(2) or 106 (f)(1)(B), to participate in the selection process for funding such grants. Such participation may include, as determined practicable by the Secretary, the incorporation of State growth and resource coordination policies in funding decisions on such grants, or such other arrangements, excluding administration of the grants referred to in the preceding sentence, as the Secretary deems appropriate.”

42 USC 5304. (g) Section 104 of such Act is amended by adding the following new subsection at the end thereof:

“(i)(1) The Secretary shall, in making funds available to the recipients of grants under this title, permit any such recipient to receive funds, in one payment, in an amount not to exceed the total amount designated in the recipient’s application, and approved by the Secretary pursuant to this section, for use by the recipient for establishing a revolving loan fund which is to be established in a private financial institution and which is to be used to finance rehabilitation activities that are part of the recipient’s community development program. The Secretary may, as a condition of making such payment, require that the revolving loan fund be utilized for the making of loans to finance rehabilitation activities in a manner consistent with this title. Rehabilitation activities authorized under this section shall begin within forty-five days after the Secretary has made such payment.

Payments,  
standards.

“(2) The Secretary shall establish standards for such cash payments which will insure that the deposits result in appropriate benefits in support of the recipient’s rehabilitation program. These standards shall be designed to assure that the benefits to be derived from the local program include, at a minimum, one or more of the following elements, or such other criteria as determined by the Secretary—

“(A) leverage of community development block grant funds so that participating financial institutions commit private funds for loans in the rehabilitation program in amounts substantially in excess of deposit of community development funds;

“(B) commitment of private funds for rehabilitation loans at below-market interest rates or with repayment periods lengthened or at higher risk than would normally be taken;

“(C) provision of administrative services in support of the rehabilitation program by the participating lending institutions; and

“(D) interest earned on such cash deposits shall be used in a manner which supports the community rehabilitation program.

Agreements,  
review and  
approval.

At the time of application, the Secretary shall review and approve all agreements with lending institutions which receive funds for community rehabilitation programs. Such approval shall be made on a case-by-case basis, and upon a determination by the Secretary that the agreement with the lending institution meets minimum benefit standards as listed in this paragraph.”

#### ELIGIBLE ACTIVITIES

42 USC 5305.

SEC. 105. (a) Section 105(a) of the Housing and Community Development Act of 1974 is amended by inserting the following after “under this title” the first time it appears therein: “shall consist of activities which assist in carrying out a comprehensive strategy for meeting the community development and housing needs and priorities identified pursuant to section 104, giving primary attention to activities benefiting low- and moderate-income persons and neighborhoods, aiding in the prevention or elimination of slums or blight, or meeting

other community development needs having a particular urgency. These activities”.

(b) The parenthetical expression in section 105(a)(4) of such Act is amended to read as follows: “(including interim assistance, and financing public or private acquisition for rehabilitation, and rehabilitation, of privately owned properties)”.

(c) Section 105(a)(8) of such Act is amended by striking out “economic development,” and by inserting before the semicolon at the end thereof the following: “, and if such services have not been provided by the unit of general local government (through funds raised by such unit, or received by such unit from the State in which it is located) during any part of the twelve-month period immediately preceding the date of application submission for funds which are to be made available under this title, and which are to be utilized for such services, unless the Secretary finds that the discontinuation of such services was the result of events not within the control of the applicant”.

(d) Section 105(a) of such Act is amended—

(1) by striking out “and” at the end of paragraph (12);

(2) by striking out the period at the end of paragraph (13) and inserting in lieu thereof “; and”; and

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

“(14) activities which are carried out by public or private nonprofit entities when such activities are necessary or appropriate to meeting the needs and objectives of the community development plan described in section 104(a)(1), including (A) acquisition of real property; (B) acquisition, construction, reconstruction, rehabilitation, or installation of (i) public facilities, site improvements, and utilities, and (ii) commercial or industrial buildings or structures and other commercial or industrial real property improvements; and (C) planning; and

“(15) grants to neighborhood-based nonprofit organizations, local development corporations, or entities organized under section 301(d) of the Small Business Investment Act of 1958 to carry out a neighborhood revitalization or community economic development project in furtherance of the objectives of section 101(c).”.

#### ALLOCATION AND DISTRIBUTION OF FUNDS

SEC. 106. (a) Section 106(a) of the Housing and Community Development Act of 1974 is amended by striking out “(2) or (3)” in the second sentence and inserting in lieu thereof “(1) or (2)”.

(b) Section 106(b) of such Act is amended by striking out paragraphs (1) through (4) and inserting in lieu thereof the following:

“(b) (1) The Secretary shall determine the amount to be allocated to each metropolitan city which shall be the greater of an amount that bears the same ratio to the allocation for all metropolitan areas as either—

“(A) the average of the ratios between—

“(i) the population of that city and the population of all metropolitan areas;

“(ii) the extent of poverty in that city and the extent of poverty in all metropolitan areas; and

“(iii) the extent of housing overcrowding in that city and the extent of housing overcrowding in all metropolitan areas;

or

“(B) the average of the ratios between—

Ratios, average.

Metropolitan city.

42 USC 5306.

15 USC 681.

42 USC 5304.

42 USC 5305.

“(i) the extent of growth lag in that city and the extent of growth lag in all metropolitan cities;

“(ii) the extent of poverty in that city and the extent of poverty in all metropolitan areas; and

“(iii) the age of housing in that city and the age of housing in all metropolitan areas.

Urban county.

“(2) The Secretary shall determine the amount to be allocated to each urban county, which shall be the greater of an amount that bears the same ratio to the allocation for all metropolitan areas as either—

Ratios, average.

“(A) the average of the ratios between—

“(i) the population of that urban county and the population of all metropolitan areas;

“(ii) the extent of poverty in that urban county and the extent of poverty in all metropolitan areas; and

“(iii) the extent of housing overcrowding in that urban county and the extent of housing overcrowding in all metropolitan areas; or

“(B) the average of the ratios between—

“(i) the extent of growth lag in that urban county and the extent of growth lag in all metropolitan cities and urban counties;

“(ii) the extent of poverty in that urban county and the extent of poverty in all metropolitan areas; and

“(iii) the age of housing in that urban county and the age of housing in all metropolitan areas.

“(3) In determining the average of ratios under paragraphs (1) (A) and (2) (A), the ratio involving the extent of poverty shall be counted twice, and each of the other ratios shall be counted once; and in determining the average of ratios under paragraphs (1) (B) and (2) (B), the ratio involving the extent of growth lag shall be counted once, the ratio involving the extent of poverty shall be counted one and one-half times, and the ratio involving the age of housing shall be counted two and one-half times.”

*Ante*, p. 1117.

(c) Section 106(b) (5) of such Act is amended—

(1) by striking out “(5)” and inserting in lieu thereof “(4)”; and

(2) by striking out “receive” and inserting in lieu thereof “are entitled to”.

(d) Section 106(c) of such Act is amended—

(1) by striking out “During the first three years for which funds are approved for distribution to a metropolitan city or urban county under this section” in the first sentence and inserting in lieu thereof “With respect to funds approved for distribution to a metropolitan city or urban county under this section during fiscal years 1975, 1976, and 1977”; and

(2) by inserting “only for such funds approved for distribution in fiscal years 1975, 1976, and 1977” after “adjusted” in the first sentence.

(e) Section 106(d) of such Act is amended to read as follows:

“(d) (1) Any portion of the amount allocated to metropolitan areas under the first sentence of subsection (a) which remains after the allocation of grants to metropolitan cities and urban counties in accordance with subsection (b) and any amounts added in accordance with the provisions of section 103(a) (2) shall be allocated by the Secretary, first, for grants to metropolitan cities, urban counties, and other units of general local government within metropolitan areas to meet their hold-harmless needs as determined under subsections (g) and (h), and, second, in accordance with the provisions of paragraph (2).



“(2) Any portion of such amounts which remains after applying the provisions of paragraph (1) shall be utilized by the Secretary for grants to units of general local government within metropolitan areas (other than metropolitan cities and urban counties), and States for use within metropolitan areas, allocating for the metropolitan areas of each State the greater of an amount that bears the same ratio to the allocation for such areas of all States available under this paragraph as either—

“(A) the average of the ratios between—

Ratios, average.

“(i) the population of the metropolitan areas in that State and the population of the metropolitan areas of all States;

“(ii) the extent of poverty in the metropolitan areas in that State and the extent of poverty in the metropolitan areas of all States; and

“(iii) the extent of housing overcrowding in the metropolitan areas in that State and the extent of housing overcrowding in the metropolitan areas of all States; or

“(B) the average of the ratios between—

“(i) the age of housing in the metropolitan areas in that State and the age of housing in the metropolitan areas of all States;

“(ii) the extent of poverty in the metropolitan areas in that State and the extent of poverty in the metropolitan areas of all States; and

“(iii) the population of the metropolitan areas in that State and the population of the metropolitan areas of all States.

In determining the average of the ratios under subparagraph (A), the ratio involving the extent of poverty shall be counted twice and each of the other ratios shall be counted once; and in determining the average of the ratios under subparagraph (B), the ratio involving the age of housing shall be counted two and one-half times, the ratio involving the extent of poverty shall be counted one and one-half times, and the ratio involving population shall be counted once. The Secretary shall, in order to compensate for the discrepancy between the total of the amounts to be allocated under this paragraph and the total of the amounts available under such paragraph, make a pro rata reduction of each amount allocated to the metropolitan areas in each State under such paragraph so that the metropolitan areas in each State will receive an amount which represents the same percentage of the total amount available under such paragraph as the percentage which the metropolitan areas of the same State would have received under such paragraph if the total amount available under that paragraph had equaled the total amount which was allocated under that paragraph.

Pro rata reduction.

“(3) If the Secretary approves a grant under paragraph (2) to a unit of general local government which has a comprehensive community development program with provision for lower-income housing, the Secretary may make a multiyear commitment, up to three years, to any such unit of general local government for specified grant amounts, subject to the availability of appropriations. In determining whether to make such a commitment to a unit of general local government, the Secretary shall give special consideration to those communities presently carrying out comprehensive community development programs, which are subject to the provisions of subsection (h) (2), before making new commitments. In making grants under paragraph (2), the Secretary shall establish for each participating unit of general local government an annual grant at an amount meaningful to the size of

Multiyear commitment.

Annual grant.

the unit and the program identified, and shall consider such factors as the unit's engaging in economic redevelopment activities, past performance of the unit in community development activities, prior and present funding levels under this title, the function of the unit as a regional center of economic development and activity, impact on the unit's growth of national policy or direct Federal program decisions, the potential for having increased employment within such unit as a result of community development activity, the physical and economic deterioration within the unit, the age of housing stock and the extent of poverty within the unit, the extent to which the unit's activity or program of activities is necessary to alleviate a serious threat to health or safety, the capacity of the unit to carry out such programs, and any other factors deemed, by the Secretary, to be relevant to carrying out the purposes of this title. The Secretary shall make grants under paragraph (2) in such a manner as to insure that a reasonable proportion of grants is available to applicants which are not seeking funding for comprehensive community development programs. The Secretary may accept and approve commitments for annual grants based on comprehensive community development programs commencing in future fiscal years subject only to the availability of appropriations. In computing amounts under paragraph (2), there shall be excluded metropolitan cities, urban counties, Indian tribes, and units of general local government which are entitled to hold-harmless grants pursuant to subsection (h)."

Limitation.

