

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

This chapter presents the budget and program estimates for the Department of Housing and Urban Development (HUD).

For the past 4 years, the Department has been engaged in a reinvention process which has emphasized: addressing homelessness through comprehensive continuum of care strategies; transforming public and assisted housing; enhancing homeownership opportunities through new national and local partnerships; reducing racial barriers to housing; and, encouraging locally-driven solutions and leveraging private sector investment through initiatives like consolidated planning, and Empowerment Zones and Enterprise Communities. An emphasis has also been placed on reinventing HUD, itself. The 1998 budget continues to move toward a "right-side up" Cabinet Department that is organized, staffed, and empowered to respond to locally driven priorities rather than Federal dictates.

As part of the 1997 reinvention process, the Department proposed consolidating many of its programs into three core funds—with incentives for good performance. The 1997 Appropriations Act did not implement the Department's proposals but did enact a major reconfiguration of the Department's housing accounts structure. Three new accounts were created: Preserving Existing Housing Investment, Development of Additional New Subsidized Housing, and Prevention of Resident Displacement.

This new account structure was an important first step to better organizing the Department's primary housing assistance programs. The 1998 budget further refines this structure to reflect the Department's consolidation efforts. This new structure will also enhance the Department's ability to administer and track its funds.

Activities funded under the Preserving Existing Housing Investment account will be divided into two separate accounts—an operating fund and a capital fund. Assistance provided for the elderly and disabled, and Native Americans in the Development of Additional New Subsidized Housing account in 1997 is being requested separately for 1998. Funds for the elderly and disabled are in the Housing for Special Populations account in 1998 and resources allocated to the Native American population will be consolidated under a Native American Housing Block Grants program as authorized by the 104th Congress. Funding for housing certificates, Section 8 contract renewals, and amendments in 1997 was provided in the Prevention of Resident Displacement account. This budget proposes to fund these activities under the Housing Certificate Fund for 1998.

The 1998 Budget includes two Presidential initiatives related to revitalizing America's urban areas. First, the HUD Budget requests funding for a second round of Empowerment Zones and Enterprise Communities. The first round has already proven successful in leveraging private sector funds and promoting economic opportunity and community-wide revitalization. Second, the Brownfields Redevelopment program will enable cities to clean up polluted sites, returning them to productive uses that create jobs. The program will also enable cities to address the economic development needs of communities in and around such sites.

The 1998 Budget maintains Community Development Block Grant (CDBG) funding. This program will continue to use a formula approach for allocating funds for a wide range of community and economic development activities. The Com-

munity Development Loan Guarantee program enables communities to borrow in the private market with a Federal guarantee. Communities must develop consolidated plans which identify local needs and priorities in order to tap into CDBG and other HUD funds.

The HOME Investment Partnerships program will also continue formula allocations to states and participating jurisdictions to assist in expanding the supply of affordable housing.

The Homeless Assistance Grants program would consolidate HUD's six Stewart B. McKinney homeless assistance programs into a performance-based program that would enable communities to continue their development and implementation of comprehensive, coordinated continuum of care systems to address the needs of homeless people and families. This is the fourth consecutive year that HUD has sought consolidation of its homeless assistance programs to improve program administration and effectiveness.

Funding is also included, either as set-asides or as separate programs, for the following community and economic development and affordable housing programs: Economic Development Grants; Homeownership Zones; Habitat for Humanity; Youthbuild; Bridges to Work; and Capacity Building for Community Development and Affordable Housing.

The Department is reproposing to consolidate several categorical housing programs.

- The Public Housing Operating Fund would fund the operating costs of Public Housing. Through this fund, Public Housing Agencies will have greater flexibility in attracting and retaining low- and moderate-income families.

- The Public Housing Capital Fund would address the capital needs of Public Housing. Based on the Public Housing Modernization program, this Fund will permit the upgrading of inventory and the demolition and replacement of obsolete buildings. Funds will also be available for: economic development supportive services; technical assistance and intervention to improve troubled authorities and management improvements; and the Tenant Opportunity Program.

- The Housing Certificate Fund would address the problems arising from lagging household income and high housing costs. The Fund would be based on the existing voucher and certificate programs with changes to make the system simpler and more effective. Funding for section 8 contract renewals and amendments is included within this Fund. The 1998 request includes 50,000 incremental certificates to help low-income families move from welfare to work.

- Other Housing Programs. Lead-paint hazard reduction activities will be funded within the Community Development Block Grant Fund. Several other programs that assist communities will remain as free-standing activities: Housing Opportunities for Persons with AIDS, Youthbuild, housing counseling, drug elimination activities, and assistance for severely distressed public housing.

A major initiative reflected in the budget estimates is "Multifamily Portfolio Reengineering," formerly known as "Market-to-Market." This plan would reduce over-subsidized Section 8 contracts and FHA-insured debt on properties. The goal of the initiative is to leave all responsible owners with the ability to sustain the remaining mortgage through the payment of market-derived rents by tenants.

PUBLIC AND INDIAN HOUSING

Federal Funds

General and special funds:

[PREVENTION OF RESIDENT DISPLACEMENT] HOUSING CERTIFICATE FUND

For activities and assistance to prevent the involuntary displacement of low-income families, the elderly and the disabled because of the loss of affordable housing stock, expiration of subsidy contracts (other than contracts for which amounts are provided under the head "Preserving Existing Housing Investment") or expiration of use restrictions, or other changes in housing assistance arrangements, and for other purposes, **[\$4,640,000,000] \$10,676,000,000**, to remain available until expended: *Provided*, That of the total amount provided under this head, **[\$3,600,000,000] \$9,232,000,000** shall be for assistance under the United States Housing Act of 1937 (42 U.S.C. 1437) for use in connection with expiring or terminating section 8 subsidy contracts: *Provided further*, That the Secretary may determine not to apply section 8(o)(6)(B) of the Act to housing vouchers during fiscal year **[1997] 1998**: *Provided further*, That of the total amount provided under this head, **\$850,000,000** shall be for amendments to section 8 contracts other than contracts for projects developed under section 202 of the Housing Act of 1959, as amended: *Provided further*, That of the total amount provided under this head, **[\$190,000,000] \$594,000,000** shall be for *section 8 rental assistance* under the United States Housing Act [of 1937 (42 U.S.C. 1437)] *including assistance* to relocate residents of properties (i) that are owned by the Secretary and being disposed of or (ii) that are discontinuing section 8 project-based assistance; [or (iii) or subject to special workout assistance team intervention compliance actions;] for the conversion of section 23 projects to assistance under section 8; for funds to carry out the family unification program; and for the relocation of witnesses in connection with efforts to combat crime in public and assisted housing pursuant to a request from a law enforcement or prosecution agency [: *Provided further*, That of the total amount made available under this head, **\$50,000,000** shall be made available to nonelderly disabled families affected by the designation of a public housing development under section 7 of such Act or the establishment of preferences in accordance with section 651 of the Housing and Community Development Act of 1992 (42 U.S.C. 13611)]. (*Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.*)

Program and Financing (in millions of dollars)

Identification code 86-0311-0-1-604	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Renew rental contracts	1,956	9,997	
00.02 Contract amendments	900	850	
00.03 New housing certificates	240	594	
10.00 Total obligations (object class 41.0)	3,096	11,441	
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested balance		1,594	
22.00 New budget authority (gross)	4,690	10,676	
23.90 Total budgetary resources available for obligation	4,690	11,441	
23.95 New obligations	-3,096	-11,441	
24.40 Unobligated balance available, end of year:			
Uninvested balance	1,594	829	
New budget authority (gross), detail:			
40.00 Appropriation	4,640	10,676	
42.00 Transferred from other accounts	50		
43.00 Appropriation (total)	4,690	10,676	
70.00 Total new budget authority (gross)	4,690	10,676	
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation		1,364	
73.10 New obligations	3,096	11,441	
73.20 Total outlays (gross)	-1,732	-5,604	
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation	1,364	7,201	

Outlays (gross), detail:			
86.90 Outlays from new current authority	1,732	3,985	
86.93 Outlays from current balances		1,619	
87.00 Total outlays (gross)	1,732	5,604	
Net budget authority and outlays:			
89.00 Budget authority	4,690	10,676	
90.00 Outlays	1,732	5,604	

This account provides funding for some of the activities previously funded through the Annual Contributions for Assisted Housing account. These include the renewal of expiring Section 8 contracts, amending of Section 8 contracts, and the funding for additional Section 8 rental assistance.

ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING

All balances remaining in the Preserving Existing Housing Investment Account for Preservation shall be transferred to and merged with the amounts previously provided for those purposes under this head.

Program and Financing (in millions of dollars)

Identification code 86-0164-0-1-604	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Lower income housing	1,964	3,010	
00.02 Public and Indian housing	2,907	1,695	
00.03 Elderly/disabled grants	1,469	3,684	
00.04 Other programs	267	28	
00.05 Contract renewals	3,345	1,892	
10.00 Total obligations (object class 41.0)	9,952	10,309	
Budgetary resources available for obligation:			
Unobligated balance available, start of year:			
Uninvested balance:			
21.40 Uninvested balance	387	1,981	
21.40 Uninvested balance	11,153	8,030	
21.49 Contract authority	73	88	
21.99 Total unobligated balance, start of year	11,613	10,099	
22.00 New budget authority (gross)	9,819	-75	
22.10 Resources available from recoveries of prior year obligations	11,266	325	
22.21 Unobligated balance transferred to other accounts		-41	
22.75 Balance of contract authority withdrawn	-12,646		
23.90 Total budgetary resources available for obligation	20,052	10,308	
23.95 New obligations	-9,952	-10,309	
Unobligated balance available, end of year:			
Uninvested balance:			
24.40 Uninvested balance	1,981		
24.40 Uninvested balance	8,030		
24.49 Contract authority	88		
24.99 Total unobligated balance, end of year	10,099		
New budget authority (gross), detail:			
Current:			
40.00 Appropriation	9,819		
41.00 Transferred to other accounts		-75	
43.00 Appropriation (total)	9,819	-75	
Permanent:			
60.05 Appropriation (indefinite)	632	19,848	15,541
60.49 Portion applied to liquidate contract authority	-632	-19,848	-15,541
63.00 Appropriation (total)			
70.00 Total new budget authority (gross)	9,819	-75	
Change in unpaid obligations:			
Unpaid obligations, start of year:			
Obligated balance:			
72.40 Appropriation	60,721	38,135	49,356
72.49 Contract authority	69,331	56,034	36,236
72.90 Fund balance	24	14,265	12,614
72.99 Total unpaid obligations, start of year	130,076	108,434	98,206
73.10 New obligations	9,952	10,309	
73.20 Total outlays (gross)	-20,327	-19,847	-15,912

73.31	Obligated balance transferred to other accounts		-367	
73.45	Adjustments in unexpired accounts	-11,266	-325	
	Unpaid obligations, end of year:			
	Obligated balance:			
74.40	Appropriation	38,135	49,356	51,184
74.49	Contract authority	56,034	36,236	20,695
74.90	Fund balance	14,265	12,614	10,415
74.99	Total unpaid obligations, end of year	108,434	98,206	82,294
Outlays (gross), detail:				
86.90	Outlays from new current authority	1,019		
86.93	Outlays from current balances	19,308	19,847	15,912
87.00	Total outlays (gross)	20,327	19,847	15,912
Net budget authority and outlays:				
89.00	Budget authority	9,819	-75	
90.00	Outlays	20,327	19,847	15,912

Summary of Budget Authority and Outlays

[In millions of dollars]

	1996 actual	1997 est.	1998 est.
Enacted/requested:			
Budget Authority	9,819	-75	
Outlays	20,327	19,847	15,912
Legislative proposal, not subject to PAYGO:			
Budget Authority			-855
Outlays			-375
Rescission proposal:			
Budget Authority		-250	
Outlays		-10	-25
Total:			
Budget Authority	9,819	-325	-855
Outlays	20,327	19,837	15,512

Status of Contract Authority (in millions of dollars)

Identification code 86-0164-0-1-604	1996 actual	1997 est.	1998 est.
Balance, start of year:			
0100 Balance, start of year	73	88	
0100 Balance, start of year	69,331	56,034	36,236
0340 Unobligated balance transferred		-41	
0400 Appropriation to liquidate contract authority	-632	-19,848	-15,541
0600 Balance of contract authority withdrawn	-12,646		
Balance, end of year:			
0700 Balance, end of year	88		
0700 Balance, end of year	56,034	36,236	20,695

The Annual Contributions for Assisted Housing account provided assistance under three major categories.