42 USC 5306.

(f) Section 106(e) of such Act is amended—

(1) by striking out "during such program period" in the first sentence and inserting in lieu thereof "within a reasonable time"; and

(2) by striking out "during the same period" in the first sentence.

(g) Section 106(f) of such Act is amended—

(1) by striking out paragraph (1) and inserting in lieu thereof the following:

42 USC 5303.

"(f) (1) Of the amount approved in an appropriation Act under section 103(a) for grants in any year (excluding the amount provided for use in accordance with sections 103(a) (2) and 107), 20 per centum shall be allocated by the Secretary—

"(A) first, for grants to units of general local government outside of metropolitan areas to meet their hold-harmless needs as determined under subsection (h); and

"(B) second, any portion of such amount which remains after applying the provisions of subparagraph (A) shall be utilized by the Secretary for grants to units of general local government outside of metropolitan areas and States for use outside the metropolitan areas, allocating for the nonmetropolitan areas of each State the greater of an amount that bears the same ratio to the allocation for such areas of all States available under this subparagraph as either—

Ratios, average.

"(i) the average of the ratios between—

"(I) the population of the nonmetropolitan areas in that State and the population of the nonmetropolitan areas of all States;

"(II) the extent of poverty in the nonmetropolitan areas in that State and the extent of poverty in the nonmetropolitan areas of all States; and

"(III) the extent of housing overcrowding in the nonmetropolitan areas in that State and the extent of

housing overcrowding in the nonmetropolitan areas of all States; or

“(ii) the average of the ratios between—

“(I) the age of housing in the nonmetropolitan areas in that State and the age of housing in the nonmetropolitan areas of all States;

“(II) the extent of poverty in the nonmetropolitan areas in that State and the extent of poverty in the nonmetropolitan areas of all States; and

“(III) the population of the nonmetropolitan areas in that State and the population of the nonmetropolitan areas of all States.

In determining the average of the ratios under clause (i) of subparagraph (B) the ratio involving the extent of poverty shall be counted twice and each of the other ratios shall be counted once; and in determining the average of the ratios under clause (ii) of subparagraph (B), the ratio involving the age of housing shall be counted two and one-half times, the ratio involving the extent of poverty shall be counted one and one-half times, and the ratio involving population shall be counted once. The Secretary shall, in order to compensate for the discrepancy between the total of the amounts to be allocated under subparagraph (B) and the total of the amounts available under such subparagraph, make a pro rata reduction of each amount allocated to the nonmetropolitan areas in each State under such subparagraph so that the nonmetropolitan areas in each State will receive an amount which represents the same percentage of the total amount available under such subparagraph as the percentage which the nonmetropolitan areas of the same State would have received under such subparagraph if the total amount available under such subparagraph had equaled the total amount which was allocated under such subparagraph.

Pro rata  
reduction.

“(2) If the Secretary approves a grant under paragraph (1) (B) to a unit of general local government which has a comprehensive community development program with provision for lower-income housing, the Secretary may make a multiyear commitment, up to three years, to any such unit of general local government for specified grant amounts, subject to the availability of appropriations. In determining whether to make such a commitment to a unit of general local government, the Secretary shall give special consideration to those communities presently carrying out comprehensive community development programs, which are subject to the provisions of subsection (h) (2), before making new commitments. In making grants under paragraph (1) (B), the Secretary shall establish for each participating unit of general local government an annual grant at an amount meaningful to the size of the unit and the program identified, and shall consider such factors as the unit's engaging in economic redevelopment activities, past performance of the unit in community development activities, prior and present funding levels under this title, the function of the unit as a regional center of economic development and activity, impact on the unit's growth of national policy or direct Federal program decisions, the potential for having increased employment within such unit as a result of community development activity, the physical and economic deterioration within the unit, the age of housing stock and the extent of poverty within the unit, the extent to which the unit's activity or program activities is necessary to alleviate a serious threat to health or safety, the capacity of the unit to carry out such programs, and any other factors deemed, by the Secretary,

Multiyear  
commitment.

Annual grant.

- to be relevant to carrying out the purposes of this title. The Secretary shall make grants under paragraph (1) (B) in such a manner as to insure that a reasonable proportion of grants is available to applicants which are not seeking funding for comprehensive community development programs. The Secretary may accept and approve commitments for annual grants based on comprehensive community development programs commencing in future fiscal years subject only to the availability of appropriations. In computing amounts under paragraph (1) (B), three shall be excluded units of general local government which are entitled to hold-harmless grants pursuant to subsection (h) and Indian tribes.”;
- (2) by redesignating paragraph (2) as paragraph (3);
- (3) by striking out “during such period” in paragraph (3), as redesignated, and inserting in lieu thereof “within a reasonable time”; and
- (4) by striking “during the same period” in such paragraph.
- 42 USC 5306. (h) Section 106(g) (2) of such Act is amended—
- (1) by striking out “(b) (2) or (3)” and inserting in lieu thereof “(b) (1) (A) or (B), or (2) (A) or (B)”;
- (2) by inserting “, as computed under subsection (b) (1) (A) or (B), or (2) (A) or (B),” immediately before “shall” in clauses (i) and (ii).
- (i) Section 106(i) of such Act is amended—
- (1) by striking out “population, poverty, and housing overcrowding”;
- (2) by striking out “receive” and inserting in lieu thereof “are entitled to”; and
- (3) by striking out “(b) (5)” and inserting in lieu thereof “(b) (4)”.
- (j) Section 106(j) of such Act is amended—
- (1) by striking out “not later than thirty days prior to the beginning of any program period” in the first sentence and inserting in lieu thereof “by such date as the Secretary shall determine”;
- (2) by inserting “for a hold-harmless grant for a single year” after “eligibility” in the first sentence; and
- (3) by striking out “(b) (5)” in the second sentence and inserting in lieu thereof “(b) (4)”.
- (k) Section 106(l) of such Act is amended to read as follows:
- “ (1) Not later than September 30, 1978, the Secretary shall report to the Congress with respect to the adequacy, effectiveness, and equity of the formula used for allocation of funds under this title, with specific analysis and recommendation as to the feasibility of utilizing factors of impaction (such as adjusted age of housing and extent of poverty) as a measurement consideration, and the feasibility of utilizing a single formula based on the current factors or others, including regional or area differences in income and cost of living. As used in this subsection, the term ‘impaction’ means the intensity, measured in terms of absolute numbers and proportions of each needs factor.”
- “ (1) Section 106 of such Act is amended by adding the following new subsection at the end thereof:
- “ (m) In the event that the total amount available for distribution under this section in fiscal year 1978 or fiscal year 1979 is insufficient to meet all basic grant and hold-harmless entitlement needs as provided pursuant to this section, and funds are not otherwise appropriated to meet such deficiency, the Secretary shall meet the deficiency through a pro rata reduction of (1) all basic grant and hold-harmless entitlement amounts, and (2) funds available under section 106(d) (2)
- Limitation.
- Funds allocation formula, adequacy. Report to Congress.
- “Impaction.”
- Deficiency.

(including amounts provided for use under section 103(a)(2)) and section 106(f)(1)(B).”.

## DISCRETIONARY FUND

SEC. 107. Section 107 of the Housing and Community Development Act of 1974 is amended—

42 USC 5307.

(1) by striking out “and 1977,” in subsection (a) and inserting in lieu thereof “1977, 1978, 1979, and 1980.”;

(2) by striking out “2 per centum” in subsection (a) and inserting in lieu thereof “3 per centum”;

(3) by striking out “and units of general local government” in subsection (a)(5) and inserting in lieu thereof “, units of general local government, and Indian tribes”;

(4) by striking out “and” at the end of subsection (a)(5), by striking out the period at the end of subsection (a)(6) and inserting in lieu thereof a semicolon, and by adding the following after subsection (a)(6):

“(7) to Indian tribes; and

“(8) to States, units of general local government, Indian tribes, or areawide planning organizations for the purpose of providing technical assistance in planning, developing, and administering assistance under this title. The Secretary may also provide such technical assistance under this paragraph directly or through contracts.”;

Technical assistance.

(5) by striking out “one-fourth” in subsection (b) and inserting in lieu thereof “15 per centum”; and

(6) by adding the following new subsection at the end thereof:

“(d) No grant may be made to an Indian tribe unless the applicant provides satisfactory assurances that its program will be conducted and administered in conformity with title II of Public Law 90-284. The Secretary may waive, in connection with such grants, the provisions of section 109 and section 110.”

Assurances.

25 USC 1301.  
Waiver.

## GUARANTEE OF LOANS FOR ACQUISITION OF PROPERTY

SEC. 108. Section 108 of the Housing and Community Development Act of 1974 is amended—

42 USC 5308.

(1) by striking out subsections (a) and (b);

(2) by redesignating subsections (c), (d), (e), (f), and (g) as subsections (f), (g), (h), (i), and (j), respectively;

42 USC 5308,  
31 USC 711.

(3) by inserting before subsection (f), as redesignated, the following:

42 USC 5308.

“(a) The Secretary is authorized, upon such terms and conditions as the Secretary may prescribe, to guarantee and make commitments to guarantee the notes or other obligations issued by units of general local government, or by public agencies designated by such units of general local government, for the purposes of financing acquisition of real property or the rehabilitation of real property owned by the unit of general local government (including such related expenses as the Secretary may permit by regulation). Notes or other obligations guaranteed pursuant to this section shall be in such form and denominations, have such maturities, and be subject to such conditions as may be prescribed by regulations issued by the Secretary.

“(b) No guarantee or commitment to guarantee shall be made with respect to any note or other obligation if the issuer's total outstanding notes or obligations guaranteed under this section would thereby

Prerequisites.

exceed an amount equal to three times the amount of the grant approval for the issuer pursuant to section 106.

“(c) Notwithstanding any other provision of this title, grants allocated to an issuer pursuant to this title (including program income derived therefrom) are authorized for use in the payment of principal and interest due (including such servicing, underwriting, or other costs as may be specified in regulations of the Secretary) on the notes or other obligations guaranteed pursuant to this section.

Securities.

“(d) To assure the repayment of notes or other obligations and charges incurred under this section and as a condition for receiving such guarantees, the Secretary shall require the issuer to—

Repayment contract.

“(1) enter into a contract, in a form acceptable to the Secretary, for repayment of notes or other obligations guaranteed hereunder;

“(2) pledge any grant approved or for which the issuer may become eligible under this title; and

“(3) furnish, at the discretion of the Secretary, such other security as may be deemed appropriate by the Secretary in making such guarantees, including increments in local tax receipts generated by the activities assisted under this title or dispositions proceeds from the sale of land or rehabilitated property.

“(e) The Secretary is authorized, notwithstanding any other provision of this title, to apply grants pledged pursuant to subsection (d) (2) to any repayments due the United States as a result of such guarantees.”;

(4) by striking out, in the first sentence of subsection (h), as redesignated, the following: “may, at the option of the issuing unit of general local government or designated agency,” and inserting in lieu thereof “shall”;

Grants.

(5) by striking out, in the second sentence of subsection (h), as redesignated, the following: “In the event that taxable obligations are issued and guaranteed, the Secretary is authorized to make, and to contract to make, grants” and inserting in lieu thereof “The Secretary is authorized to make, and to contract to make, grants, in such amounts as may be approved in appropriations Acts.”;

(6) by striking out “such unit or agency has elected to issue as a taxable obligation pursuant to subsection (e) of” in subsection (j), as redesignated, and inserting in lieu thereof “is guaranteed pursuant to”; and

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

Outstanding obligations, limitation.

“(k) Notwithstanding any other provision of this section, the total amount of outstanding obligations guaranteed on a cumulative basis by the Secretary pursuant to subsection (a) shall not at any time exceed \$3,500,000,000 or such higher amount as may be authorized to be appropriated for sections 106 and 107 for any fiscal year.”.

#### REPORTING REQUIREMENTS

42 USC 5313.

SEC. 109. Section 113(a) of the Housing and Community Development Act of 1974 is amended—

(1) by striking out “and” at the end of paragraph (1).

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

(3) by adding the following new paragraph after paragraph (2):

“(3) with respect to the action grants authorized under section 119, a listing of each unit of general local government receiving

funds and the amount of such grants, as well as a brief summary of the projects funded for each such unit, the extent of financial participation by other public or private entities, and the impact on employment and economic activity of such projects during the previous fiscal year.”.

#### URBAN DEVELOPMENT ACTION GRANTS

SEC. 110. (a) Section 104(a) of the Housing and Community Development Act of 1974 is amended by inserting “or section 119” after “106”. 42 USC 5304.

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

#### “URBAN DEVELOPMENT ACTION GRANTS

“SEC. 119. (a) In order to promote the primary objective of this title of the development of viable urban communities, of the total amount of authority approved in appropriation Acts under section 103(c), the Secretary is authorized to make urban development action grants to severely distressed cities and urban counties to help alleviate physical and economic deterioration through reclamation of neighborhoods having excessive housing abandonment or deterioration, and through community revitalization in areas with population outmigration or a stagnating or declining tax base. Grants made under this section shall be for the support of severely distressed cities and urban counties that require increased public and private assistance in addition to the assistance otherwise made available under this title and other forms of Federal assistance. 42 USC 5318.

“(b) Urban development action grants shall be made only to cities and urban counties that have, in the determination of the Secretary, demonstrated results in providing housing for persons of low- and moderate-income and in providing equal opportunity in housing and employment for low- and moderate-income persons and members of minority groups. The Secretary shall issue regulations establishing criteria in accordance with the preceding sentence and setting forth minimum standards for determining the level of physical and economic distress of cities and urban counties for eligibility for such grants, which standards shall take into account factors such as the age and condition of housing stock, including residential abandonment; average income; population outmigration; and stagnating or declining tax base.

Criteria and standards, regulations.

“(c) Applications for assistance under this section shall—

Applications.

“(1) include documentation of eligibility for grants in accordance with the standards described in subsection (b);

“(2) describe a concentrated urban development action program setting forth a comprehensive action plan and strategy to alleviate physical and economic distress through systematic change, which program shall be consistent with the community development program described in section 104(a)(2) and the housing assistance plan described in section 104(a)(4), and, where it exists and is in effect, the overall economic development plan as provided for in section 202(b)(10) of the Public Works and Economic Development Act of 1965, but only in the event and after such time as such plans are required by law or administrative action to be consistent with community development programs. Such program shall be developed as to take advantage of 42 USC 3142.

unique opportunities to attract private investment, stimulate investment in restoration of deteriorated or abandoned housing stock, or solve critical problems resulting from population out-migration or a stagnating or declining tax base;

“(3) include the activities to be undertaken in the urban development action program, together with the estimated costs and general locations of such activities;

“(4) indicate public and private resources which are expected to be made available toward achieving the action plan and strategy described in paragraph (2); and

“(5) provide satisfactory assurances that, prior to submission of its application, it has (A) prepared and followed a written citizen participation plan, which plan provides the opportunity for citizens to participate in the development of the application, with special attention to measures to encourage the statement of views and the submission of proposals by low- and moderate-income people and residents of blighted neighborhoods, and to scheduling hearings at times and locations which are convenient to all citizens, (B) provided citizens with adequate information concerning the amount of funds available for proposed activities under this section, the range of activities that may be undertaken, and other important program requirements, and (C) held public hearings to obtain the views of citizens on needs which may be dealt with under this section.

“(d) To the extent that the application requirements of section 104(a)(4) have been satisfied in connection with a grant made pursuant to section 106, such requirements shall be determined to have been met for purposes of this section.

“(e) In establishing criteria for the purpose of making grants under this section the Secretary shall establish selection criteria which must include (1) as the primary criterion, the comparative degree of physical and economic distress among applicants, as measured (in the case of a metropolitan city or urban county) by the differences in the extent of growth lag, the extent of poverty, and the adjusted age of housing in the metropolitan city or urban county; (2) other factors determined to be relevant by the Secretary in assessing the comparative degree of physical and economic deterioration in cities and urban counties; and (3) at least the following other criteria: demonstrated performance of the city or urban county in housing and community development programs; impact of the proposed urban development action program on the special problems of low- and moderate-income persons and minorities; extent of financial participation by other public or by private entities; extent of assistance to be made available by the State; impact on the physical, fiscal, or economic deterioration of the city or urban county; extent to which the program describes activities representing a special or unique opportunity to meet local priority needs or the objectives of this title; and feasibility of accomplishing the program in a timely fashion within the grant amount available.

“(f) In addition to activities authorized under section 105(a), an urban development action program may also include such additional community development and neighborhood development and conservation activities as the Secretary may determine to be consistent with the purposes of this section.

“(g) No assistance shall be provided for business loans or industrial development under this section unless the Secretary shall first consult

Citizen  
participation  
plan.

Public hearings.

*Ante*, p. 1114.  
42 USC 5306.

Selection  
criteria.

Consultation  
and coordination.



with and coordinate such assistance with other Federal agencies which make available funds for similar activities.

“(h) The Secretary shall, at least on an annual basis, make reviews and audits of recipients of grants pursuant to this section as necessary to determine the progress made in carrying out activities substantially in accordance with approved plans and timetables. The Secretary may adjust, reduce, or withdraw grant funds, or take other action as appropriate in accordance with the findings of such review and audits, except that funds already expended on eligible activities under this title shall not be recaptured or deducted from future grants made to the recipient.

Annual reviews  
and audits.

“(i) No assistance may be provided under this section for projects intended to facilitate the relocation of industrial or commercial plants or facilities from one area to another, unless the Secretary finds that such relocation does not significantly and adversely affect the unemployment or economic base of the area from which such industrial or commercial plant or facility is to be relocated.

Relocation.

“(j) The Secretary shall allocate the amounts available for grants under this section in a manner which achieves a reasonable balance among programs that are designed primarily (1) to restore seriously deteriorated neighborhoods, (2) to reclaim for industrial purposes underutilized real property, and (3) to renew commercial employment centers.

“(k) Not less than 25 per centum of the funds made available for grants under this section shall be used for cities under fifty thousand population which are not central cities of a standard metropolitan statistical area.”

#### REHABILITATION LOANS

SEC. 111. (a) Section 312(c)(4)(A) of the Housing Act of 1964 is amended—

42 USC 1452b.

(1) by striking out “the amount of a loan which could be insured by the Secretary of Housing and Urban Development under section 220(h) of the National Housing Act” and inserting in lieu thereof “\$27,000 per dwelling unit”; and

(2) by striking out “under such section”.

(b) Section 312(d) of such Act is amended by striking out “and not to exceed \$100,000,000 for the fiscal year beginning on October 1, 1976” and inserting in lieu thereof “not to exceed \$100,000,000 for the fiscal year beginning on October 1, 1976, and not to exceed \$60,000,000 for the fiscal year beginning on October 1, 1977”.

(c) Section 312(h) of such Act is amended by striking out “1977” each place it appears and inserting in lieu thereof “1979”.

#### COMPREHENSIVE PLANNING

SEC. 112. The second sentence of section 701(e) of the Housing Act of 1954 is amended by striking “and not to exceed \$100,000,000 for the fiscal year 1977” and inserting in lieu thereof “not to exceed \$100,000,000 for the fiscal year 1977, and not to exceed \$75,000,000 for the fiscal year 1978”.

40 USC 461.

#### STUDY ON SMALL CITIES

SEC. 113. The Secretary of Housing and Urban Development shall conduct a study and, not later than one year after the date of enact-

Report to  
President and  
Congress.  
42 USC 5313  
note.

ment of this Act, report to the President and to the Congress recommendations on the formation of a national policy on the developmental needs of small cities. In carrying out such study, the Secretary shall (1) take steps to improve the data available about small cities, (2) suggest means of reducing the duplication in government programs in jurisdictions which affect small cities, and (3) consider all of the relevant differences and similarities between small and large cities, particularly in the area of housing, growth, development patterns, infrastructure, education, energy needs, and social development. In addition, the Secretary shall include in the report alternative verifiable formulae to be used in the distribution of discretionary balance funds available for allocation to small cities under title I of the Housing and Community Development Act of 1974.

Alternative  
formulae.

42 USC 5301.

#### EFFECTIVE DATE

42 USC 5301  
note.

SEC. 114. The amendments made by this title shall become effective October 1, 1977.

## TITLE II—HOUSING ASSISTANCE AND RELATED PROGRAMS

### LOW-INCOME HOUSING

Annual  
contributions.  
42 USC 1437c.

SEC. 201. (a) The first sentence of section 5(c) of the United States Housing Act of 1937 is amended—

(1) by striking out “and” immediately following “July 1, 1975,” the first time it appears; and

(2) by inserting immediately after “on October 1, 1976,” the following: “and by \$1,159,995,000 on October 1, 1977.”

(b) Section 5(c) of such Act is amended by inserting after the third sentence the following: “Of the additional authority to enter into contracts for annual contributions provided on October 1, 1977, and approved in appropriation Acts, the Secretary shall make available not less than \$42,500,000 for modernization of low-income housing projects, not less than \$197,139,200 for low-income housing projects permanently financed by loans from State housing finance or State development agencies, as defined in section 802(b)(2)(A) of the Housing and Community Development Act of 1974, and not less than \$120,000,000 for low-income housing projects permanently financed by loans pursuant to section 202 of the Housing Act of 1959.”

42 USC 1440.

Post, p. 1129.  
42 USC 1437f.

(c) Section 8(c)(1) of such Act is amended by adding the following new sentence at the end thereof: “Notwithstanding any other provision of this section, after the date of enactment of the Housing and Community Development Act of 1977, the Secretary shall prohibit high-rise elevator projects for families with children unless there is no practical alternative.”

(d) Section 8(c)(4) of such Act is amended by striking out the following: “(i) if the unoccupied unit is in a project insured under the National Housing Act, except pursuant to section 244 of such Act, or (ii)”.

(e) (1) Section 8(d) of such Act is amended by adding the following new paragraph at the end thereof:

“(3) Notwithstanding any other provision of law, with the approval of the Secretary the public housing agency administering a contract under this section with respect to existing housing units may exercise all management and maintenance responsibilities with respect to those

units pursuant to a contract between such agency and the owner of such units.”.

(2) Section 8(e)(2) of such Act is amended by adding the following new sentence at the end thereof: “In approving any public housing agency to assume all the management and maintenance responsibilities of any dwelling unit under the preceding sentence, the Secretary may do so without regard to whether such agency administers the housing assistance payment contract for that unit.”.

42 USC 1437f.

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

Annual  
contributions.  
42 USC 1437g.

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

(2) by inserting immediately before the period at the end thereof the following: “, and not to exceed \$685,000,000 on or after October 1, 1977”.