Low-income housing (section 8).—Included within the section 8 category were incremental rental assistance in the form of housing certificates and housing vouchers; Public Housing and Housing Relocation/Replacement opt-out units; Housing Opportunities for Persons with AIDS; section 23 conversions; and loan management and property disposition activities.

Housing for the elderly and disabled (section 202 and 811).—The Cranston-Gonzales National Affordable Housing Act authorized a grant program to make new construction assistance available to elderly and disabled persons. Both the grant funding and the Rental Assistance—or operating subsidy—needed to aid these low-income tenants was provided under the annual contributions account.

Public and Indian housing.—New development funding was provided for both Public Housing and for Indian Housing within this account. In addition, funding was provided for public and indian housing modernization activities and public/indian housing amendments and lease adjustments. Funding was also provided for Public Housing Service Coordinators and Family Investment Centers.

The Annual Contributions for Assisted Housing account provided funding for a wide range of housing assistance through the Low-Income Housing (Section 8), Housing for the Elderly and Disabled, and the Public and Indian Housing programs. In addition, various housing-related programs were

carried out through funding provided under this account. Consistent with HUD's reinvention process, many of these activities will be funded under the new consolidated Funds being proposed for 1998.

No new appropriation is requested for this account. Language is proposed to permit the transfer into this account of all unobligated and obligated balances for preservation assistance, which was previously made available in 1997 under the Preserving Existing Housing Investment account (See table below).

Proposed Transfer of Balances

[In millions]

	1996 Actual	1997 est.	1998 est.
Annual Contributions:			
Budget Authority	9,819	(325)	(855)
Outlays	20,327	19,837	15,512
Preserving Existing Housing Investment:			
Budget Authority		350	
Outlays		140	210
Total			
Budget Authority	9,819	25	(855)
Outlays	20,327	19,977	15,722

The 1998 budget proposes to transfer all preservation balances to the Annual Contributions for Assisted Housing account.

ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING

(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 86-0164-2-1-604	1996 actual	1997 est.	1998 est.
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			-855
22.10 Resources available from recoveries of prior year obligations			855
23.90 Total budgetary resources available for obligation			
New budget authority (gross), detail:			
40.00 Appropriation			
40.35 Appropriation rescinded			-855
43.00 Appropriation (total)			-855
70.00 Total new budget authority (gross)			-855
Change in unpaid obligations:			
73.20 Total outlays (gross)			375
73.45 Adjustments in unexpired accounts			-855
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation			-480
Outlays (gross), detail:			
86.93 Outlays from current balances			-375
Net budget authority and outlays:			
89.00 Budget authority			-855
90.00 Outlays			-375

An estimated \$855 million of budget authority is anticipated to be recaptured and canceled in 1998 as a result of enactment and implementation of HUD's Multifamily Portfolio Reengineering proposal. This proposal would restructure mortgages of selected FHA-insured multifamily properties. These properties are presently subsidized at above market rates through HUD's rental assistance programs. Budget authority remaining on these long-term, multi-year contracts would be canceled. In the future, additional outlay savings will be achieved by avoiding the need for appropriations for funds to continue subsidizing these high-cost contracts.

General and special funds—Continued

PRESERVING EXISTING-HOUSING INVESTMENT

[For operating, maintaining, revitalizing, rehabilitating, preserving, and protecting existing housing developments for low-income families, and the elderly, and the disabled, \$5,750,000,000, to remain available until expended: *Provided*, That of the total amount made available under this head, \$2,900,000,000 shall be available for payments to public housing agencies and Indian housing authorities for operating subsidies for low-income housing projects as authorized by section 9 of the United States Housing Act of 1937, as amended (42 U.S.C. 1437g): *Provided further*, That of the total amount made available under this head, \$2,500,000,000 shall be available for modernization of existing public housing projects as authorized under section 14 of the United States Housing Act of 1937, as amended (42 U.S.C. 1437l), of which \$10,000,000 shall be for carrying out activities under section 6(j) of the United States Housing Act of 1937 and technical assistance for the inspection of public housing units, contract expertise, and training and technical assistance directly or indirectly, under grants, contracts, or cooperative agreements, to assist in the oversight and management of public and Indian housing (whether or not the housing is being modernized with assistance under this proviso) or tenant-based assistance, including, but not limited to, an annual resident survey, data collection and analysis, training and technical assistance by or to officials and employees of the department and of public housing agencies and to residents in connection with the public and Indian housing program: *Provided further*, That of the total amount provided under this head, \$350,000,000 shall be available for use in conjunction with properties that are eligible for assistance under the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (LIHPRHA) or the Emergency Low Income Housing Preservation Act of 1987 (ELIHPA), of which \$75,000,000 shall be available for obligation until March 1, 1997 for projects (1) that are subject to a repayment or settlement agreement that was executed between the owner and the Secretary prior to September 1, 1995; (2) whose submissions were delayed as a result of their location in areas that were designated as a Federal disaster area in a Presidential Disaster Declaration; or (3) whose processing was, in fact or in practical effect, suspended, deferred, or interrupted for a period of twelve months or more because of differing interpretations, by the Secretary and an owner or by the Secretary and a State or local rent regulatory agency, concerning the timing of filing eligibility or the effect of a presumptively applicable State or local rent control law or regulation on the determination of preservation value under section 213 of LIHPRHA, as amended, if the owner of such project filed notice of intent to extend the low-income affordability restrictions of the housing, or transfer to a qualified purchaser who would extend such restrictions, on or before November 1, 1993; and of which, up to \$100,000,000 may be used for rental assistance to prevent displacement of families residing in projects whose owners prepay their mortgages; and the balance of which shall be available from the effective date of this Act for sales to preferred priority purchasers: *Provided further*, That with the exception of projects described in clauses (1), (2), or (3) of the preceding proviso, the Secretary shall, notwithstanding any other provision of law, suspend further processing of preservation applications which have not heretofore received approval of a plan of action: *Provided further*, That \$150,000,000 of amounts recaptured from interest reduction payment contracts for section 236 projects whose owners prepay their mortgages during fiscal year 1997 shall be rescinded: *Provided further*, That an owner of eligible low-income housing may prepay the mortgage or request voluntary termination of a mortgage insurance contract, so long as said owner agrees not to raise rents for sixty days after such prepayment: *Provided further*, That such developments have been determined to have preservation equity at least equal to the lesser of \$5,000 per unit or \$500,000 per project or the equivalent of eight times the most recently published monthly fair market rent for the area in which the project is located as the appropriate unit size for all of the units in the eligible project: *Provided further*, That the Secretary may modify the regulatory agreement to permit owners and priority purchasers to retain rental income in excess of the basic rental charge in projects assisted under section 236 of the National Housing Act, for the purpose of preserving the low- and moderate-income character of the housing: *Provided further*, That eligible low-income housing shall include properties meeting the requirements of this paragraph with mortgages that are held by a State agency as a result of a sale by the Secretary without insurance, which immediately before the sale would have been eligible low-

income housing under LIHPRHA: *Provided further*, That notwithstanding any other provision of law, subject to the availability of appropriated funds, each low-income family, and moderate-income family who is elderly or disabled or is residing in a low-vacancy area, residing in the housing on the date of prepayment or voluntary termination, and whose rent, as a result of a rent increase occurring no later than one year after the date of the prepayment, exceeds 30 percent of adjusted income, shall be offered tenant-based assistance in accordance with section 8 or any successor program, under which the family shall pay no less for rent than it paid on such date: *Provided further*, That any family receiving tenant-based assistance under the preceding proviso may elect (1) to remain in the unit of the housing and if the rent exceeds the fair market rent or payment standard, as applicable, the rent shall be deemed to be the applicable standard, so long as the administering public housing agency finds that the rent is reasonable in comparison with rents charged for comparable unassisted housing units in the market or (2) to move from the housing and the rent will be subject to the fair market rent of the payment standard, as applicable, under existing program rules and procedures: *Provided further*, That the tenant-based assistance made available under the preceding two provisos are in lieu of benefits provided in subsections 223(b), (c), and (d) of the Low-Income Housing Preservation and Resident Homeownership Act of 1990: *Provided further*, That any sales shall be funded using the capital grant available under section 220(d)(3)(A) of LIHPRHA: *Provided further*, That any extensions shall be funded using a non-interest-bearing capital (direct) loan by the Secretary not in excess of the amount of the cost of rehabilitation approved in the plan of action plus 65 percent of the property's preservation equity and under such other terms and conditions as the Secretary may prescribe: *Provided further*, That any capital grant shall be limited to seven times, and any capital loan limited to six times, the annual fair market rent for the project, as determined using the fair market rent for fiscal year 1997 for the area in which the project is located, using the appropriate apartment sizes and mix in the eligible project, except where, upon the request of a priority purchaser, the Secretary determines that a greater amount is necessary and appropriate to preserve low-income housing: *Provided further*, That section 241(f) of the National Housing Act is repealed and insurance under such section shall not be offered as an incentive under LIHPRHA and ELIHPA: *Provided further*, That up to \$10,000,000 of the amount of \$350,000,000 made available by a preceding proviso in this paragraph may be used at the discretion of the Secretary to reimburse owners of eligible properties for which plans of action were submitted prior to the effective date of this Act, but were not executed for lack of available funds, with such reimbursement available only for documented costs directly applicable to the preparation of the plan of action as determined by the Secretary, and shall be made available on terms and conditions to be established by the Secretary: *Provided further*, That, notwithstanding any other provision of law, a priority purchaser may utilize assistance under the HOME Investment Partnerships Act or the Low Income Housing Tax Credit: *Provided further*, That projects with approved plans of action which exceed the limitations on eligibility for funding imposed by this Act may submit revised plans of action which conform to these limitations by March 1, 1997, and retain the priority for funding otherwise applicable from the original date of approval of their plan of action, subject to securing any additional necessary funding commitments by August 1, 1997.] (*Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.*)

Program and Financing (in millions of dollars)

Identification code 86-0312-0-1-604	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
10.00 Total obligations (object class 41.0)		5,750	
Budgetary resources available for obligation:			
22.00 New budget authority (gross)		5,750	
23.95 New obligations		-5,750	
New budget authority (gross), detail:			
40.00 Appropriation		5,750	
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation			4,218

73.10	New obligations	5,750	
73.20	Total outlays (gross)	-1,532	-1,962
74.40	Unpaid obligations, end of year: Obligated balance:		
	Appropriation	4,218	2,256
Outlays (gross), detail:			
86.90	Outlays from new current authority	1,532	
86.93	Outlays from current balances		1,962
87.00	Total outlays (gross)	1,532	1,962
Net budget authority and outlays:			
89.00	Budget authority	5,750	
90.00	Outlays	1,532	1,962

24.40	Unobligated balance available, end of year:		
	Uninvested balance		
New budget authority (gross), detail:			
40.00	Appropriation		2,500
Change in unpaid obligations:			
72.40	Unpaid obligations, start of year: Obligated balance:		
	Appropriation		
73.10	New obligations		2,500
73.20	Total outlays (gross)		-13
74.40	Unpaid obligations, end of year: Obligated balance:		
	Appropriation		2,487
Outlays (gross), detail:			
86.90	Outlays from new current authority		13
86.93	Outlays from current balances		
87.00	Total outlays (gross)		13
Net budget authority and outlays:			
89.00	Budget authority		2,500
90.00	Outlays		13

PUBLIC HOUSING CAPITAL FUND
(INCLUDING TRANSFERS OF FUNDS)