(g) The Secretary of Housing and Urban Development shall conduct a study of payments in lieu of taxes made under section 6(d) of the United States Housing Act of 1937 and report to the Congress on the status and adequacy of such payments not later than twelve months after the date of enactment of this section.

Study.  
Report to  
Congress.  
42 USC 1437d.

(h) Section 208 of the Housing and Community Development Act of 1974 is amended by inserting “, including the right to renewal of such lease to the maximum term permitted by law,” after “United States Housing Act of 1937”.

42 USC 1421b  
note.

#### SECTION 202 HOUSING FOR THE ELDERLY

SEC. 202. (a) Section 202(d)(3) of the Housing Act of 1959 is amended by inserting the following before the period at the end thereof: “, which cost shall be determined without regard to mortgage limits applicable to housing projects subject to mortgages insured under section 231 of the National Housing Act”.

12 USC 1701q.

(b) Section 202 of such Act is amended by adding at the end thereof the following new subsection:

12 USC 1715v.

“(g) In carrying out the provisions of this section and section 8 of the United States Housing Act of 1937, the Secretary shall issue and implement regulations, as soon as practicable after the date of enactment of Housing and Community Development Act of 1977, which shall provide that the processing of any application for a loan for a project under this section and the processing of any application for assistance under such section 8 with respect to housing units in the same such project shall be coordinated in an economical and efficient manner.”.

Applications  
processing,  
regulations.  
42 USC 1437f.

#### URBAN HOMESTEADING DEMONSTRATION

SEC. 203. Section 810(g) of the Housing and Community Development Act of 1974 is amended by striking out “and not to exceed \$5,000,000 for the fiscal year 1978” and inserting in lieu thereof “and not to exceed \$15,000,000 for the fiscal year 1978”.

12 USC 1706e.

#### RESEARCH AUTHORIZATION

SEC. 204. The second sentence of section 501 of the Housing and Urban Development Act of 1970 is amended by inserting before the period at the end thereof the following: “, and not to exceed \$60,000,000 for the fiscal year 1978”.

12 USC 1701z-1.

## SECTION 235 ASSISTANCE FOR COOPERATIVES

12 USC 1715z.

SEC. 205. Section 235(b)(2)(A) of the National Housing Act is amended by inserting "or section 221(d)(3)" immediately after "financed with a mortgage insured under section 213".

## SECTION 236 OPERATING SUBSIDIES

Monthly  
assistance  
payment.  
Contracts.  
12 USC 1715z-1.

SEC. 206. (a) Section 236(f)(3) of the National Housing Act is amended by striking out the second and third sentences and inserting in lieu thereof the following: "The Secretary is authorized to make, and shall contract to make to the extent of the moneys in the reserve fund established under subsection (g) and to the further extent of funds authorized in appropriation Acts, an additional monthly assistance payment to the project owner up to the amount by which the sum of the cost of utilities and local property taxes exceeds the initial operating expense level. Such payment shall be used by the project owner solely to effect, and there shall be, a reduction in the basic rental charges established for the project. Any contract to make additional monthly assistance payments shall be for a one-year period and shall be adjusted periodically to provide, to the extent approved in appropriation Acts, for continuation of the payments and for an appropriate adjustment in the amount of the assistance payments."

(b) Section 236(f)(3) of such Act is further amended by striking out "only if the Secretary finds that the increase in the cost of utilities or local property taxes is reasonable and is" in the last sentence and inserting in lieu thereof "unless the Secretary finds that the increase in the cost of utilities or local property taxes is not reasonable or not".

(c) Section 236(g) of such Act is amended by striking out "1974" in the fourth sentence and inserting in lieu thereof "1977".

Effective  
date.  
12 USC 1715z-1  
note.

(d) The amendments made by this section shall become effective on October 1, 1977, and shall apply to assistance payments pursuant to section 236(f)(3) of the National Housing Act with respect only to periods commencing on or after such date.

## HOUSING ASSISTANCE PLANS

Funds,  
allocation and  
reservation.  
42 USC 1439.

SEC. 207. Section 213(d)(1) of the Housing and Community Development Act of 1974 is amended by inserting after the first sentence the following new sentence: "The Secretary shall assure, to the maximum extent practicable in carrying out the national housing and community development objectives, that funds available for each housing assistance program referred to in subsection (a) shall be allocated or reserved in accordance with goals described in local, State, or other housing assistance plans approved by the Secretary pursuant to section 104, and shall be utilized to meet needs reflected in data referred to in the preceding sentence."

*Ante*, p. 1114.

## NEW COMMUNITIES

42 USC 4521.

SEC. 208. Section 720(a) of the Housing and Urban Development Act of 1970 is amended by striking out "October 1, 1977" and inserting in lieu thereof "October 1, 1978".

## TREASURY DRAW AUTHORITY

SEC. 209. Section 14(b) of the Federal Reserve Act is amended by striking out "November 1, 1978" and inserting in lieu thereof "October 1, 1977"; and by striking out "October 31, 1978" and inserting in lieu thereof "September 30, 1977". 12 USC 355.

## TITLE III—FEDERAL HOUSING ADMINISTRATION MORTGAGE INSURANCE AND RELATED PROGRAMS

## EXTENSION OF FEDERAL HOUSING ADMINISTRATION MORTGAGE INSURANCE PROGRAMS

SEC. 301. (a) Section 2(a) of the National Housing Act is amended by striking out "October 1, 1977" in the first sentence and inserting in lieu thereof "October 1, 1978". 12 USC 1703.

(b) Section 217 of such Act is amended by striking out "September 30, 1977" and inserting in lieu thereof "September 30, 1978". 12 USC 1715h.

(c) Section 221(f) of such Act is amended by striking out "September 30, 1977" in the fifth sentence and inserting in lieu thereof "September 30, 1978". 12 USC 1715l.

(d) Section 235(m) of such Act is amended by striking out "September 30, 1977" and inserting in lieu thereof "September 30, 1978". 12 USC 1715z.

(e) Section 236(n) of such Act is amended by striking out "September 30, 1977" and inserting in lieu thereof "September 30, 1978". 12 USC 1715z-1.

(f) Section 244(d) of such Act is amended— 12 USC 1715z-9.

(1) by striking out "September 30, 1977" in the first sentence and inserting in lieu thereof "September 30, 1978"; and

(2) by striking out "October 1, 1977" in the second sentence and inserting in lieu thereof "October 1, 1978".

(g) Section 245 of such Act is amended by striking out "September 30, 1977" where it appears and inserting in lieu thereof "September 30, 1978". 12 USC 1715z-10.

(h) Section 809(f) of such Act is amended by striking out "September 30, 1977" in the second sentence and inserting in lieu thereof "September 30, 1978". 12 USC 1748h-1.

(i) Section 810(k) of such Act is amended by striking out "September 30, 1977" in the second sentence and inserting in lieu thereof "September 30, 1978". 12 USC 1748h-2.

(j) Section 1002(a) of such Act is amended by striking out "September 30, 1977" in the second sentence and inserting in lieu thereof "September 30, 1978". 12 USC 1749bb.

(k) Section 1101(a) of such Act is amended by striking out "September 30, 1977" in the second sentence and inserting in lieu thereof "September 30, 1978". 12 USC 1749aaa.

## EXTENSION OF FLEXIBLE INTEREST RATE AUTHORITY

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 (12 U.S.C. 1709-1), is amended by striking out "October 1, 1977" and inserting in lieu thereof "October 1, 1978". 12 USC 1709-1.

INCREASE IN MAXIMUM MORTGAGE AMOUNTS UNDER FEDERAL HOUSING  
ADMINISTRATION MORTGAGE INSURANCE PROGRAMS

- 12 USC 1709. SEC. 303. (a) Section 203(b)(2) of the National Housing Act is amended by striking out “\$45,000”, “\$48,750”, and “\$56,000” wherever they appear and inserting in lieu thereof, “\$60,000”, “\$65,000”, and “\$75,000”, respectively.
- 12 USC 1715k. (b) Section 220(d)(3)(A) of such Act is amended by striking out “\$45,000”, “\$48,750”, and “\$56,000” wherever they appear and inserting in lieu thereof “\$60,000”, “\$65,000”, and “\$75,000”, respectively.
- 12 USC 1715l. (c) Section 221(d)(2)(A) of such Act is amended by—
- (1) striking out “\$25,000”, “\$29,000”, and “\$33,000” each place they appear and inserting in lieu thereof “\$31,000”, “\$36,000”, and “\$42,000”, respectively; and
  - (2) striking out “\$28,000”, “\$38,880”, “\$47,520”, “\$36,000”, “\$46,080”, and “\$54,720”, and inserting in lieu thereof “\$35,000”, “\$48,600”, “\$59,400”, “\$45,000”, “\$57,600”, and “\$68,400”, respectively.
- 12 USC 1715m. (d) Section 222(b)(2) of such Act is amended by striking out “\$45,000” and inserting in lieu thereof “\$60,000”.
- 12 USC 1715y. (e) Clause (A) of the third sentence of section 234(c) of such Act is amended by striking out “\$45,000” and inserting in lieu thereof “\$60,000”.
- Home-ownership or membership in cooperative association for lower income families.  
12 USC 1715z. (f) Section 235 of such Act is amended—
- (1) by striking out, in the last proviso in subsection (b)(2), “\$25,000”, “\$29,000”, “\$29,000”, and “\$33,000,” and inserting in lieu thereof “\$32,000”, “\$38,000”, “\$38,000”, and “\$44,000”, respectively;
  - (2) by striking out, in subsection (i)(3)(B) “\$25,000”, “\$29,000”, “\$29,000”, and “\$33,000” and inserting in lieu thereof “\$32,000”, “\$38,000”, “\$38,000”, and “\$44,000”, respectively;
  - (3) by striking out “and” at the end of subparagraph (B) of subsection (i)(3);
  - (4) by redesignating subparagraph (C) of subsection (i)(3) as subparagraph (E) and inserting immediately following subparagraph (B) the following new subparagraphs:
    - “(C) involve, in the case of a dwelling unit other than a condominium or cooperative unit, a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Secretary shall approve) in an amount not to exceed \$32,000 (\$38,000 in any geographical area where the Secretary authorizes an increase on the basis of a finding that cost levels so require), except that with respect to any family with five or more persons the foregoing limits shall be \$38,000 and \$44,000, respectively;
    - “(D) involve, in the case of a two-family dwelling, a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Secretary shall approve) in an amount not to exceed \$44,000 (\$49,000 in any geographical area where the Secretary authorizes an increase on the basis of a finding that cost levels so require); and”;
  - (5) by adding the following new subsection at the end thereof:
 

“(n) No mortgage may be insured under this section on a unit in a subdivision, after the effective date of enactment of this subsection,

which, when added to any other mortgages insured under this section in that subdivision after such date, represents more than 40 per centum of the total number of units in the subdivision, except that the preceding limitation shall not apply with regard to any rehabilitated unit, or to any unit or subdivision located or to be located in an established urban neighborhood or area, where a sound proposal is involved and where an aggregation of subsidized units is essential to a community sponsored overall redevelopment plan, as determined by the Secretary.”

(g) Section 203(i) of such Act is amended by striking out “\$16,200” and inserting in lieu thereof “75 per centum of the limit on the principal obligation applicable to a one-family residence under subsection (b) of this section”. 12 USC 1709.

#### DECREASE IN DOWNPAYMENT REQUIREMENTS

SEC. 304. (a) Section 203(b)(2) of the National Housing Act is amended—

(1) by striking out, in clause (i) of the first sentence, all the parenthetical language which begins “(but, in any case)”;

(2) by striking out clauses (ii) and (iii) in the first and second sentences and inserting in lieu thereof in each sentence “and (ii) 95 per centum of such value in excess of \$25,000.”; and

(3) by inserting immediately after the second sentence the following: “Notwithstanding any other provision of this section, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction, such mortgage shall not exceed 90 per centum of the entire appraised value of the property as of the date the mortgage is accepted for insurance, unless the dwelling was completed more than one year prior to the application for mortgage insurance, or the dwelling was approved for guaranty, insurance, or a direct loan under chapter 37 of title 38, United States Code, prior to the beginning of construction.”. 38 USC 1801 et seq.

(b) Section 220(d)(3)(A)(i) of such Act is amended—

(1) by striking out the comma at the end of clause (1) and all of clauses (2) and (3) in the matter preceding the first proviso and inserting in lieu thereof “and (2) 95 per centum of such value in excess of \$25,000”; and

(2) by striking out in the second proviso the comma at the end of clause (1) and all of clauses (2) and (3) and inserting in lieu thereof “and (2) 95 per centum of such value in excess of \$25,000”. 12 USC 1715k.

(c) Section 222(b)(3) of such Act is amended by striking out clauses (ii) and (iii) and inserting in lieu thereof “and (ii) 95 per centum of such value in excess of \$25,000.”. 12 USC 1715m.

(d) The third sentence of section 234(c) of such Act is amended by striking out clauses (A)(ii) and (A)(iii) and inserting in lieu thereof “and (ii) 95 per centum of such value in excess of \$25,000.”. 12 USC 1715y.

#### AUTHORITY TO INCREASE MORTGAGE INSURANCE PREMIUM FOR SECTION 203(N)

SEC. 305. Section 203(c) of the National Housing Act is amended by inserting the following before the colon preceding the first proviso: “Provided, That premium charges fixed for insurance under subsection (n) is not required to be the same as the premium charges for mortgages insured under the other provisions of this section, but in 12 USC 1709.

no case shall premium charges under subsection (n) exceed 1 per centum per annum”.

MAXIMUM MORTGAGE AMOUNT AND MATURITY UNDER TITLE I OF THE NATIONAL HOUSING ACT

12 USC 1703. SEC. 306. (a) The first sentence of section 2(b) of the National Housing Act is amended—

(1) by striking out “\$10,000” the first time it appears in clause (1) and inserting in lieu thereof “\$15,000”; and

(2) by striking out “twelve years” in clause (2) and inserting in lieu thereof “fifteen years”.

(b) Section 2(b) of such Act is amended by striking out “\$12,500 (\$20,000” in clause (1) and inserting in lieu thereof “\$16,000 (\$24,000”; and by inserting the following before the semicolon at the end of the proviso in clause (2): “(twenty-three years and thirty-two days in the case of a mobile home composed of two or more modules)”.

(c) Subparagraph (B) of the second paragraph of section 2(b) of such Act and subparagraph (B) of the third paragraph of such section 2(b) are each amended by striking out “twenty years” and inserting in lieu thereof in each case “twenty-three years”.

(d) Section 2(b) of such Act is amended by adding at the end thereof the following new undesignated paragraph:

Increase,  
regulation.

“Because of prevailing higher costs, the Secretary may, by regulation, in Alaska, Guam, or Hawaii, increase any dollar amount limitation on mobile homes or mobile home lot loans contained in this subsection by not to exceed 40 per centum.”.

SECTION 203 INSURANCE IN CERTAIN COMMUNITIES

12 USC 1709.

SEC. 307. Section 203 of the National Housing Act is amended by adding at the end thereof the following:

“(o) (1) Notwithstanding any other provision of this section or any other section of this title, the Secretary is authorized to insure, and to commit to insure, under subsection (b) of this section as modified by this subsection a mortgage which meets both the requirements of this subsection and such criteria as the Secretary by regulation may prescribe to further the purpose of this subsection, in any community where the Secretary determines that—

“(A) temporary adverse economic conditions exist throughout the community as a direct and primary result of outstanding claims to ownership of land in the community by an American Indian tribe, band, or Nation;

“(B) such ownership claims are reasonably likely to be settled, by court action or otherwise;

“(C) as a direct result of the community’s temporarily impaired economic condition, owner occupants of homes in the community have been involuntarily unemployed or underemployed and have thus incurred substantial reductions in income which significantly impair their ability to continue timely payment of their mortgages;

“(D) as a result, widespread mortgage foreclosures and distress sales of homes are likely in the community; and

“(E) fifty or more individual homeowners were joined as parties defendant or were members of a defendant class prior to December 31, 1976, in litigation involving claims to ownership of land in the community by an American Indian tribe, band, or Nation.



“(2) A mortgage shall be eligible for insurance under subsection (b) of this section as modified by this subsection without regard to limitations in this title relating to a mortgagor’s reasonable ability to pay, economic soundness, marketability of title, or any other statutory restriction which the Secretary determines is contrary to the purpose of this subsection, but only if the mortgagor is an owner occupant of a home in a community specified in paragraph (1) who, as a direct result of the community’s temporarily impaired economic condition, has been involuntarily unemployed or underemployed and has thus incurred a substantial reduction in income which significantly impairs the owner’s ability to continue timely payment of the mortgage. The Secretary is authorized to encourage or afford directly to or on behalf of mortgagors whose mortgages are insured under subsection (b) as modified by this subsection forbearance, assignment of mortgages to the Secretary, or such other relief as the Secretary deems appropriate and consistent with the purpose of this subsection. The Secretary, in connection with any mortgage insured under subsection (b) as modified by this subsection, shall have all statutory powers, authority, and responsibilities which the Secretary has with respect to other mortgages insured under subsection (b), except that the Secretary may modify such powers, authority, or responsibilities where the Secretary deems such action to be necessary because of the special nature of the mortgage involved. Notwithstanding section 202 of this title, the insurance of a mortgage under subsection (b) of this section as modified by this subsection shall be the obligation of the Special Risk Insurance Fund created pursuant to section 238 of this title.”

Mortgage  
eligibility.

12 USC 1708.

12 USC 1715z-3.

## MISCELLANEOUS MORTGAGE INSURANCE

SEC. 308. (a) Sections 232(d)(4) and 242(d)(4) of the National Housing Act are amended by inserting “or section 1521” after “section 604(a)(1)”.

12 USC 1715w,  
1715z-7.

(b) Section 242(c) of such Act is amended by adding the following sentence at the end thereof: “No mortgage insurance premium shall be charged with respect to the amount of principal and interest guaranteed by the Department of Health, Education, and Welfare under title VII of the Public Health Service Act.”

42 USC 292.

## MORTGAGE INSURANCE IN MILITARY IMPACTED AREAS

SEC. 309. Section 238(c) of the National Housing Act is amended to read as follows:

12 USC 1715z-3.

“(c)(1) Notwithstanding the provisions of this or any other Act, and without regard to limitations upon eligibility contained in any section of this title, the Secretary is authorized, upon application by the mortgagee, to insure under any section of this title a mortgage executed in connection with the construction, repair, rehabilitation, or purchase of property located near any installation of the Armed Forces of the United States in federally impacted areas in which the conditions are such that one or more of the eligibility requirements applicable to the section under which insurance is sought could not be met, if (A) the Secretary finds that the benefits to be derived from such use outweigh the risk of probable cost to the Government, and (B) the Secretary of Defense certifies that there is no intention insofar as can reasonably be foreseen to curtail substantially the personnel assigned or to be assigned to such installation. The insurance of a

mortgage pursuant to this subsection shall be the obligation of the Special Risk Insurance Fund.

Premiums  
and other  
charges,  
establishment.

"(2) The Secretary is authorized (A) to establish such premiums and other charges as may be necessary to assure that the mortgage insurance program pursuant to this subsection is made available on a basis which, in the Secretary's judgment, is designed to be actuarially sound and likely to maintain the fiscal integrity of such program, and (B) to prescribe such terms and conditions relating to insurance pursuant to this subsection as may be found by the Secretary to be necessary and appropriate, and which are to the maximum extent possible, consistent with provisions otherwise applicable to mortgage insurance and payment of insurance benefits."

#### EXPERIMENTAL FINANCING

12 USC  
1715z-10.

SEC. 310. (a) Section 245 of the National Housing Act is amended—

(1) by striking out "on an experimental basis" in the first sentence;

Principal  
obligation,  
limitation.

(2) by striking out the second sentence and inserting in lieu thereof the following: "Notwithstanding any other provision of this title the principal obligation (including all interest to be deferred and added to principal) of a mortgage insured pursuant to this section may not exceed 97 per centum of the appraised value of the property covered by the mortgage as of the date the mortgage is accepted for insurance, or if the mortgagor is a veteran and the mortgage is to be insured in accordance with the provisions of section 203 of this title, such higher percentage of appraised value as is provided for purposes of determining the maximum mortgage amount eligible for insurance under section 203(b) (2) in the case of veterans."; and

12 USC 1709.

*Ante*, p. 1132.

Graduated  
mortgage  
provisions.

(3) by adding at the end thereof the following new sentence: "Any mortgage or loan insured pursuant to this section which contains or sets forth any graduated mortgage provisions (including but not limited to provisions for adding deferred interest to principal) which are authorized under this section and applicable regulations, or which have been insured on the basis of their being so authorized, shall not be subject to any State constitution, statute, court decree, common law, or rule or public policy limiting the amount of interest which may be charged, taken, received, or reserved, or the manner of calculating such interest (including but not limited to prohibitions against the charging of interest on interest), if such statute, court decree, common law, or rule would not apply to the mortgage or loan in the absence of such graduated payment mortgage provisions."

(b) The caption of section 245 of such Act is amended to read as follows:

"GRADUATED PAYMENT MORTGAGES".

#### TITLE IV—LENDING POWERS OF FEDERAL SAVINGS AND LOAN ASSOCIATIONS; SECONDARY MARKET AUTHORITIES

##### CONSTRUCTION LOANS

12 USC 1464.

SEC. 401. The twenty-first undesignated paragraph of section 5(c) of the Home Owners' Loan Act of 1933 is amended by striking out "3 per centum" and inserting in lieu thereof "5 per centum".

## SINGLE FAMILY DWELLING LIMITATIONS

SEC. 402. The first undesignated paragraph of section 5(c) of the Home Owners' Loan Act of 1933 is amended by striking out "\$55,000" and inserting in lieu thereof "\$60,000", and by inserting "but of said 20 per centum the amount deemed to be loaned in transactions which, except for excess in amount, would be eligible for such association under provisions of this sentence (other than this exception) or under the next following sentence shall be only the outstanding amount of such excess," immediately after "improved real estate without regard to the foregoing limitations," 12 USC 1464.

## LENDING AUTHORITY

SEC. 403. The twenty-second undesignated paragraph of section 5(c) of the Home Owners' Loan Act of 1933 is amended by inserting "or farm" immediately after "residential".

## PROPERTY IMPROVEMENT LOANS

SEC. 404. The second and third undesignated paragraphs of section 5(c) of the Home Owners' Loan Act of 1933 are amended by striking out "\$10,000" and inserting in lieu thereof "\$15,000".