For the Public Housing Capital Fund Program under the United States Housing Act of 1937, as amended (42 U.S.C. 1437), \$2,500,000,000, to remain available until expended for modernization of existing public housing projects as authorized under section 14 of such Act, of which \$50,000,000 shall be available for grants to public housing agencies, non-profit corporations, and other appropriate entities for a supportive services program to assist residents of public and assisted housing, former residents of such housing receiving tenant-based assistance under section 8 of such Act (42 U.S.C. 1437f), and other low-income families and individuals to become self-sufficient: Provided, That the program shall provide supportive services, principally for the benefit of public housing residents, to the elderly and the disabled, and to families with children where the head of household would benefit from the receipt of supportive services and is working, seeking work, or is preparing for work by participating in job training or educational programs: Provided further, That the supportive services may include congregate services for the elderly and disabled, service coordinators, and coordinated educational, training, and other supportive services, including academic skills training, job search assistance, assistance related to retaining employment, vocational and entrepreneurship development and support programs, transportation, and child care: Provided further, That the Secretary shall require applicants to demonstrate firm commitments of funding or services from other sources: Provided further, That the Secretary shall select public and Indian housing agencies to receive assistance under this head on a competitive basis, taking into account the quality of the proposed program. Provided further, That of the total amounts, \$45,000,000 shall be for carrying out activities under section 6(j) of such Act and technical assistance for the inspection of public housing units, contract expertise, and training and technical assistance directly or indirectly, under grants, contracts, or cooperative agreements, to assist in the oversight and management of public housing (whether or not the housing is being modernized with assistance under this proviso) or tenant-based assistance, including, but no limited to, an annual resident survey, data collection and analysis, training and technical assistance by or to officials and employees of the department and of public housing agencies and to residents in connection with the public housing program and for lease adjustments to section 23 projects: Provided further, That of the total amount, \$5,000,000 shall be for activities currently eligible under the Tenant Opportunity program: Provided, That all balances, as of September 30, 1997, of funds heretofore provided (other than for Indian families) for the development or acquisition costs of public housing, for modernization of existing public housing projects, for public housing amendments, for public housing modernization and development technical assistance, for lease adjustments under the section 23 program, and for the Family Investment Centers program, shall be transferred to and merged with amounts made available under this heading.

Program and Financing (in millions of dollars)

Identification code 86-0304-0-1-604	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
10.00	Total obligations (object class 41.0)		2,500
Budgetary resources available for obligation:			
22.00	New budget authority (gross)		2,500
23.95	New obligations		-2,500

Proposed Transfer of Balances

	(In millions)	1996 Actual	1997 est.	1998 est.
Annual Contributions:				
Budget Authority		2,711		
Outlays		4,548	4,296	3,579
Preserving Existing Housing Investment:				
Budget Authority			2,500	
Outlays			0	276
Public Housing Capitol Fund:				
Budget Authority				2,500
Outlays				13
Total				
Budget Authority		2,711	2,500	2,500
Outlays		4,548	4,296	3,868

The 1998 budget proposes to transfer all Modernization/Development balances to the Public Housing Capital Fund.

PUBLIC HOUSING OPERATING FUND
(INCLUDING TRANSFERS OF FUNDS)

For payments to public housing agencies for operating subsidies for low-income housing projects as authorized by section 9 of the United States Housing Act of 1937, as amended (42 U.S.C. 1437g), \$2,900,000,000, to remain available until expended: Provided, That all balances outstanding, as of September 30, 1997, of funds heretofore provided (other than for Indian families) for payments to public housing agencies for operating subsidies for low-income housing projects, shall be transferred to and merged with amounts made available under this heading.

Program and Financing (in millions of dollars)

Identification code 86-0163-0-1-604	1996 actual	1997 est.	1998 est.	
Obligations by program activity:				
00.01	Operating subsidies	2,800		2,900
10.00	Total obligations (object class 41.0)	2,800		2,900
Budgetary resources available for obligation:				
22.00	New budget authority (gross)	2,800		2,900
23.95	New obligations	-2,800		-2,900
New budget authority (gross), detail:				
40.00	Appropriation	2,800		2,900
Change in unpaid obligations:				
72.40	Unpaid obligations, start of year: Obligated balance:			
	Appropriation	1,507	1,606	85
73.10	New obligations	2,800		2,900
73.20	Total outlays (gross)	-2,688	-1,521	-1,421
73.40	Adjustments in expired accounts	-13		

General and special funds—Continued

*PUBLIC HOUSING OPERATING FUND—Continued
(INCLUDING TRANSFERS OF FUNDS)—Continued*

Program and Financing (in millions of dollars)—Continued

Identification code 86-0163-0-1-604	1996 actual	1997 est.	1998 est.
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation	1,606	85	1,564
Outlays (gross), detail:			
86.90 Outlays from new current authority	1,202		1,392
86.93 Outlays from current balances	1,486	1,521	29
87.00 Total outlays (gross)	2,688	1,521	1,421
Net budget authority and outlays:			
89.00 Budget authority	2,800		2,900
90.00 Outlays	2,688	1,521	1,421

Proposed Transfer of Balances

(In millions)

	1996 Actual	1997 est.	1998 est.
Public Housing Operating Fund:			
Budget Authority	2,900		2,900
Outlays	2,688	1,521	1,421
Preserving Existing Housing Investment:			
Budget Authority		2,800	
Outlays		1,392	1,479
Total			
Budget Authority	2,900	2,800	2,900
Outlays	2,688	2,913	2,900

The 1998 budget proposes to transfer all Operating Subsidies to the Public Housing Operating Fund.

Operating subsidy payments are provided to assist local Public Housing Agencies (PHAs) to meet certain deficits in the operation of PHA's. These payments are in addition to the debt service and capital funding provided by HUD for development and modernization of low-income housing.

In 1997, funding for these activities was provided under the Preserving Existing Housing Investment Fund.

Beginning in 1998, funding for these activities would be provided under the Public Housing Operating Fund.

In 1998, operating subsidy payments for tribally designated housing entities would be provided under the Native American Housing Block Grant program.

**DRUG ELIMINATION GRANTS FOR LOW-INCOME HOUSING
(INCLUDING TRANSFER OF FUNDS)**

For grants to public and Indian housing agencies for use in eliminating crime in public housing projects authorized by 42 U.S.C. 11901-11908, for grants for federally assisted low-income housing authorized by 42 U.S.C. 11909, and for drug information clearing-house services authorized by 42 U.S.C. 11921-11925, \$290,000,000, to remain available until expended, \$10,000,000 of which shall be for grants, technical assistance, contracts and other assistance training, program assessment, and execution for or on behalf of public housing agencies, [and] resident organizations, *Indian Tribes and their Tribally designated housing entities (TDHEs)* (including the cost of necessary travel for participants in such training), [\$5,000,000] \$10,000,000, of which shall be used in connection with efforts to combat violent crime in public and assisted housing under the Operation Safe Home Program administered by the Inspector General of the Department of Housing and Urban Development, and [\$5,000,000] \$10,000,000 of which shall be provided to the Office of Inspector General for Operation Safe Home: *Provided*, That the term "drug-related crime", as defined in 42 U.S.C. 11905(2), shall also include other types of crime as determined by the Secretary: *Provided further*, That notwithstanding section 5130(c) of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11909(c)), the Secretary may determine not to use any such funds to provide public housing youth sports grants. (*Departments of Veterans Affairs and Housing and*

Urban Development, and Independent Agencies Appropriations Act, 1997.)

Program and Financing (in millions of dollars)

Identification code 86-0197-0-1-604	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
10.00 Total obligations (object class 41.0)	243	290	290
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested balance	20	68	68
22.00 New budget authority (gross)	290	290	290
22.10 Resources available from recoveries of prior year obligations	1		
23.90 Total budgetary resources available for obligation	311	358	358
23.95 New obligations	-243	-290	-290
24.40 Unobligated balance available, end of year:			
Uninvested balance	68	68	68
New budget authority (gross), detail:			
40.00 Appropriation	290	290	290
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	532	516	595
73.10 New obligations	243	290	290
73.20 Total outlays (gross)	-259	-210	-344
73.45 Adjustments in unexpired accounts	-1		
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation	516	595	541
Outlays (gross), detail:			
86.93 Outlays from current balances	259	210	344
Net budget authority and outlays:			
89.00 Budget authority	290	290	290
90.00 Outlays	259	210	344

Summary of Budget Authority and Outlays

(In millions of dollars)

	1996 actual	1997 est.	1998 est.
Enacted/requested:			
Budget Authority	290	290	290
Outlays	259	210	344
Supplemental proposal:			
Budget Authority		30	
Outlays			3
Total:			
Budget Authority	290	320	290
Outlays	259	210	347

The \$290 million requested for this program in FY 1998 includes funding for technical assistance for drug elimination and operation safe home activities.

REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING [(HOPE VII)] (HOPE VI)

For grants to public housing agencies for assisting in the demolition of obsolete public housing projects or portions thereof, the revitalization (where appropriate) of sites (including remaining public housing units) on which such projects are located, replacement housing which will avoid or lessen concentrations of very low-income families, and tenant-based assistance in accordance with section 8 of the United States Housing Act of 1937; and for providing replacement housing and assisting tenants to be displaced by the demolition, [\$550,000,000] \$524,000,000, to remain available until expended, of which the Secretary may use up to \$2,500,000 for technical assistance, to be provided directly or indirectly by grants, contracts or cooperative agreements, including training and cost of necessary travel for participants in such training, by or to officials and employees of the Department and of public housing agencies and to residents: *Provided*, That no funds appropriated in this title shall be used for any purpose that is not provided for herein, in the Housing Act of 1937, in the Appropriations Acts for Veterans Affairs, Housing and Urban Development, and Independent Agencies, for the fiscal years 1993, 1994, and 1995, and the Omnibus Consolidated Rescis-

sions and Appropriations Act of 1996: *Provided further*, That none of such funds shall be used directly or indirectly by granting competitive advantage in awards to settle litigation or pay judgments, unless expressly permitted herein: *Provided further*, That, notwithstanding any other provision of law, the funds made available to the Housing Authority of New Orleans under HOPE VI for purposes of Desire Homes, shall not be obligated or expended for on-site construction until an independent third party has determined whether the site is appropriate. (Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.)

Program and Financing (in millions of dollars)

Identification code 86-0218-0-1-604	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
10.00 Total obligations (object class 41.0)	57	599	557
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested balance	116	539	490
22.00 New budget authority (gross)	480	550	524
23.90 Total budgetary resources available for obligation	596	1,089	1,014
23.95 New obligations	-57	-599	-557
24.40 Unobligated balance available, end of year:			
Uninvested balance	539	490	457
New budget authority (gross), detail:			
40.00 Appropriation	480	550	524
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	1,430	1,377	1,693
73.10 New obligations	57	599	557
73.20 Total outlays (gross)	-110	-283	-409
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation	1,377	1,693	1,841
Outlays (gross), detail:			
86.90 Outlays from new current authority			12
86.93 Outlays from current balances	110	283	397
87.00 Total outlays (gross)	110	283	409
Net budget authority and outlays:			
89.00 Budget authority	480	550	524
90.00 Outlays	110	283	409

This program provides Federal resources to rehabilitate and restore severely distressed public housing projects, thereby expanding the supply of decent, safe, and affordable housing for low-income renters. Funds provided to this program are in addition to the substantial resources provided for the public housing modernization program and are specifically targeted to the units in most need of attention.

NATIVE AMERICAN HOUSING BLOCK GRANTS
(INCLUDING TRANSFER OF FUNDS)

For the Native American Housing Block Grants program, as authorized under title I of the Native American Housing Assistance and Self-Determination Act of 1996 (Public Law 104-330), \$485,000,000, to remain available until expended, of which \$5,000,000, shall be used to support the inspection of Indian housing units, contract expertise, training, and technical assistance in the oversight and management of Indian housing and tenant-based assistance, including up to \$200,000 for related travel: *Provided*, That all balances outstanding as of September 30, 1997, previously appropriated under the headings "Annual Contributions for Assisted Housing", "Development of Additional New Subsidized Housing", "Preserving Existing Housing Development", "HOME Investment Partnerships Program", "Emergency Shelter Grants Program," and "Homeless Assistance Funds", identified for Indian Housing Authorities and other agencies primarily serving Indian or Indian areas, shall be transferred to and merged with amounts made under this heading.