## MULTIFAMILY DWELLING LIMITATIONS

SEC. 405. The first sentence of section 5(c) of the Home Owners' Loan Act of 1933 is amended by striking out "and the Board shall by regulation limit to not more than 20 per centum of the assets of the association the aggregate amount or amounts of the investments which may be made by an association under the foregoing provisions of this sentence on the security of property which comprises or includes more than four dwelling units or does not constitute homes or combinations of homes and business property".

## CONFORMING AMENDMENT TO FEDERAL HOME LOAN BANK ACT

SEC. 406. Section 10(b) of the Federal Home Loan Bank Act is amended by striking out "\$55,000 (except that with respect to dwellings in Alaska, Guam, and Hawaii the foregoing limitations may, by regulation of the Board be increased by not to exceed 50 per centum)" and inserting in lieu thereof the following: "the dollar limitation under the first proviso of the first sentence of section 5(c) of the Home Owners' Loan Act of 1933, as amended," 12 USC 1430.

*Supra.*

## GOVERNMENT NATIONAL MORTGAGE ASSOCIATION HOME PURCHASE ASSISTANCE

SEC. 407. (a) Section 313(a)(1) of the National Housing Act is amended by adding at the end thereof the following: "To the extent feasible and consistent with the primary purpose of this section to stabilize housing production, the Secretary may direct the exercise of the authority conferred by this section to promote homeownership opportunities for moderate-income families." 12 USC 1723e.

(b) Section 313(a) of such Act is amended by adding at the end thereof the following:

Regulations. “(3) In carrying out the authority conferred by this section, the Secretary may require the Association to utilize a part of the authority to purchase mortgages under this section for the purchase of mortgages executed to finance the rehabilitation or acquisition and rehabilitation of housing in older or declining neighborhoods to the extent such action is feasible and consistent with the primary purpose of this section, and for the purpose of this paragraph, the Secretary is authorized to prescribe such regulations as may be appropriate.”

12 USC 1723e. (c) (1) Section 313(b)(B) of such Act is amended by inserting after “\$42,000” the following: “(\$49,000 in the case of any property with respect to which assistance payments pursuant to section 8 of the United States Housing Act of 1937 are being or will be made and which is located in any geographical area where the Secretary authorizes an increase on the basis of a finding that cost levels so require)”.

42 USC 1437f. (2) Section 313(b)(D) of such Act is amended by inserting after “Secretary” the following: “and \$55,000 in the case of any property with respect to which assistance payments pursuant to section 8 of the United States Housing Act of 1937 are being or will be made and which is located in any geographical area where the Secretary authorizes an increase on the basis of a finding that cost levels so require”.

(d) Section 313(g) of such Act is amended by adding at the end thereof the following: “The Association’s purchases and commitments under this section during fiscal year 1978 may not exceed \$7,500,000,000.”

12 USC 1723e note. (e) Section 3(b) of the Emergency Home Purchase Assistance Act of 1974 is amended by striking out “October 1, 1977” and inserting in lieu thereof “October 1, 1978”.

LIMIT ON AMOUNT OF A CONVENTIONAL MORTGAGE WHICH MAY BE PURCHASED BY FEDERAL NATIONAL MORTGAGE ASSOCIATION OR FEDERAL HOME LOAN MORTGAGE CORPORATION

12 USC 1717. SEC. 408. (a) The last sentence of section 302(b)(2) of the National Housing Act is amended by inserting “by more than 25 per centum” after “exceed”.

12 USC 1454. (b) The last sentence of section 305(a)(2) of the Federal Home Loan Mortgage Corporation Act is amended by inserting “by more than 25 per centum” after “exceed”.

12 USC 1723a. Review; study. (c) Section 309(h) of the National Housing Act is amended by inserting at the end thereof the following: “Pursuant to the authority provided in this subsection, the Secretary shall conduct a review of the financial operations of the corporation and undertake a study of the extent to which the activities of the corporation meet the purposes of this title. Such review and study shall be completed and transmitted to the Congress on or before July 1, 1978.”

Transmittal to Congress.

TITLE V—RURAL HOUSING

AUTHORIZATIONS

42 USC 1483. SEC. 501. (a) Section 513 of the Housing Act of 1949 is amended—  
 (1) by striking out “September 30, 1977” in clauses (b), (c), and (d), and inserting in lieu thereof “September 30, 1978”; and  
 (2) by striking out “\$80,000,000” in clauses (b) and (c) and inserting in lieu thereof “\$105,000,000”.

42 USC 1485. (b) Section 515(b)(5) of such Act is amended by striking out “September 30, 1977” and inserting in lieu thereof “September 30, 1978”.

(c) Section 517(a)(1) of such Act is amended by striking out "September 30, 1977" and inserting in lieu thereof "September 30, 1978". 42 USC 1487.

(d) Section 523(f) of such Act is amended— 42 USC 1490c.

(1) by striking out "October 1, 1977" and inserting in lieu thereof "October 1, 1978"; and

(2) by striking out "September 30, 1977" and inserting in lieu thereof "September 30, 1978".

#### CHANGES IN THE GUARANTEED HOUSING LOAN PROGRAM

SEC. 502. (a) Section 502(b)(3) of the Housing Act of 1949 is amended by inserting "except for guaranteed loans," after "(3)". 42 USC 1472.

(b) Section 517(e) of such Act is amended by inserting after the first sentence the following new sentence: "The guaranteed loan program under this title shall be operated separately from the insured loan program operated under this title and no funds designated for one program may be transferred to another program." Rural Housing Insurance Fund. 42 USC 1487. Transfer of funds.

(c) Section 517 of such Act is amended by adding the following new subsection at the end thereof:

"(n) Loans guaranteed under this section shall be made only to borrowers with above-moderate incomes."

(d) Section 521(a)(1) of such Act is amended by adding at the end thereof the following: "Any loan guaranteed under this title shall bear interest at such rate as may be agreed upon by the borrower and the lender." Interest rates. 42 USC 1490a.

#### PREPAYMENT OF TAXES AND SIMILAR ITEMS BY FARMERS HOME ADMINISTRATION BORROWERS

SEC. 503. Section 501(e) of the Housing Act of 1949 is amended by striking out the second sentence and inserting in lieu thereof the following: "Such payments shall be disbursed by the Secretary at the appropriate time or times for the purposes for which such payments are made, and after October 1, 1977, if the prepayments made by the borrower are not sufficient to pay the amount due, advances may be made by the Secretary to pay these costs in full, which advances shall be charged to the account of the borrower and bear interest and be payable in a timely fashion not to exceed two years, as determined by the Secretary." 42 USC 1471.

#### COMPENSATION FOR CONSTRUCTION DEFECTS

SEC. 504. Section 509 of the Housing Act of 1949 is amended by adding at the end thereof the following new subsections: 42 USC 1479.

"(c) The Secretary is authorized, after October 1, 1977, with respect to any unit or dwelling newly constructed during the period beginning eighteen months prior to the date of enactment of the Housing and Community Development Act of 1977 and purchased with financial assistance authorized by this title which he finds to have structural defects to make expenditures for (1) correcting such defects, (2) paying the claims of the owner of the property arising from such defects, or (3) acquiring title to the property, if such assistance is requested by the owner of the property within eighteen months after financial assistance under this title is rendered to the owner of the property or, in the case of property with respect to which assistance was made available within eighteen months prior to the date of enactment of the Housing and Community Develop-

ment Act of 1977, within eighteen months after such date of enactment. Expenditures pursuant to this subsection may be paid from the Rural Housing Insurance Fund. Decisions by the Secretary regarding such expenditures or payments under this subsection, and the terms and conditions under which the same are approved or disapproved, shall not be subject to judicial review.

Terms and conditions.

“(d) The Secretary shall, by regulation, prescribe the terms and conditions under which expenditures and payments may be made under the provisions of this section.”

FARM LABOR HOUSING LOANS AND GRANTS IN PUERTO RICO AND THE VIRGIN ISLANDS

42 USC 1484.

SEC. 505. Section 514(f) (3) of the Housing Act of 1949 is amended to read as follows:

“Domestic farm labor.”

“(3) the term ‘domestic farm labor’ means persons who receive a substantial portion (as determined by the Secretary) of their income as laborers on farms situated in the United States, Puerto Rico, or the Virgin Islands and either (A) are citizens of the United States, or (B) reside in the United States, Puerto Rico, or the Virgin Islands after being legally admitted for permanent residence therein.”

PURPOSES FOR WHICH FUNDS FROM THE RURAL HOUSING INSURANCE FUND MAY BE USED

42 USC 1487.

SEC. 506. Section 517(j) of the Housing Act of 1949 is amended—

(1) by striking out “and” at the end of paragraph (3);

(2) by striking out the period at the end of paragraph (4) and inserting in lieu thereof a semicolon; and

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

*Ante*, p. 1139.

“(5) after October 1, 1977, and as approved in appropriations Acts, to make advances authorized by section 501(e); and

*Ante*, p. 1139.

“(6) after October 1, 1977, and as approved in appropriations Acts, to make the expenditures authorized by section 509(c).”

HOUSING FOR THE ELDERLY AND HANDICAPPED

42 USC 1471.

SEC. 507. (a) Title V of the Housing Act of 1949 is amended—

(1) by striking out “elderly persons” in section 501(a)(3) and inserting in lieu thereof “elderly or handicapped persons or families”;

(2) by striking out “that he is an elderly person in a rural area without an adequate dwelling or related facilities for his own use,” in section 501(c)(1) and inserting in lieu thereof “that the applicant is an elderly or handicapped person or family in a rural area without an adequate dwelling or related facility for its own use.”;

42 USC 1485.

(3) by striking out “elderly persons and elderly families” in subsections (a) and (b) of section 515 and inserting in lieu thereof “elderly or handicapped persons or families”;

42 USC 1490a.

(4) by striking out “elderly persons and elderly families” in section 521(a)(1) and inserting in lieu thereof “elderly or handicapped persons or families”; and

(5) by inserting “or handicapped” after “elderly” in clause (i) of the last sentence of section 521(a)(2)(A).

(b) Section 501(b)(3) of such Act is amended to read as follows:  
 “(3) For the purposes of this title, the term ‘elderly or handicapped persons or families’ means families which consist of two or more persons, the head of which (or his or her spouse) is at least sixty-two years of age or is handicapped. Such term also means a single person who is at least sixty-two years of age or is handicapped. A person shall be considered handicapped if such person is determined, pursuant to regulations issued by the Secretary, to have an impairment which (A) is expected to be of long-continued and indefinite duration, (B) substantially impedes his ability to live independently, and (C) is of such a nature that such ability could be improved by more suitable housing conditions, or if such person is a developmentally disabled individual as defined in section 102(7) of the Developmental Disabilities Services and Facilities Construction Act. The Secretary shall prescribe such regulations as may be necessary to prevent abuses in determining, under the definitions contained in this paragraph, eligibility of families and persons for admission to and occupancy of housing constructed with assistance under this title. Notwithstanding the preceding provisions of this paragraph, such term also includes two or more elderly (sixty-two years of age or over) or handicapped persons living together, one or more such persons living with another person who is determined (under regulations prescribed by the Secretary) to be essential to the care or well-being of such persons, and the surviving member or members of any family described in the first sentence of this paragraph who were living, in a unit assisted under this title, with the deceased member of the family at the time of his or her death.”