Program and Financing (in millions of dollars)

Identification code 86-0313-0-1-604	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
10.00 Total obligations (object class 41.0)			485
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			485
23.95 New obligations			-485
New budget authority (gross), detail:			
40.00 Appropriation			485
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation			
73.10 New obligations			485
73.20 Total outlays (gross)			-57
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation			429
Outlays (gross), detail:			
86.90 Outlays from new current authority			57
86.93 Outlays from current balances			
87.00 Total outlays (gross)			57
Net budget authority and outlays:			
89.00 Budget authority			485
90.00 Outlays			57

Proposed Transfer of Balances

	[In millions]		
	1996 est.	1997 est.	1998 est.
Indian Development (Annual Contributions):			
Budget Authority	163		
Outlays	252	251	214
Indian Development (Development of Additional New Subsidized Housing):			
Budget Authority		200	
Outlays		0	10
Modernization:			
Budget Authority	149	162	
Outlays	161	162	181
HOME:			
Budget Authority	14	21	
Outlays	13	14	25
Homeless:			
Budget Authority	1	1	
Outlays	1	1	1
Native American Block Grant:			
Budget Authority			485
Outlays			57
Total			
Budget Authority	327	384	485
Outlays	427	428	488

The 1998 budget proposes to transfer all obligated and unobligated balances from Annual Contributions, Development of Additional New Subsidized Housing, Preserving Existing Housing Investment, HOME Investment Partnerships Program Emergency Shelter Grants, and Homeless Assistance for Indian housing authorities and other agencies primarily serving Indians or Indian areas to the Native American Housing Block Grants Program.

Title I of the Native American Housing Assistance and Self-Determination Act of 1996 (P.L. 104-330) authorized the Native American Housing Block Grants program. This program provides an allocation of funds on a formula basis to Indian tribes and their tribally designated housing entities to help them address housing needs within their communities. Indian tribes will use performance measures and benchmarks that are consistent with the national goals of the program, but can base these measures on the needs and priorities they establish in their own Indian housing plan.

Public enterprise funds:**LOW-RENT PUBLIC HOUSING—LOANS AND OTHER EXPENSES**

Program and Financing (in millions of dollars)

Identification code 86-4098-0-3-604	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Capital investment: Loans to public housing agencies and Indian housing authorities	38	50	50
10.00 Total obligations (object class 33.0)	38	50	50
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested balance	6	13	13
22.00 New budget authority (gross)	107	115	118
22.60 Redemption of debt	-62	-65	-68
23.90 Total budgetary resources available for obligation	51	63	63
23.95 New obligations	-38	-50	-50
24.40 Unobligated balance available, end of year:			
Uninvested balance	13	13	13
New budget authority (gross), detail:			
67.15 Authority to borrow (indefinite)	20	50	50
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	87	65	68
70.00 Total new budget authority (gross)	107	115	118
Change in unpaid obligations:			
Unpaid obligations, start of year:			
Obligated balance:			
72.40 Appropriation	1,288	1,176	1,064
72.90 Fund balance			
72.99 Total unpaid obligations, start of year	1,288	1,176	1,064
73.10 New obligations	38	50	50
73.20 Total outlays (gross)	-150	-162	-165
Unpaid obligations, end of year:			
Obligated balance:			
74.40 Appropriation	1,176	1,064	
74.90 Fund balance			950
74.99 Total unpaid obligations, end of year	1,176	1,064	950
Outlays (gross), detail:			
86.97 Outlays from new permanent authority	50	65	68
86.98 Outlays from permanent balances	100	97	97
87.00 Total outlays (gross)	150	162	165
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.00 Federal sources	-62	-65	-68
88.40 Non-Federal sources	-25		
88.90 Total, offsetting collections (cash)	-87	-65	-68
Net budget authority and outlays:			
89.00 Budget authority	20	50	50
90.00 Outlays	64	97	97

Status of Direct Loans (in millions of dollars)

Identification code 86-4098-0-3-604	1996 actual	1997 est.	1998 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	1,689	1,627	1,562
1251 Repayments: Repayments and prepayments	-62	-65	-65
1290 Outstanding, end of year	1,627	1,562	1,497

Status of Guaranteed Loans (in millions of dollars)

Identification code 86-4098-0-3-604	1996 actual	1997 est.	1998 est.
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	4,132	3,861	3,507
2251 Repayments and prepayments	-271	-354	-280
2290 Outstanding, end of year	3,861	3,507	3,227

Memorandum:	1996	1997	1998
2299 Guaranteed amount of guaranteed loans outstanding, end of year	3,861	3,507	3,227

The Low-Rent Public Housing Loan Fund is used to provide direct Federal loans to fund remaining Public Housing Agency and Indian Housing Authority construction, acquisition, and modernization activities reserved under the Annual Contributions appropriation through 1986. These loans are made from borrowings from the Treasury. Under legislation enacted during 1986 (Public Law 99-272), the borrowings from the Treasury are forgiven at the end of each fiscal year and the loans to PHAs/IHAs are forgiven as construction, acquisition, and modernization activities are completed. Under the provisions of this legislation, \$20 million of borrowings from the Treasury were forgiven in 1996, an estimated \$50 million will be borrowed from the Treasury and forgiven in 1997, and an estimated \$50 million will be borrowed from the Treasury and forgiven in 1998. The table below shows the status of outstanding loans for the period 1996-1998. The balance at the end of each year represents administrative loans, off-site facility loans, and preliminary loans on projects never undertaken and excess financing.

PUBLIC HOUSING AGENCIES/INDIAN HOUSING AUTHORITIES**Loans Outstanding**

	[In millions of dollars]		
	1996 actual	1997 est.	1998 est.
Outstanding, start of year	64	45	45
Direct loan disbursements	38	50	50
Repayments	-20		
Adjustments	2		
Total loans forgiven	-39	-50	-50
Outstanding, end of year	45	45	45

Since 1987, new reservations of capital funds for construction, acquisition, and modernization activities have been provided directly from the Annual Contributions, Preserving Existing Housing Investment, and Development of Additional New Subsidized Housing appropriations.

Operating results.—The actual and estimated net operating income for 1995, 1996, 1997, and 1998 follows:

Statement of Operations (in millions of dollars)

Identification code 86-4098-0-3-604	1995 actual	1996 actual	1997 est.	1998 est.
0101 Revenue	116	112	108	104
0102 Expense	-131	-127	-123	-119
0109 Net income or loss (-)	-15	-15	-15	-15

Balance Sheet (in millions of dollars)

Identification code 86-4098-0-3-604	1995 actual	1996 actual	1997 est.	1998 est.
ASSETS:				
Federal assets:				
1101 Fund balances with Treasury	1,294	1,189	1,084	979
Investments in US securities:				
1106 Receivables, net	1,791	1,726	1,661	1,596
Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601 Direct loans, gross	64	45	45	45
1602 Interest receivable	6	3	3	3
1603 Allowance for estimated uncollectible loans and interest (-)	-12	-12	-12	-12
1604 Direct loans and interest receivable, net	58	36	36	36
1699 Value of assets related to direct loans	58	36	36	36
1999 Total assets	3,143	2,951	2,781	2,611

LIABILITIES:					
Federal liabilities:					
2102	Interest payable	205	198	191	184
2104	Resources payable to Treasury	1,688	1,627	1,565	1,503
2207	Non-Federal liabilities: Other	1	1	1	1
2999	Total liabilities	1,894	1,826	1,757	1,688
NET POSITION:					
3100	Appropriated capital	1,184	1,076	968	860
3300	Cumulative results of operations	65	49	56	63
3999	Total net position	1,249	1,125	1,024	923
4999	Total liabilities and net position	3,143	2,951	2,781	2,611

As required by the Federal Credit Reform Act of 1990, this account records, for this program, the subsidy costs associated with the loan guarantees committed in 1994 and beyond (including modifications of guarantees that resulted from obligations in any year). The subsidy amounts are estimated on a net present value basis. The administrative expenses are shown on a cash basis.

This program provides access to sources of private financing for Indian families, Indian tribes and their tribally designated housing entities (TDHEs) who otherwise could not acquire housing financing because of the unique legal status of Indian trust land.

Credit accounts:

INDIAN HOUSING LOAN GUARANTEE FUND PROGRAM ACCOUNT

For the cost of guaranteed loans, as authorized by section 184 of the Housing and Community Development Act of 1992 (106 Stat. 3739) \$3,000,000, to remain available until expended: *Provided*, That such costs, including the costs of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further*, That these funds are available to subsidize total loan principal, any part of which is to be guaranteed, not to exceed \$36,900,000. (*Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.*)

Program and Financing (in millions of dollars)

Identification code 86-0223-0-1-371	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
10.00 Total obligations (object class 41.0)	3	3	3
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	3	3	3
23.95 New obligations	-3	-3	-3
New budget authority (gross), detail:			
40.00 Appropriation	3	3	3
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	3	6	6
73.10 New obligations	3	3	3
73.20 Total outlays (gross)		-2	-3
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation	6	6	6
Outlays (gross), detail:			
86.90 Outlays from new current authority		2	2
86.93 Outlays from current balances			1
87.00 Total outlays (gross)		2	3
Net budget authority and outlays:			
89.00 Budget authority	3	3	3
90.00 Outlays		2	3

Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program (in millions of dollars)

Identification code 86-0223-0-1-371	1996 actual	1997 est.	1998 est.
Guaranteed loan levels supportable by subsidy budget authority:			
2150 Loan guarantee levels	37	37	37
2159 Total loan guarantee levels	37	37	37
Guaranteed loan subsidy (in percent):			
2320 Subsidy rate	8.13	8.13	8.13
2329 Weighted average subsidy rate	8.13	8.13	8.13
Guaranteed loan subsidy budget authority:			
2330 Subsidy budget authority	3	3	3
2339 Total subsidy budget authority	3	3	3
Guaranteed loan subsidy outlays:			
2340 Subsidy outlays		2	3
2349 Total subsidy outlays		2	3

INDIAN HOUSING LOAN GUARANTEE FUND FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 86-4104-0-3-604	1996 actual	1997 est.	1998 est.
Budgetary resources available for obligation:			
21.90 Unobligated balance available, start of year: Fund balance	3	3	5
22.00 New financing authority (gross)		2	3
23.90 Total budgetary resources available for obligation	3	5	8
23.95 New obligations			
24.90 Unobligated balance available, end of year: Fund balance	3	5	8
New financing authority (gross), detail:			
68.00 Spending authority from offsetting collections (gross):			
Spending authority from offsetting collections, Federal sources		2	3
Offsets:			
Against gross financing authority and financing disbursements:			
88.00 Offsetting collections (cash) from: Federal sources:			
Payments from program account		-2	-3
Net financing authority and financing disbursements:			
89.00 Financing authority		1	2
90.00 Financing disbursements	-1		-3

Status of Guaranteed Loans (in millions of dollars)

Identification code 86-4104-0-3-604	1996 actual	1997 est.	1998 est.
Position with respect to appropriations act limitation on commitments:			
2111 Limitation on guaranteed loans made by private lenders	37	37	37
2150 Total guaranteed loan commitments	37	37	37
2199 Guaranteed amount of guaranteed loan commitments	37	37	
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	1	6	11
2231 Disbursements of new guaranteed loans	5	5	17
2290 Outstanding, end of year	6	11	28
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	6	11	

As required by the Federal Credit Reform Act of 1990, this nonbudgetary account records all cash flows to and from the Government resulting from the loan guarantees committed in 1994 and beyond (including modifications of loan guarantees that resulted from obligations in any year). The amounts in this account are a means of financing and not included in the budget totals.

Credit accounts—Continued

**INDIAN HOUSING LOAN GUARANTEE FUND FINANCING ACCOUNT—
Continued**

Balance Sheet (in millions of dollars)

Identification code 86-4104-0-3-604	1995 actual	1996 actual	1997 est.	1998 est.
ASSETS:				
Federal assets:				
1101 Fund balances with Treasury		2	5	
Investments in US securities:				
1106 Receivables, net		1	1	
1999 Total assets		3	6	
LIABILITIES:				
2204 Non-Federal liabilities: Liabilities for loan guarantees		1	1	
2999 Total liabilities		1	1	
NET POSITION:				
3100 Appropriated capital		2	5	
3999 Total net position		2	5	
4999 Total liabilities and net position		3	6	

90.00 Outlays 133 165

The Housing Opportunities for Persons with AIDS program was established as a separate account in 1997. All of the balances from prior appropriations for this program have been transferred to and merged with this account. This program is now accounted for on an obligation basis. The purpose of the program is to provide States and localities with resources and incentives to devise long-term comprehensive strategies for meeting the housing needs of persons with HIV/AIDS and their families.

States and metropolitan areas receive 90 percent of the funds by formula based on the incidence of HIV/AIDS in their jurisdictions. The remaining 10 percent is awarded competitively to States, local governments, and private nonprofit entities for projects of national significance. Awards are also made to States and local governments for projects in jurisdictions which do not qualify for a formula allocation.

COMMUNITY DEVELOPMENT BLOCK GRANTS [FUND]

(INCLUDING TRANSFERS OF FUNDS)

For grants to States and units of general local government and for related expenses, not otherwise provided for, to carry out a community development grants program as authorized by title I of the Housing and Community Development Act of 1974, as amended (the "Act" herein) (42 U.S.C. 5301), \$4,600,000,000, to remain available until September 30, [1999,] 2000; of which \$67,000,000 shall be for grants to Indian tribes notwithstanding section 106(a)(1) of the Act[: *Provided*, That \$2,100,000 shall be available as a grant to the Housing Assistance Council, \$1,500,000 shall be available as a grant to the National American Indian Housing Council, and \$49,000,000]; of which [\$35,000,000] \$32,600,000 shall be [available] for grants pursuant to section 107 of such Act[, including up to \$14,000,000 for the development and operation of a management information system]; of which \$50,000,000 shall be for *Economic Development Grants*; \$50,000,000 shall be for activities to promote and implement homeownership in targeted geographic areas; \$10,000,000 shall be for the Capacity Building for Community Development and Affordable Housing program; \$10,000,000 shall be for a grant to Habitat for Humanity International; \$10,000,000 shall be for grants to units of local government, preferably for communities designated as Empowerment Zones or Enterprise Communities, to develop strategies for Bridges to Work programs, which include assistance for job search, transportation, child care and other needed supportive services to increase job opportunities; and \$60,000,000 shall be for the lead-based paint hazard reduction program: *Provided further*, That not to exceed 20 percent of any grant made with funds appropriated herein (other than [a grant made available under the preceding proviso to the Housing Assistance Council or the National American Indian Housing Council, or] a grant using funds under section 107(b)(3) of the Housing and Community Development Act of 1974, as amended) shall be expended for "Planning and Management Development" and "Administration" as defined in regulations promulgated by the Department[: *Provided further*, That for fiscal year 1997 and thereafter, section 105(a)(25) of such Act, shall continue to be effective and the termination and conforming provisions of section 907(b)(2) of the Cranston-Gonzalez National Affordable Housing Act shall not be effective: *Provided further*, That section 916(f) of the Cranston-Gonzalez National Affordable Housing Act is repealed].

[Of the amount provided under this heading, the Secretary of Housing and Urban Development may use up to \$60,000,000 for grants to public housing agencies (including Indian housing authorities), nonprofit corporations, and other appropriate entities for a supportive services program to assist residents of public and assisted housing, former residents of such housing receiving tenant-based assistance under section 8 of such Act (42 U.S.C. 1437f), and other low-income families and individuals to become self-sufficient: *Provided*, That the program shall provide supportive services, principally for the benefit of public housing residents, to the elderly and the disabled, and to families with children where the head of household would benefit from the receipt of supportive services and is working, seeking work, or is preparing for work by participating in job training or educational programs: *Provided further*, That the supportive serv-

COMMUNITY PLANNING AND DEVELOPMENT

Federal Funds

General and special funds:

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS

For carrying out the Housing Opportunities for Persons with AIDS program, as authorized by the AIDS Housing Opportunity Act (42 U.S.C. 12901), [\$171,000,000] \$204,000,000, to remain available until expended[: *Provided*, That any amounts previously appropriated for such program, and any related assets and liabilities, in the "Annual Contributions for Assisted Housing" account, shall be transferred to and merged with amounts in this account]. (*Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.*)

Program and Financing (in millions of dollars)

Identification code 86-0308-0-1-604	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
10.00 Total obligations (object class 41.0)		237	204
Budgetary resources available for obligation:			
22.00 New budget authority (gross)		196	204
22.22 Unobligated balance transferred from other accounts		41	
23.90 Total budgetary resources available for obligation		237	204
23.95 New obligations		-237	-204
New budget authority (gross), detail:			
40.00 Appropriation		171	204
42.00 Transferred from other accounts		25	
43.00 Appropriation (total)		196	204
70.00 Total new budget authority (gross)		196	204
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation			471
73.10 New obligations		237	204
73.20 Total outlays (gross)		-133	-165
73.32 Obligated balance transferred from other accounts		367	
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation		471	510
Outlays (gross), detail:			
86.90 Outlays from new current authority		4	4
86.93 Outlays from current balances		129	161
87.00 Total outlays (gross)		133	165
Net budget authority and outlays:			
89.00 Budget authority		196	204

ices may include congregate services for the elderly and disabled, service coordinators, and coordinated educational, training, and other supportive services, including academic skills training, job search assistance, assistance related to retaining employment, vocational and entrepreneurship development and support programs, transportation, and child care: *Provided further*, That the Secretary shall require applications to demonstrate firm commitments of funding or services from other sources: *Provided further*, That the Secretary shall select public and Indian housing agencies to receive assistance under this head on a competitive basis, taking into account the quality of the proposed program (including any innovative approaches, the extent of the proposed coordination of supportive services, the extent of commitments of funding or services from other sources, the extent to which the proposed program includes reasonably achievable, quantifiable goals for measuring performance under the program over a three-year period, the extent of success an agency has had in carrying out other comparable initiatives, and other appropriate criteria established by the Secretary). *Provided further*, That from the foregoing \$60,000,000, up to \$5,000,000 shall be available for the Tenant Opportunity Program, and up to \$5,000,000 shall be available for the Moving to Work Demonstration for public housing families.]

[Of the amount made available under this heading, notwithstanding any other provision of law, \$20,000,000 shall be available for grants to entities managing or operating public housing developments, federally-assisted multifamily-housing developments, or other multifamily-housing developments for low-income families supported by non-Federal governmental entities or similar housing developments supported by nonprofit private sources, to reimburse local law enforcement entities for additional police presence in and around such housing developments; to provide or augment such security services by other entities or employees of the recipient agency; to assist in the investigation and/or prosecution of drug related criminal activity in and around such developments; and to provide assistance for the development of capital improvements at such developments directly relating to the security of such developments: *Provided*, That such grants shall be made on a competitive basis as specified in section 102 of the HUD Reform Act.]

[Of the amount made available under this heading, notwithstanding any other provision of law, \$30,000,000 shall be available for youthbuild program activities authorized by subtitle D of title IV of the Cranston-Gonzalez National Affordable Housing Act, as amended, and such activities shall be an eligible activity with respect to any funds made available under this heading.]

[Of the amount made available under this heading, notwithstanding any other provision of law, \$60,000,000 shall be available for the lead-based paint hazard reduction program as authorized under sections 1011 and 1053 of the Residential Lead-Based Hazard Reduction Act of 1992.]

For the cost of guaranteed loans, [\$31,750,000] \$29,000,000, as authorized by section 108 of the Housing and Community Development Act of 1974: *Provided*, That such costs, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974, as amended: *Provided further*, That these funds are available to subsidize total loan principal, any part of which is to be guaranteed, not to exceed [\$1,500,000,000], \$1,261,000,000, notwithstanding any aggregate limitation on outstanding obligations guaranteed in section 108(k) of the Housing and Community Development Act [of 1974]. In addition, for administrative expenses to carry out the guaranteed loan program, [\$675,000] \$1,000,000, which shall be transferred to and merged with the appropriation for departmental salaries and expenses. (*Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.*)

Program and Financing (in millions of dollars)

Identification code 86-0162-0-1-451	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Grants	4,415	5,326	4,600
10.00 Total obligations (object class 41.0)	4,415	5,326	4,600
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested balance	487	726	
22.00 New budget authority (gross)	4,650	4,600	4,600
22.10 Resources available from recoveries of prior year obligations	3		

23.90	Total budgetary resources available for obligation	5,140	5,326	4,600
23.95	New obligations	-4,415	-5,326	-4,600
24.40	Unobligated balance available, end of year:			
	Uninvested balance	726		
New budget authority (gross), detail:				
40.00	Appropriation	4,650	4,600	4,600
Change in unpaid obligations:				
72.40	Unpaid obligations, start of year: Obligated balance:			
	Appropriation	8,645	8,512	9,001
73.10	New obligations	4,415	5,326	4,600
73.20	Total outlays (gross)	-4,545	-4,837	-4,641
73.45	Adjustments in unexpired accounts	-3		
74.40	Unpaid obligations, end of year: Obligated balance:			
	Appropriation	8,512	9,001	8,960
Outlays (gross), detail:				
86.90	Outlays from new current authority	186	91	91
86.93	Outlays from current balances	4,359	4,746	4,550
87.00	Total outlays (gross)	4,545	4,837	4,641
Net budget authority and outlays:				
89.00	Budget authority	4,650	4,600	4,600
90.00	Outlays	4,545	4,837	4,641

Title I of the Housing and Community Development Act of 1974, as amended, authorizes the Secretary to make grants to units of general local government and States to fund local community development programs.

Funds are allocated to Indian tribes and, on an entitlement basis, to metropolitan cities and urban counties which receive their grants using the higher of two objective formulas. States and small cities are also allocated a portion of the available funds. Section 107 Grants include funding for Insular Areas, technical assistance, Historically Black Colleges and Universities, Community Development Work Study and Community Outreach Partnership programs.

A revised and enhanced Economic Development Initiative (EDI) program which will build upon the success of the existing program, is proposed for 1998. The proposal will expand funding available for job creation projects, expand the list of eligible recipients, and provide more flexibility in meeting community and economic development needs. The focus of the 1998 EDI grants will be on the need to create employment opportunities in the wake of welfare reform.

The Homeownership Zones program will provide flexible grants to States and Community Development Block Grant (CDBG) entitlement units of general local government for large-scale redevelopment of abandoned neighborhoods to create viable communities of mixed income homebuyers.

The Capacity Building for Community Development and Affordable Housing program provides funding to the National Community Development Initiative (NCDI) to build the capacity of community-based development corporations and housing development organizations, and to assist such entities to carry out community development and affordable housing activities.

Title X of the Housing and Community Development Act of 1992 (Public Law 102-550) authorizes a Lead-Based Paint Hazard Reduction program to address lead-hazard reduction activities in privately owned housing.

Habitat for Humanity International would use this grant to undertake innovative homeownership opportunities through the provision of self-help housing, under which a homeowner would contribute a significant amount of sweat equity toward the construction of the new dwelling. These decent, safe and sanitary nonluxury dwellings must be made available to eligible homeowners at prices below prevailing market prices. Eligible activities include land acquisition (including financing and closing costs) and infrastructure improvement (installing, extending, constructing, rehabilitating or otherwise improving utilities and other infrastructure).

The Bridges to Work program will provide assistance to low-income work-ready, but unemployed or underemployed,

General and special funds—Continued

COMMUNITY DEVELOPMENT BLOCK GRANTS [FUND]—Continued
(INCLUDING TRANSFERS OF FUNDS)—Continued

city residents in finding and maintaining employment. These grants will emphasize the link between transportation services and other supportive services to increase access to jobs throughout a metropolitan area. The funding will provide time-limited assistance for job search, transportation, child care and other needed supportive services to increase job opportunities. The program will build on the existing demonstration program by expanding collaborative efforts by private businesses, non-profit organizations and public agencies, including the Federal Government. The Bridges to Work program would be available on a competitive basis and would be targeted, but not limited to, Empowerment Zones and Enterprise Communities.

EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES
(Legislative proposal, not subject to PAYGO)

For grants to Empowerment Zones and Enterprise Communities, to be designated by the Secretary of the Department of Housing and Urban Development, to continue efforts to stimulate economic opportunity in America's distressed communities, \$100,000,000, to remain available until expended. (Additional authorizing legislation required.)

Program and Financing (in millions of dollars)

Identification code 86-0315-2-1-451	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
10.00 Total obligations (object class 41.0)			100
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			100
23.95 New obligations			-100
New budget authority (gross), detail:			
40.00 Appropriation			100
Change in unpaid obligations:			
73.10 New obligations			100
73.20 Total outlays (gross)			-2
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation			98
Outlays (gross), detail:			
86.90 Outlays from new current authority			2
Net budget authority and outlays:			
89.00 Budget authority			100
90.00 Outlays			2

This program would provide grants to support the financing of capital projects, including housing and economic development, in urban Empowerment Zones and Enterprise Communities. Applicants would be challenged to develop their own comprehensive strategic plans for revitalization, with the input of residents and a wide array of community partners. Grants could be used for a range of activities, at local discretion, including: workforce preparation and job creation efforts linked to welfare reform, repayment of debt financed by municipal bonds; financing of projects in conjunction with the section 108 financing loan guarantee program and other economic development projects; and support for project-based rental assistance and other housing initiatives.

BROWNFIELDS REDEVELOPMENT

For Economic Development Grants, as authorized by section 108 of the Housing and Community Development Act of 1974, as amended, for Brownfields redevelopment projects, \$25,000,000, to remain available until expended.

Program and Financing (in millions of dollars)

Identification code 86-0314-0-1-451	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
10.00 Total obligations (object class 41.0)			25
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			25
23.95 New obligations			-25
New budget authority (gross), detail:			
40.00 Appropriation			25
Change in unpaid obligations:			
73.10 New obligations			25
73.20 Total outlays (gross)			-1
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation			24
Outlays (gross), detail:			
86.90 Outlays from new current authority			1
Net budget authority and outlays:			
89.00 Budget authority			25
90.00 Outlays			1

This program would make competitive economic development grants in conjunction with Section 108 loan guarantees for qualified brownfield projects. This is the first of four annual funding requests, for a total of \$100 million, to be dedicated to the initiative between 1998 and 2001. This program will solicit applications from communities with the best proposals for returning these sites to productive, and employment generating uses, with an emphasis on creating substantial numbers of jobs for lower income people in physically and economically distressed neighborhoods.

Grants would be made in accordance with section 108(q) selection criteria and such other criteria deemed appropriate for brownfield projects, including the extent to which an applicant is currently operating a brownfields program and is working with appropriate environmental regulatory agencies. Priority would be given to those projects that are located in designated Empowerment Zones or Enterprise Communities.

HOME INVESTMENT PARTNERSHIPS PROGRAM

For the HOME investment partnerships program, as authorized under title II of the Cranston-Gonzalez National Affordable Housing Act (Public Law 101-625), as amended, **[\$1,400,000,000]** \$1,309,000,000, to remain available until expended: *Provided, [\$21,000,000 shall be available for grants to Indian tribes: Provided further,] That up to [0.5 percent, but not less than] \$7,000,000 shall be available for the development and operation of integrated community development management information systems; Provided further, That \$15,000,000 shall be available for Housing Counseling under section 106 of the Housing and Urban Development Act of 1968]. (Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.)*

Program and Financing (in millions of dollars)

Identification code 86-0205-0-1-999	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
10.00 Total obligations (object class 41.0)	1,367	1,582	1,309
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested balance	148	182	
22.00 New budget authority (gross)	1,400	1,400	1,309
22.10 Resources available from recoveries of prior year obligations	1		
23.90 Total budgetary resources available for obligation	1,549	1,582	1,309
23.95 New obligations	-1,367	-1,582	-1,309

24.40	Unobligated balance available, end of year:			
	Uninvested balance	182		
New budget authority (gross), detail:				
40.00	Appropriation	1,400	1,400	1,309
Change in unpaid obligations:				
72.40	Unpaid obligations, start of year: Obligated balance:			
	Appropriation	3,189	3,349	3,486
73.10	New obligations	1,367	1,582	1,309
73.20	Total outlays (gross)	-1,206	-1,445	-1,440
73.45	Adjustments in unexpired accounts	-1		
74.40	Unpaid obligations, end of year: Obligated balance:			
	Appropriation	3,349	3,486	3,355
Outlays (gross), detail:				
86.90	Outlays from new current authority	28	28	26
86.93	Outlays from current balances	1,178	1,417	1,414
87.00	Total outlays (gross)	1,206	1,445	1,440
Net budget authority and outlays:				
89.00	Budget authority	1,400	1,400	1,309
90.00	Outlays	1,206	1,445	1,440

The HOME Investment Partnership program is authorized by the National Affordable Housing Act (P.L. 101-625). This program provides assistance to States and units of local government, through formula allocation, for the purpose of expanding the supply and affordability of housing. Eligible activities include acquisition, rehabilitation, and new construction of housing and tenant-based rental assistance.

The 1998 proposal includes funds to continue to develop, implement and refine integrated community development management information systems which are critical to establishing a national database of local needs and program performance, as well as to provide localities, States and community members with software to plan and track performance. Funding for technical assistance is also included.

URBAN DEVELOPMENT ACTION GRANTS

Program and Financing (in millions of dollars)

Identification code 86-0170-0-1-451	1996 actual	1997 est.	1998 est.
Change in unpaid obligations:			
72.40	Unpaid obligations, start of year: Obligated balance:		
	Appropriation	163	136
73.20	Total outlays (gross)	-27	-60
74.40	Unpaid obligations, end of year: Obligated balance:		
	Appropriation	136	76
Outlays (gross), detail:			
86.93	Outlays from current balances	27	60
Net budget authority and outlays:			
89.00	Budget authority		
90.00	Outlays	27	60

Title I of the Housing and Community Development Act of 1974, as amended, authorized grants to distressed cities and distressed urban counties to fund economic development projects. The program was terminated in 1990.

CAPACITY BUILDING FOR COMMUNITY DEVELOPMENT AND AFFORDABLE HOUSING

Program and Financing (in millions of dollars)

Identification code 86-0222-0-1-451	1996 actual	1997 est.	1998 est.
Change in unpaid obligations:			
72.40	Unpaid obligations, start of year: Obligated balance:		
	Appropriation	19	13
73.20	Total outlays (gross)	-5	-10

74.40	Unpaid obligations, end of year: Obligated balance:			
	Appropriation	13	3	
Outlays (gross), detail:				
86.93	Outlays from current balances	5	10	3
Net budget authority and outlays:				
89.00	Budget authority			
90.00	Outlays	5	10	3

As authorized by section 4 of the HUD Demonstration Act of 1993, this program provides funding to the National Community Development Initiative to build the capacity of community-based development corporations and housing development organizations, and to assist such corporations and organizations to carry out community development and affordable housing activities. Funding for this program was provided under the Annual Contributions for Assisted Housing account in 1996, and is requested under the Community Development Block Grant account in 1998.

EMERGENCY SHELTER GRANTS PROGRAM

Program and Financing (in millions of dollars)

Identification code 86-0181-0-1-604	1996 actual	1997 est.	1998 est.
Change in unpaid obligations:			
72.40	Unpaid obligations, start of year: Obligated balance:		
	Appropriation	36	6
73.20	Total outlays (gross)	-30	-6
74.40	Unpaid obligations, end of year: Obligated balance:		
	Appropriation	6	
Outlays (gross), detail:			
86.93	Outlays from current balances	30	6
Net budget authority and outlays:			
89.00	Budget authority		
90.00	Outlays	30	6

Title IV, subtitle B, of the Stewart B. McKinney Homeless Assistance Act (Public Law 100-77), authorizes the Secretary to make Emergency Shelter Grants to States, units of local government, and nonprofit organizations to provide emergency shelter and other support for the homeless. Since fiscal year 1995, this assistance has been funded under the Homeless Assistance Grants account.

SUPPORTIVE HOUSING PROGRAM

Of the funds made available under this heading in Public Law 102-389 and prior laws for the Supportive Housing Demonstration Program, as authorized by the Stewart B. McKinney Homeless Assistance Act, \$6,000,000 of funds recaptured during fiscal year 1998 shall be rescinded.

Program and Financing (in millions of dollars)

Identification code 86-0188-0-1-604	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
10.00	Total obligations (object class 41.0)	44	31
Budgetary resources available for obligation:			
21.40	Unobligated balance available, start of year:		
	Uninvested balance	66	31
22.00	New budget authority (gross)		-6
22.10	Resources available from recoveries of prior year obligations	9	6
23.90	Total budgetary resources available for obligation	75	31
23.95	New obligations	-44	-31
24.40	Unobligated balance available, end of year:		
	Uninvested balance	31	

General and special funds—Continued

SUPPORTIVE HOUSING PROGRAM—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 86-0188-0-1-604	1996 actual	1997 est.	1998 est.
New budget authority (gross), detail:			
40.36 Unobligated balance rescinded			-6
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	575	462	336
73.10 New obligations	44	31	
73.20 Total outlays (gross)	-148	-157	-144
73.45 Adjustments in unexpired accounts	-9		-6
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation	462	336	186
Outlays (gross), detail:			
86.93 Outlays from current balances	148	157	144
Net budget authority and outlays:			
89.00 Budget authority			-6
90.00 Outlays	148	157	144

Title IV, subtitle C, of the Stewart B. McKinney Homeless Assistance Act authorizes assistance to promote the development of supportive housing and services, especially for deinstitutionalized homeless individuals, homeless families with children, homeless individuals with mental disabilities, and other persons including those with AIDS. Such assistance is available for the acquisition, rehabilitation, construction, or leasing of structures to be used for homeless persons as well as to pay for operating costs and supportive services.

Since fiscal year 1995, this type of assistance has been funded under the Homeless Assistance Grants account.

This proposal would rescind funding, recaptured in 1998, for approved projects in prior years which were either not undertaken or utilized less funding than originally obligated.

SUPPLEMENTAL ASSISTANCE FOR FACILITIES TO ASSIST THE HOMELESS

Program and Financing (in millions of dollars)

Identification code 86-0187-0-1-451	1996 actual	1997 est.	1998 est.
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested balance		1	1
22.10 Resources available from recoveries of prior year obligations	1		
23.90 Total budgetary resources available for obligation	1	1	1
23.95 New obligations			
24.40 Unobligated balance available, end of year:			
Uninvested balance	1	1	1
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	9	3	
73.10 New obligations			
73.20 Total outlays (gross)	-5	-3	
73.45 Adjustments in unexpired accounts	-1		
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation	3		
Outlays (gross), detail:			
86.93 Outlays from current balances	5	3	
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays	5	3	

Title IV, subtitle D, of the Stewart B. McKinney Homeless Assistance Act, authorized the Supplemental Assistance for Facilities To Assist the Homeless program (SAFAH) to pro-

vide comprehensive assistance for particularly innovative programs or alternative methods of meeting the immediate and long-term needs of the homeless. The authority for the SAFAH program was terminated by section 1403 of the Housing and Community Development Act of 1992.

SHELTER PLUS CARE

Of the funds made available under this heading in Public Law 102-389 and prior laws for the Shelter Plus Care program, as authorized by the Stewart B. McKinney Homeless Assistance Act, \$4,000,000 of funds recaptured during fiscal year 1998 shall be rescinded.