42 USC 1471.  
 “Elderly or handicapped persons or families.”

42 USC 6001.

#### CONGREGATE HOUSING FOR ELDERLY AND HANDICAPPED FAMILIES

SEC. 508. (a) Section 515(c) of the Housing Act of 1949 is amended by adding at the end thereof the following new sentence: “However, specifically designed equipment required by elderly or handicapped persons or families shall not be considered elaborate or extravagant.”

42 USC 1485.

(b) Section 515(d)(1) of such Act is amended by adding at the end thereof the following: “; and such term also means congregate housing facilities for elderly or handicapped persons or families who require some supervision and central services but are otherwise able to care for themselves; such housing for the handicapped may be utilized in conjunction with educational and training facilities;”.

(c) Section 515(d)(3) of such Act is amended to read as follows:

“(3) the term ‘congregate housing’ means housing in which (A) some of the units may not have kitchen facilities, and (B) there is a central dining facility to provide wholesome and economic meals for elderly or handicapped persons or families.”

“Congregate housing.”

#### PROVIDING FOR A DIVISION OF INSURED RURAL HOUSING LOANS

SEC. 509. Section 517 of the Housing Act of 1949 (as amended by section 502(c)) is amended by adding at the end thereof the following new subsection:

*Ante*, p. 1139.

“(o) At least 60 per centum of the amount of loans made pursuant to sections 502 and 515 shall benefit persons of low income.”

42 USC 1472, 1485.

## RURAL HOUSING RESEARCH

42 USC 1476. SEC. 510. Section 506(d) of the Housing Act of 1949 is amended to read as follows:

Research capacity, establishment. “(d) In order to carry out this section, the Secretary shall establish a research capacity within the Farmers Home Administration which shall have authority to undertake, or to contract with any public or private body to undertake, research authorized by this section.”

## RURAL RENTAL ASSISTANCE

42 USC 1490a. SEC. 511. Section 521(a)(2)(A) of the Housing Act of 1949 is amended by striking out “may” wherever it appears, except in clause (i), and inserting in lieu thereof “shall”.

## TAXATION OF FARMERS HOME ADMINISTRATION-HELD PROPERTY

42 USC 1490h. SEC. 512. (a) Title V of the Housing Act of 1949 is amended by adding the following new section at the end thereof:

“SEC. 528. All property subject to a lien held by the United States or the title to which is acquired or held by the Secretary under this title other than property used for administrative purposes shall be subject to taxation by a State, Commonwealth, territory, possession, district, and local political subdivisions in the same manner and to the same extent as other property is taxed: *Provided*, That no tax shall be imposed or collected on or with respect to any instrument if the tax is based on—

“(1) the value of any notes or mortgages or other lien instruments held by or transferred to the Secretary;

“(2) any notes or lien instruments administered under this title which are made, assigned, or held by a person otherwise liable for such tax; or

“(3) the value of any property conveyed or transferred to the Secretary, whether as a tax on the instrument, the privilege of conveying or transferring, or the recordation thereof; nor shall the failure to pay or collect any such tax be a ground for refusal to record or file such instruments, or for failure to impart notice, or prevent the enforcement of its provisions in any State or Federal court.”

42 USC 1490h note. (b) Notwithstanding any other provision of law, no State, Commonwealth, territory, possession, district, or local political subdivision which has received, prior to the date of enactment of this Act, tax payments from the Department of Agriculture based on property held by the Farmers Home Administration shall be liable for, or be obligated to refund, the amount of any such payment, which, if it had been made after the date of enactment of this Act, would have been authorized by the provisions of section 528 of the Housing Act of 1949, and no officer or employee of the United States shall incur or be under any liability by reason of having made or authorized any such payments.

*Supra.*

Effective date. 42 USC 1490h note. (c) The amendment made by subsection (a) shall become effective as of January 1, 1977.

## TITLE VI—NATIONAL URBAN POLICY

42 USC 4501 note. SEC. 601. (a) Section 701 of the Urban Growth and New Community Development Act of 1970 is amended—



- (1) by striking out subsection (a) and inserting in lieu thereof the following: 42 USC 4501 note.
- “(a) This title may be cited as the ‘National Urban Policy and New Community Development Act of 1970.’;”
- (2) by striking out “growth” the first time it appears in subsection (b); 42 USC 4501.
- (3) by inserting “energy and” before “our natural resources” in subsection (b);
- (4) by inserting “and their residents” before “of adequate tax base,” in subsection (b); and
- (5) by inserting “good housing in” before “well-balanced neighborhoods” in subsection (b).
- (b) Section 702 of such Act is amended—
- (1) by striking out subsection (a) and inserting in lieu thereof the following: Congressional findings and declaration of policy. 42 USC 4502.
- “(a) The Congress finds that rapid changes in patterns of urban settlement, including change in population distribution and economic bases of urban areas, have created an imbalance between the Nation’s needs and resources and seriously threaten our physical and social environment, and the financial viability of our cities, and that the economic and social development of the Nation, the proper conservation of our energy and other natural resources, and the achievement of satisfactory living standards depend upon the sound, orderly, and more balanced development of all areas of the Nation.”;
- (2) by inserting “and redevelopment” before “which adversely affect” in subsection (b), by striking out “our” in subsection (b) and inserting in lieu thereof “energy and other”, and by striking out “growth” the last time it appears in subsection (b);
- (3) by inserting “energy and other” before “natural resources,” in the first sentence of subsection (c), by striking out “growth” in the first sentence of subsection (c), by striking out “growth” the first time it appears in the second sentence of subsection (c) and inserting in lieu thereof “development and redevelopment”, and by striking out “growth and stabilization” in the second sentence of subsection (c) and inserting in lieu thereof “urban”;
- (4) by striking out “growth” the first time it appears in subsection (d);
- (5) by striking out “help reverse trends of migration and physical growth which reinforce” in paragraph (3) of subsection (d) and inserting in lieu thereof “encourage patterns of development and redevelopment which minimize”; and
- (6) by striking out “growth and stabilization,” in paragraph (8) of subsection (d) and inserting in lieu thereof “development and redevelopment, encourage”, by inserting “energy and other” before “natural resources” in such paragraph (8), and by striking out “the protection” in such paragraph (8) and inserting in lieu thereof “protect”.
- (c) Section 703 of such Act is amended— 42 USC 4503.
- (1) by striking out the section heading and the material preceding paragraph (1) of subsection (a) and inserting in lieu thereof the following:

“NATIONAL URBAN POLICY REPORT

“SEC. 703. (a) The President shall transmit to the Congress during February 1978, and during February of every even-numbered year Report to Congress.

thereafter, a Report on National Urban Policy which shall contribute to the formulation of such a policy, and in addition shall include—”;

(2) by striking out “and statistics, describing characteristics of urban growth and stabilization and identifying significant trends and developments” in paragraph (1) of subsection (a) and inserting in lieu thereof “, statistics, and significant trends relating to the pattern of urban development for the preceding two years”;

(3) by striking out “growth” in paragraph (2) of subsection (a), and by inserting “affecting the well-being of urban areas” before the semicolon at the end of such paragraph;

(4) by redesignating paragraphs (3) through (7) as paragraphs (4) through (8), respectively;

(5) by inserting after paragraph (2) the following:

“(3) an examination of the housing and related community development problems experienced by cities undergoing a growth rate which equals or exceeds the national average.”;

(6) by striking out “growth” in paragraph (4) of subsection (a), as redesignated;

(7) by striking out “growth” in subsection (b) and inserting in lieu thereof “policy”; and

(8) by striking out “Report on Urban Growth” in subsection (c) and inserting in lieu thereof “National Urban Policy Report” and by striking out “growth” in such subsection and inserting in lieu thereof “areas”.

(d) The title heading for such Act is amended by striking out “URBAN GROWTH” and inserting in lieu thereof “NATIONAL URBAN POLICY”.

(e) The part heading for part A of such Act is amended by striking out “GROWTH”.

## TITLE VII—FLOOD AND RIOT INSURANCE

### EXTENSION OF NATIONAL FLOOD INSURANCE PROGRAM

42 USC 4026. SEC. 701. (a) Section 1319 of the National Flood Insurance Act of 1968 is amended by striking out “September 30, 1977” and inserting in lieu thereof “September 30, 1978”.

42 USC 4056. (b) Section 1336(a) of such Act is amended by striking out “September 30, 1977” and inserting in lieu thereof “September 30, 1978”.

### FLOOD INSURANCE STUDIES

42 USC 4127. SEC. 702. Section 1376(c) of the National Flood Insurance Act of 1968 is amended by inserting the following before the period at the end thereof: “and not to exceed \$108,000,000 for the fiscal year 1978”.

### SANCTIONS

42 USC 4106. SEC. 703. (a) Section 202(b) of the Flood Disaster Protection Act of 1973 is amended to read as follows:

42 USC 4104a. “(b) In addition to the requirements of section 1364 of the National Flood Insurance Act of 1968, each Federal instrumentality described in such section shall by regulation require the institutions described in such section to notify (as a condition of making, increasing, extending, or renewing any loan secured by property described in such section) the purchaser or lessee of such property of whether, in the event of a disaster caused by flood to such property, Federal disaster relief assistance will be available to such property.”.

(b) Section 3(a)(4) of such Act is amended by striking out all after "mortgages or mortgage loans" and inserting in lieu thereof the following: "but shall exclude assistance pursuant to the Disaster Relief Act of 1974 (other than assistance under such Act in connection with a flood);".

42 USC 4003.

42 USC 5121  
note.

## FLOOD INSURANCE PROGRAM IMPROVEMENTS

SEC. 704. (a) Section 1306(b) of the National Flood Insurance Act of 1968 is amended by striking out paragraph (2) and inserting in lieu thereof the following:

42 USC 4013.

"(2) in the case of any residential property for which the risk premium rate is determined in accordance with the provisions of section 1307(a)(1), additional flood insurance in excess of the limits specified in clause (i) of subparagraph (A) of paragraph (1) shall be made available to every insured upon renewal and every applicant for insurance so as to enable such insured or applicant to receive coverage up to an amount of \$150,000 under the provisions of this clause;

42 USC 4014.

"(3) in the case of any residential property for which the risk premium rate is determined in accordance with the provisions of section 1307(a)(1), additional flood insurance in excess of the limits specified in clause (ii) of subparagraph (A) of paragraph (1) shall be made available to every insured upon renewal and every applicant for insurance so as to enable any such insured or applicant to receive coverage up to an amount of \$50,000 under the provisions of this clause;

"(4) in the case of business property owned, leased, or operated by small business concerns for which the risk premium rate is determined in accordance with the provisions of section 1307(a)(1), additional flood insurance in excess of the limits specified in subparagraph (B) of paragraph (1) shall be made available to every such owner, lessee, or operator in respect to any single structure, including any contents thereof, related to premises of small business occupants (as that term is defined by the Secretary), up to an amount equal to (i) \$250,000 plus (ii) \$200,000 multiplied by the number of such occupants which coverage shall be allocated among such occupants (or among the occupant or occupants and the owner) in accordance with the regulations prescribed by the Secretary pursuant to such subparagraph (B), except that the aggregate liability for the structure itself may in no case exceed \$250,000;

"(5) any flood insurance coverage which may be made available in excess of the limits specified in subparagraph (A), (B), or (C) of paragraph (1), shall be based only on chargeable premium rates under section 1308 which are not less than the estimated premium rates under section 1307(a)(1), and the amount of such excess coverage shall not in any case exceed an amount equal to the applicable limit so specified (or allocated) under paragraph (1)(C), (2), (3), or (4), as applicable; and

"(6) the flood insurance purchase requirements of section 102 of the Flood Disaster Protection Act of 1973 do not apply to the additional flood insurance limits made available in excess of twice the limits made available under paragraph (1)."

42 USC 4012a.

(b) Section 1362 of such Act is amended—

42 USC 4103.

(1) by inserting "(a)" after "SEC. 1362.";

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

"(3) incurred significant flood damage on not less than three previous occasions over a five-year period of time and on each occasion the cost of repair, on the average, equaled or exceeded 25 per centum of the value of the structure at the time of each flood event or was damaged substantially beyond repair by flood while so covered,"; and

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

Real property purchases.

"(b) When any real property referred to in paragraphs (1) and (2) of subsection (a) has sustained damage as a result of a single casualty of any nature under such circumstances that a statute, ordinance or regulation precludes its repair or restoration or permits repair or restoration only at a significantly increased construction cost, the Secretary may enter into negotiations with the owner of the property or interest therein for the purchase of such property for the uses and purposes of this section.

Low-interest loans for single-family dwellings.

"(c) Whenever, as a result of damage from any casualty, the repair, reconstruction, or substantial improvement of any single-family dwelling structure located within a regulatory floodway and insured under the flood insurance program is deemed by the Secretary to be made more effective from the standpoint of prudent flood plain management by elevation of the structure so it will not interfere with the flow of water from the base flood within such regulatory floodway, the Secretary is authorized to make a low-interest loan at a rate of interest of 2 per centum per annum, repayable in ten years, to the owner of any such structure for the purpose of so elevating the structure. There is authorized to be appropriated for purposes of implementing this subsection not to exceed \$4,500,000.

Regulations.

"(d) The Secretary is authorized to issue such regulations as may be necessary to carry out the purposes of this section."

42 USC 4104.

(c) Section 1363 of such Act is amended—

- (1) by redesignating subsection (f) as subsection (g); and
- (2) by inserting after subsection (e) the following:

Reimbursement of certain expenses.

"(f) When, incident to any appeal under subsection (b) or (c), the owner or lessee of real property or the community, as the case may be, incurs expense in connection with the services of surveyors, engineers, or similar services, but not including legal services, in the effecting of an appeal which is successful in whole or part, the Secretary shall reimburse such individual or community to an extent measured by the ratio of the successful portion of the appeal as compared to the entire appeal and applying such ratio to the reasonable value of all such services, but no reimbursement shall be made by the Secretary in respect to any fee or expense payment, the payment of which was agreed to be contingent upon the result of the appeal. There is authorized to be appropriated for purposes of implementing this subsection, not to exceed \$250,000."

Appropriation authorization.

42 USC 4105.

(d) Section 201 of the Flood Disaster Protection Act of 1973 is amended by adding at the end thereof the following:

Administrative procedures, establishment.

"(e) The Secretary is authorized to establish administrative procedures whereby the identification under this section of one or more areas in the community as having special flood hazards may be appealed to the Secretary by the community or any owner or lessee of real property within the community who believes his property has been inadvertently included in a special flood hazard area by the identification. When, incident to any appeal under this subsection, the owner or lessee of real property or the community, as the case may be, incurs expense in connection with the services of surveyors, engi-

Reimbursement of certain expenses.

neers, or similar services, but not including legal services, in the effecting of an appeal which is successful in whole or part, the Secretary shall reimburse such individual or community to an extent measured by the ratio of the successful portion of the appeal as compared to the entire appeal and applying such ratio to the reasonable value of all such services, but no reimbursement shall be made by the Secretary in respect to any fee or expense payment, the payment of which was agreed to be contingent upon the result of the appeal. There is authorized to be appropriated for purposes of implementing this subsection not to exceed "\$250,000."

Appropriation  
authorization.

## TITLE VIII—COMMUNITY REINVESTMENT

SEC. 801. This title may be cited as the "Community Reinvestment Act of 1977".

SEC. 802. (a) The Congress finds that—

(1) regulated financial institutions are required by law to demonstrate that their deposit facilities serve the convenience and needs of the communities in which they are chartered to do business;

(2) the convenience and needs of communities include the need for credit services as well as deposit services; and

(3) regulated financial institutions have continuing and affirmative obligation to help meet the credit needs of the local communities in which they are chartered.

(b) It is the purpose of this title to require each appropriate Federal financial supervisory agency to use its authority when examining financial institutions, to encourage such institutions to help meet the credit needs of the local communities in which they are chartered consistent with the safe and sound operation of such institutions.

SEC. 803. For the purposes of this title—

(1) the term "appropriate Federal financial supervisory agency" means—

(A) the Comptroller of the Currency with respect to national banks;

(B) the Board of Governors of the Federal Reserve System with respect to State chartered banks which are members of the Federal Reserve System and bank holding companies;

(C) the Federal Deposit Insurance Corporation with respect to State chartered banks and savings banks which are not members of the Federal Reserve System and the deposits of which are insured by the Corporation; and

(D) the Federal Home Loan Bank Board with respect to institutions the deposits of which are insured by the Federal Savings and Loan Insurance Corporation and to savings and loan holding companies;

(2) the term "regulated financial institution" means an insured bank as defined in section 3 of the Federal Deposit Insurance Act or an insured institution as defined in section 401 of the National Housing Act; and

(3) the term "application for a deposit facility" means an application to the appropriate Federal financial supervisory agency otherwise required under Federal law or regulations thereunder for—

(A) a charter for a national bank or Federal savings and loan association;

Community  
Reinvestment  
Act of 1977.  
Citation of  
title.

12 USC 2901

note.

12 USC 2901.

12 USC 2902.

18 USC 709.

12 USC 1724.

(B) deposit insurance in connection with a newly chartered State bank, savings bank, savings and loan association or similar institution;

(C) the establishment of a domestic branch or other facility with the ability to accept deposits of a regulated financial institution;

(D) the relocation of the home office or a branch office of a regulated financial institution;

(E) the merger or consolidation with, or the acquisition of the assets, or the assumption of the liabilities of a regulated financial institution requiring approval under section 18(c) of the Federal Deposit Insurance Act or under regulations issued under the authority of title IV of the National Housing Act; or

(F) the acquisition of shares in, or the assets of, a regulated financial institution requiring approval under section 3 of the Bank Holding Company Act of 1956 or section 408 (e) of the National Housing Act.

12 USC 1828.

12 USC 1724.

12 USC 1842.

12 USC 1730a.

Financial institutions, evaluation.

12 USC 2903.

SEC. 804. In connection with its examination of a financial institution, the appropriate Federal financial supervisory agency shall—

(1) assess the institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of such institution; and

(2) take such record into account in its evaluation of an application for a deposit facility by such institution.

Report to Congress.

12 USC 2904.

Regulations.

12 USC 2905.

SEC. 805. Each appropriate Federal financial supervisory agency shall include in its annual report to the Congress a section outlining the actions it has taken to carry out its responsibilities under this title.

SEC. 806. Regulations to carry out the purposes of this title shall be published by each appropriate Federal financial supervisory agency, and shall take effect no later than 390 days after the date of enactment of this title.

## TITLE IX—MISCELLANEOUS

### INDIAN AND ALASKA NATIVE HOUSING AND COMMUNITY DEVELOPMENT

42 USC 3533.

Special Assistant for Indian and Alaska Native Programs.

SEC. 901. Section 4 of the Department of Housing and Urban Development Act is amended by adding at the end thereof the following:

“(d) (1) There shall be in the Department a Special Assistant for Indian and Alaska Native Programs, who shall be responsible for coordinating all programs of the Department relating to Indian and Alaska Native housing and community development. The Special Assistant for Indian and Alaska Native Programs shall be designated by the Secretary not later than 60 days after the date of enactment of this subsection.

Report to Congress.

“(2) The Secretary shall, not later than December 1 of each year, submit to Congress an annual report which shall include—

“(A) a description of his actions during the current year and a projection of his activities during the succeeding years;

“(B) estimates of the cost of the projected activities for succeeding fiscal years;

“(C) a statistical report on the conditions of Indian and Alaska Native housing; and

“(D) recommendations for such legislative, administrative, and other actions, as he deems appropriate.”.

## MOBILE HOME SAFETY

SEC. 902. (a) Section 604 of the Housing and Community Development Act of 1974 is amended by adding at the end thereof the following: 42 USC 5403.

“(h) The Secretary shall exclude from the coverage of this title any structure which the manufacturer certifies, in a form prescribed by the Secretary, to be: Construction and safety standards coverage, exclusion.

“(1) designed only for erection or installation on a site-built permanent foundation;

“(2) not designed to be moved once so erected or installed;

“(3) designed and manufactured to comply with a nationally recognized model building code or an equivalent local code, or with a State or local modular building code recognized as generally equivalent to building codes for site-built housing, or with minimum property standards adopted by the Secretary pursuant to title II of the National Housing Act; and

12 USC 1707.

“(4) to the manufacturer’s knowledge is not intended to be used other than on a site-built permanent foundation.”.

(b) Section 610(a) of such Act is amended— 42 USC 5409.

(1) by striking out “or” at the end of paragraph (4);

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

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

“(6) issue a certification pursuant to subsection (h) of section 604, if such person in the exercise of due care has reason to know that such certification is false or misleading in a material respect.”.

## HOMEOWNERSHIP COUNSELING

SEC. 903. Section 106(a)(2) of the Housing and Urban Development Act of 1968 is amended by inserting the following immediately before the period at the end of the first sentence thereof: “and may provide such services for other owners of single family dwelling units insured under title II of the National Housing Act”. 12 USC 1701x.

## PROTOTYPE COSTS

SEC. 904. (a) Beginning in calendar year 1979, the Secretary of Housing and Urban Development shall prepare and publish annually prototype housing costs for one- to four-family dwelling units for each housing market area in the United States, as determined by the Secretary. Prototype housing costs for an area shall be determined on the basis of the Secretary’s identification and estimate of reasonable construction and other costs (including reasonable allowances for the cost of land and site improvements) for that area of various types and sizes of new one- to four-family dwelling units designed for various segments of the housing market of the area, as determined by the Secretary. In determining prototype housing costs, the Secretary is authorized to take into account the need for durability required for economic maintenance of housing, the need for amenities suitable to Prototype housing costs, annual publication. 42 USC 3540.

assure a safe and healthy family life and neighborhood environment, the application of good design and quality in architecture, and the need for maximum conservation of energy, as well as the advice and recommendations of local housing producers.

(b) The Secretary is authorized to take such action as may be necessary to develop, aggregate, and evaluate data and other information required for the timely development, implementation, and maintenance of the prototype housing cost system referred to in subsection (a).

Approved October 12, 1977.

#### LEGISLATIVE HISTORY:

**HOUSE REPORTS:** No. 95-236 (Comm. on Banking, Finance and Urban Affairs) and No. 95-634 (Comm. of Conference).

**SENATE REPORT** No. 95-175 accompanying S. 1523 (Comm. on Banking, Housing, and Urban Affairs).

**CONGRESSIONAL RECORD**, Vol. 123 (1977):

May 6, 10, 11, considered and passed House.

June 6, 7, considered and passed Senate, amended, in lieu of S. 1523.

Oct. 1, Senate agreed to conference report.

Oct. 4, House agreed to conference report.

**WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS**, Vol. 13, No. 42:

Oct. 12, Presidential statement.