Program and Financing (in millions of dollars)

Identification code 86-0204-0-1-604	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
10.00 Total obligations (object class 41.0)	9	16	
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested balance	24	16	
22.00 New budget authority (gross)			-4
22.10 Resources available from recoveries of prior year obligations	1		4
23.90 Total budgetary resources available for obligation	25	16	
23.95 New obligations	-9	-16	
24.40 Unobligated balance available, end of year:			
Uninvested balance	16		
New budget authority (gross), detail:			
40.36 Unobligated balance rescinded			-4
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	454	419	385
73.10 New obligations	9	16	
73.20 Total outlays (gross)	-43	-50	-49
73.45 Adjustments in unexpired accounts	-1		-4
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation	419	385	332
Outlays (gross), detail:			
86.90 Outlays from new current authority			
86.93 Outlays from current balances	43	50	49
87.00 Total outlays (gross)	43	50	49
Net budget authority and outlays:			
89.00 Budget authority			-4
90.00 Outlays	43	50	49

Title IV, subtitle F, of the Stewart B. McKinney Homeless Assistance Act, authorizes the Secretary to provide rental assistance to persons with disabilities. Supportive services at least equal in value to the aggregate rental assistance must also be provided by grant recipients, using other Federal, State, local and private resources. Eligible recipients include States, units of general local government and Indian tribes.

Since fiscal year 1995, this type of assistance has been funded under the Homeless Assistance Grants account.

This proposal would rescind funding, recaptured in 1998, for approved projects in prior years which were either not undertaken or utilized less funding than was originally obligated.

INNOVATIVE HOMELESS INITIATIVES DEMONSTRATION PROGRAM

Program and Financing (in millions of dollars)

Identification code 86-0221-0-1-604	1996 actual	1997 est.	1998 est.
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	79	58	39
73.20 Total outlays (gross)	-20	-19	-17

74.40	Unpaid obligations, end of year: Obligated balance:			
	Appropriation	58	39	22
Outlays (gross), detail:				
86.93	Outlays from current balances	20	19	17
Net budget authority and outlays:				
89.00	Budget authority			
90.00	Outlays	20	19	17

Section 2 of the HUD Demonstration Act of 1993 authorized assistance for projects intended to provide a continuum of care for homeless persons and for innovative programs to assist homeless persons. Eligible recipients included States, units of local government, Indian tribes, and nonprofit organizations. Authorization for this program expired at the end of fiscal year 1994.

HOMELESS ASSISTANCE [FUNDS] GRANTS

For grants to States, units of general local government, nonprofit organizations, or public housing authorities, and for related expenses not otherwise provided for, necessary for carrying out a performance-based homeless assistance program, \$823,000,000, to remain available until expended: Provided, That up to one percent of such funds shall be available to the Secretary for technical assistance. (Additional authorizing legislation required.)

[For the emergency shelter grants program (as authorized under subtitle B of title IV of the Stewart B. McKinney Homeless Assistance Act (Public Law 100-77), as amended); the supportive housing program (as authorized under subtitle C of title IV of such Act); the section 8 moderate rehabilitation single room occupancy program (as authorized under the United States Housing Act of 1937, as amended) to assist homeless individuals pursuant to section 441 of the Stewart B. McKinney Homeless Assistance Act; and the shelter plus care program (as authorized under subtitle F of title IV of such Act), \$823,000,000, to remain available until expended.] (Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.)

Program and Financing (in millions of dollars)

Identification code 86-0192-0-1-604				
		1996 actual	1997 est.	1998 est.
Obligations by program activity:				
10.00	Total obligations (object class 41.0)	785	1,711	823
Budgetary resources available for obligation:				
21.40	Unobligated balance available, start of year:			
	Uninvested balance	849	888	
22.00	New budget authority (gross)	823	823	823
22.10	Resources available from recoveries of prior year obligations	1		
23.90	Total budgetary resources available for obligation	1,673	1,711	823
23.95	New obligations	-785	-1,711	-823
24.40	Unobligated balance available, end of year:			
	Uninvested balance	888		
New budget authority (gross), detail:				
40.00	Appropriation	823	823	823
Change in unpaid obligations:				
72.40	Unpaid obligations, start of year: Obligated balance:			
	Appropriation	260	857	2,283
73.10	New obligations	785	1,711	823
73.20	Total outlays (gross)	-186	-285	-474
73.45	Adjustments in unexpired accounts	-1		
74.40	Unpaid obligations, end of year: Obligated balance:			
	Appropriation	857	2,283	2,632
Outlays (gross), detail:				
86.90	Outlays from new current authority	41	41	41
86.93	Outlays from current balances	145	244	433
87.00	Total outlays (gross)	186	285	474
Net budget authority and outlays:				
89.00	Budget authority	823	823	823
90.00	Outlays	186	285	474

The Homeless Assistance Grants program consolidates the activities of HUD's six McKinney homeless assistance programs—Shelter Plus Care, Supportive Housing, Emergency Shelter Grants, Section 8 Single Room Occupancy, Rural Homeless Grants and Safe Havens—as well as those of the Innovative Homeless Initiatives Demonstration program. This consolidation would enable localities to continue to shape and implement comprehensive, flexible, coordinated “continuum of care” approaches to solving rather than institutionalizing homelessness. In fact, over the last three years, many communities have made great strides in developing holistic continuum of care approaches to solving homelessness. A community-based process would be required as part of the application process. Communities will be required to include in their applications performance measures that contain specific goals that would accrue from the community's efforts, and will be required to demonstrate tangible results on an annual basis. Approved funding would be available for a wide range of activities to assist homeless persons and prevent future homelessness.

Funding is also requested for technical assistance to provide needed assistance to grantees in resolving problems that hinder successful project completion and implementation.

YOUTHBUILD PROGRAM

For the HOPE for Youth: Youthbuild program, authorized by subtitle D of title IV of the Cranston-Gonzalez National Affordable Housing Act, as amended, \$30,000,000, to remain available until expended.

Program and Financing (in millions of dollars)

Identification code 86-0219-0-1-604				
		1996 actual	1997 est.	1998 est.
Obligations by program activity:				
10.00	Total obligations (object class 41.0)		3	30
Budgetary resources available for obligation:				
21.40	Unobligated balance available, start of year:			
	Uninvested balance	2	3	
22.00	New budget authority (gross)			30
22.10	Resources available from recoveries of prior year obligations	1		
23.90	Total budgetary resources available for obligation	3	3	30
23.95	New obligations		-3	-30
24.40	Unobligated balance available, end of year:			
	Uninvested balance	3		
New budget authority (gross), detail:				
40.00	Appropriation			30
Change in unpaid obligations:				
72.40	Unpaid obligations, start of year: Obligated balance:			
	Appropriation	85	43	21
73.10	New obligations		3	30
73.20	Total outlays (gross)	-41	-25	-15
73.45	Adjustments in unexpired accounts	-1		
74.40	Unpaid obligations, end of year: Obligated balance:			
	Appropriation	43	21	36
Outlays (gross), detail:				
86.93	Outlays from current balances	41	25	15
Net budget authority and outlays:				
89.00	Budget authority			30
90.00	Outlays	41	25	15

This program provides resources to educate, train, and provide stipends for economically disadvantaged young adults to construct and rehabilitate housing for low-income and homeless persons. The program has expanded the supply of affordable housing and, at the same time, has enabled high school dropouts to obtain the education and employment skills necessary to achieve self-sufficiency.

General and special funds—Continued

YOUTHBUILD PROGRAM—Continued

For fiscal years 1996 and 1997, funding for the Youthbuild program was included in the Community Development Block Grants account.

NATIONAL CITIES IN SCHOOLS COMMUNITY DEVELOPMENT PROGRAM

Program and Financing (in millions of dollars)

Identification code 86-0220-0-1-451	1996 actual	1997 est.	1998 est.
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	2		
73.20 Total outlays (gross)	-2		
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation			
Outlays (gross), detail:			
86.93 Outlays from current balances	2		
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays	2		

This program provides grants for community-wide programs designed to assist at-risk youth and their families. Funding for this program was provided under the Annual Contributions for Assisted Housing account in fiscal year 1996.

Public enterprise funds:

REVOLVING FUND (LIQUIDATING PROGRAMS)

Program and Financing (in millions of dollars)

Identification code 86-4015-0-3-451	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.03 Loan servicing and other expenses	8	7	7
00.04 Maintenance of acquired security and collateral		7	6
00.05 Administrative expenses	1	1	1
10.00 Total obligations	9	15	14
Budgetary resources available for obligation:			
21.90 Unobligated balance available, start of year: Fund balance	102	97	87
22.00 New budget authority (gross)	74	65	60
22.10 Resources available from recoveries of prior year obligations	1		
22.40 Capital transfer to general fund	-70	-60	-60
23.90 Total budgetary resources available for obligation	107	102	87
23.95 New obligations	-9	-15	-14
24.90 Unobligated balance available, end of year: Fund balance	97	87	73
New budget authority (gross), detail:			
68.00 Spending authority from offsetting collections (gross):			
Offsetting collections (cash)	74	65	60
Change in unpaid obligations:			
72.90 Unpaid obligations, start of year: Obligated balance:			
Fund balance	46	27	7
73.10 New obligations	9	15	14
73.20 Total outlays (gross)	-28	-35	-21
73.45 Adjustments in unexpired accounts	-1		
74.90 Unpaid obligations, end of year: Obligated balance:			
Fund balance	27	7	
Outlays (gross), detail:			
86.98 Outlays from permanent balances	28	35	21
Offsets:			
Against gross budget authority and outlays:			
88.40 Offsetting collections (cash) from: Non-Federal sources	-74	-65	-60

Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays	-46	-30	-39

Status of Direct Loans (in millions of dollars)			
Identification code 86-4015-0-3-451	1996 actual	1997 est.	1998 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	388	328	282
1251 Repayments: Repayments and prepayments	-51	-45	-40
1263 Write-offs for default: Direct loans	-9	-1	
1290 Outstanding, end of year	328	282	242

Status of Guaranteed Loans (in millions of dollars)			
Identification code 86-4015-0-3-451	1996 actual	1997 est.	1998 est.
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	4	3	2
2251 Repayments and prepayments	-1	-1	-1
2290 Outstanding, end of year	3	2	1
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	3	2	1

The Revolving fund (liquidating programs) was established by the Independent Offices Appropriation Act of 1955 for the efficient liquidation of assets acquired under a number of housing and urban development programs.

Statement of Operations (in millions of dollars)				
Identification code 86-4015-0-3-451	1995 actual	1996 actual	1997 est.	1998 est.
0101 Revenue	19	31	20	20
0102 Expense	-12	-18	-15	-12
0109 Net income or loss (-)	7	13	5	8

Balance Sheet (in millions of dollars)				
Identification code 86-4015-0-3-451	1995 actual	1996 actual	1997 est.	1998 est.
ASSETS:				
1101 Federal assets: Fund balances with Treasury	149	125	135	130
1206 Non-Federal assets: Receivables, net	3	4	3	2
Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601 Direct loans, gross	391	331	301	254
1602 Interest receivable	21	18	20	18
1603 Allowance for estimated uncollectible loans and interest (-)	-36	-25	-39	-30
1604 Direct loans and interest receivable, net	376	324	282	242
1606 Foreclosed property	1	1	1	
1699 Value of assets related to direct loans	377	325	283	242
1999 Total assets	529	454	421	374
LIABILITIES:				
Non-Federal liabilities:				
2201 Accounts payable	1			
2207 Other	13	9	8	7
2999 Total liabilities	14	9	8	7
NET POSITION:				
3100 Appropriated capital		28	28	28
3200 Invested capital		301	301	301
3300 Cumulative results of operations	514	116	84	38
3999 Total net position	514	445	413	367
4999 Total liabilities and net position	528	454	421	374

Object Classification (in millions of dollars)

Identification code 86-4015-0-3-451	1996 actual	1997 est.	1998 est.
25.2 Other services	5	10	10
32.0 Land and structures	4	5	4
99.9 Total obligations	9	15	14

Credit accounts:

COMMUNITY DEVELOPMENT LOAN GUARANTEES PROGRAM ACCOUNT

Program and Financing (in millions of dollars)

Identification code 86-0198-0-1-451	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.02 Guaranteed loan subsidy	9	32	29
00.09 Administrative expenses	1	1	1
10.00 Total obligations (object class 33.0)	10	33	30
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	33	33	30
22.30 Unobligated balance expiring	-23		
23.90 Total budgetary resources available for obligation	10	33	30
23.95 New obligations	-10	-33	-30
New budget authority (gross), detail:			
40.00 Appropriation	33	33	30
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation		9	19
73.10 New obligations	10	33	30
73.20 Total outlays (gross)	-1	-23	-35
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation	9	19	14
Outlays (gross), detail:			
86.90 Outlays from new current authority	1	17	16
86.93 Outlays from current balances		6	19
87.00 Total outlays (gross)	1	23	35
Net budget authority and outlays:			
89.00 Budget authority	33	33	30
90.00 Outlays	1	23	35

Guaranteed Loans.—The Community Development Block Grant program includes a guaranteed loan provision (Section 108). A commitment level of \$1.3 billion is proposed for the Community Development Loan Guarantees (Section 108) program for 1998. The credit subsidy/administrative cost estimate for the guaranteed loan program is \$30 million in FY 1998.

Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program (in millions of dollars)

Identification code 86-0198-0-1-451	1996 actual	1997 est.	1998 est.
Guaranteed loan levels supportable by subsidy budget authority:			
2150 Loan guarantee levels	1,500	1,380	1,261
2159 Total loan guarantee levels	1,500	1,380	1,261
Guaranteed loan subsidy (in percent):			
2320 Subsidy rate	2.10	2.30	2.30
2329 Weighted average subsidy rate	2.10	2.30	2.30
Guaranteed loan subsidy budget authority:			
2330 Subsidy budget authority	32	32	29
2339 Total subsidy budget authority	32	32	29
Guaranteed loan subsidy outlays:			
2340 Subsidy outlays		22	23
2349 Total subsidy outlays		22	23

Administrative expense data:

3510 Budget authority	1	1	1
3590 Outlays	1	1	1

As required by the Federal Credit Reform Act of 1990, this account records, for this program, the subsidy costs associated with the loan guarantees committed in 1992 and beyond (including modifications of direct loans or loan guarantees that resulted from obligations or commitments in any year), as well as administrative expenses of this program. The subsidy amounts are estimated on a present value basis; the administrative expenses are estimated on a cash basis.

COMMUNITY DEVELOPMENT LOAN GUARANTEES FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 86-4096-0-3-451	1996 actual	1997 est.	1998 est.
Budgetary resources available for obligation:			
21.90 Unobligated balance available, start of year: Fund balance			23
22.00 New financing authority (gross)		23	37
23.90 Total budgetary resources available for obligation		23	60
24.90 Unobligated balance available, end of year: Fund balance		23	60
New financing authority (gross), detail:			
68.00 Spending authority from offsetting collections (gross):			
Offsetting collections (cash)		23	37
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
88.00 Federal sources		-22	-34
88.25 Interest on uninvested funds		-1	-3
88.90 Total, offsetting collections (cash)		-23	-37
Net financing authority and financing disbursements:			
89.00 Financing authority			
90.00 Financing disbursements		-23	-37

Status of Guaranteed Loans (in millions of dollars)

Identification code 86-4096-0-3-451	1996 actual	1997 est.	1998 est.
Position with respect to appropriations act limitation on commitments:			
2111 Limitation on guaranteed loans made by private lenders	1,500	1,380	1,261
2112 Uncommitted loan guarantee limitation	-1,066		
2150 Total guaranteed loan commitments	434	1,380	1,261
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	430	750	1,425
2231 Disbursements of new guaranteed loans	360	750	1,150
2251 Repayments and prepayments	-40	-75	-135
2290 Outstanding, end of year	750	1,425	2,440
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	750	1,425	2,440

Guaranteed loans.—The Community Development Loan Guarantees program provides a mechanism for Federal guarantees of private loans. There is an accompanying liquidating account which shows activity for Federal Financing Bank (FFB) direct loan activity, obligated prior to July 1, 1986. Also following is a status of privately financed guaranteed loan commitments made prior to 1992.

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from loan guarantees committed in 1992 and beyond (including modifications of loan guaran-

Credit accounts—Continued

COMMUNITY DEVELOPMENT LOAN GUARANTEES FINANCING
ACCOUNT—Continued

tees that resulted from commitments in any year). The amounts in this account are a means of financing and are not included in the budget totals.

COMMUNITY DEVELOPMENT LOAN GUARANTEES LIQUIDATING
ACCOUNT

Program and Financing (in millions of dollars)

Identification code 86-4097-0-3-451	1996 actual	1997 est.	1998 est.
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	50	4	4
22.60 Redemption of debt	-50	-4	-4
23.90 Total budgetary resources available for obligation			
New budget authority (gross), detail:			
68.00 Spending authority from offsetting collections (gross):			
Offsetting collections (cash)	50	4	4
Change in unpaid obligations:			
72.47 Unpaid obligations, start of year: Obligated balance:			
Authority to borrow	153	147	147
73.20 Total outlays (gross)	-6		
74.47 Unpaid obligations, end of year: Obligated balance:			
Authority to borrow	147	147	147
Outlays (gross), detail:			
86.98 Outlays from permanent balances	6		
Offsets:			
Against gross budget authority and outlays:			
88.40 Offsetting collections (cash) from: Non-Federal			
sources	-50	-4	-4
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays	-44	-4	-4

Status of Direct Loans (in millions of dollars)

Identification code 86-4097-0-3-451	1996 actual	1997 est.	1998 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	89	39	35
1251 Repayments: Repayments and prepayments	-50	-4	-4
1290 Outstanding, end of year	39	35	31

Status of Guaranteed Loans (in millions of dollars)

Identification code 86-4097-0-3-451	1996 actual	1997 est.	1998 est.
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	246	243	203
2231 Disbursements of new guaranteed loans	44	15	10
2251 Repayments and prepayments	-47	-55	-33
2290 Outstanding, end of year	243	203	180
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding,			
end of year	243	203	180

As required by the Federal Credit Reform Act of 1990, this account records all cash flows to and from the Government resulting from Federal Financing Bank (FFB) direct loans for which loan guarantees were committed prior to 1992. This account is shown on a cash basis.

Guaranteed loans.—Guaranteed loan assistance under the Community Development Loan Guarantees program is provided to eligible communities to finance economic development activities, housing rehabilitation, public facilities, acquisition of real property, rehabilitation of publicly owned real prop-

erty, and certain related expenses. In the past, the FFB financed these guaranteed loans. The Consolidated Omnibus Budget Reconciliation Act of 1985 requires private financing of all loan guarantees committed after July 1, 1986. FFB will continue disbursing loans for commitments approved prior to July 1, 1986. The activity shown in the above account reflects privately financed guaranteed loans for which commitments were made prior to 1992.

HOUSING PROGRAMS

Federal Funds

General and special funds:

**[DEVELOPMENT OF ADDITIONAL NEW SUBSIDIZED HOUSING]
HOUSING FOR SPECIAL POPULATIONS**

For assistance for the purchase, construction, acquisition, or development of additional public and subsidized housing units for low income families under the United States Housing Act of 1937, as amended, [(“the Act” herein)] (42 U.S.C. 1437), not otherwise provided for, [\$1,039,000,000] \$474,000,000, to remain available until expended: *Provided*, That of the total amount provided under this head, [\$645,000,000] \$300,000,000 shall be for capital advances, including amendments to capital advance contracts, for housing for the elderly, as authorized by section 202 of the Housing Act of 1959, as amended, and for project rental assistance, and amendments to contracts for project rental assistance, for supportive housing for the elderly under section 202(c)(2) of the Housing Act of 1959; and [\$194,000,000] \$174,000,000 shall be for capital advances, including amendments to capital advance contracts, for supportive housing for persons with disabilities, as authorized by section 811 of the Cranston-Gonzalez National Affordable Housing Act, and for project rental assistance, and amendments to contracts for project rental assistance, for supportive housing for persons with disabilities as authorized by section 811 of [the Cranston-Gonzalez National Affordable Housing] *such Act*: *Provided further*, That the Secretary may designate up to 25 percent of the amounts earmarked under this paragraph for section 811 of [the Cranston-Gonzalez National Affordable Housing] *such Act* for tenant-based assistance, as authorized under that section, including such authority as may be waived under the next proviso, which assistance is five years in duration: *Provided further*, That the Secretary may waive any provision of section 202 of the Housing Act of 1959 and section 811 of the National Affordable Housing Act (including the provisions governing the terms and conditions of project rental assistance and tenant-based assistance) that the Secretary determines is not necessary to achieve the objectives of these programs, or that otherwise impedes the ability to develop, operate or administer projects assisted under these programs, and may make provision for alternative conditions or terms where appropriate: *Provided further*, That [of the total amount provided under this head \$200,000,000, shall be for the development or acquisition cost of public housing for Indian families, including amounts for housing under the mutual help homeownership opportunity program under section 202 of the Act (42 U.S.C. 1437bb)] *all obligated and unobligated balances remaining in either the Annual Contributions for Assisted Housing account or the Development of Additional New Subsidized Housing account for capital advances, including amendments to capital advances, for housing for the elderly, as authorized by section 202 of the Housing Act of 1959, as amended, and for project rental assistance, and amendments to contracts for project rental assistance, for supportive housing for the elderly, under section 202(c)(2) of such Act, shall be transferred to and merged with the amounts for those purposes under this head; and, all obligated and unobligated balances remaining in either the Annual Contributions for Assisted Housing account or the Development of Additional New Subsidized Housing account for capital advances, including amendments to capital advances, for supportive housing for persons with disabilities, as authorized by section 811 of the Cranston-Gonzales National Affordable Housing Act, and for project rental assistance, and amendments to contracts for project rental assistance, for supportive housing for persons with disabilities, as authorized under section 811 of such Act, shall be transferred to and merged with the amounts for those purposes under this head.* (Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.)

Program and Financing (in millions of dollars)

Identification code 86-0310-0-1-604	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
10.00 Total obligations (object class 41.0)		1,039	474
Budgetary resources available for obligation:			
22.00 New budget authority (gross)		1,039	474
23.95 New obligations		-1,039	-474
New budget authority (gross), detail:			
40.00 Appropriation		1,039	474
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation			1,039
73.10 New obligations		1,039	474
73.20 Total outlays (gross)			-15
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation		1,039	1,498
Outlays (gross), detail:			
86.93 Outlays from current balances			15
Net budget authority and outlays:			
89.00 Budget authority		1,039	474
90.00 Outlays			15

This account consolidates the new activity under the Section 202 Housing for the Elderly Program and the Section 811 Housing for the Disabled Program. Program activity prior to 1997 is reflected in the Annual Contributions for Assisted Housing account. Renewal of prior year contracts is reflected in the Prevention of Resident Displacement account.

A program level of \$300 million for Housing for the Elderly grants and rental assistance is proposed for 1998. This is estimated to support the production of 3,865 additional units.

A program level of \$174 million is proposed for disabled housing, including \$43.5 million for 1,630 5-year vouchers and \$130.5 million for grant and rental assistance to support 1,488 additional units.

During fiscal year 1996 funding for supportive housing for the elderly and disabled was provided under the Annual Contributions for Assisted Housing account. For 1997, funding was provided under the Development of Additional New Subsidized Housing, and in 1998 funding is proposed under the new Housing for Special Populations account. The table below shows the total budget authority and outlays associated with all three accounts. Language is being proposed in this budget to transfer the balances from Annual Contributions and Development of Additional New Housing accounts to the Housing for Special Populations account.

Proposed Transfer of Balances

	[In millions of dollars]		
	1996 actual	1997 est.	1998 est.
Annual Contributions for Assisted Housing:			
Budget Authority	1,013	NA	NA
Outlays	757	853	911
Development of Additional New Subsidized Housing:			
Budget Authority	NA	839	NA
Outlays	NA	NA	NA
Housing for Special Populations:			
Budget Authority	NA	NA	474
Outlays	NA	NA	NA
Total:			
Budget Authority	1,013	839	474
Outlays	757	853	911

OTHER ASSISTED HOUSING PROGRAMS

RENTAL HOUSING ASSISTANCE

(Rescissions)

The limitation otherwise applicable to the maximum payments that may be required in any fiscal year by all contracts entered into under section 236 of the National Housing Act (12 U.S.C. 1715z-1) is reduced in fiscal year 1998 by not more than \$7,350,000 in uncommitted balances of authorizations provided for this purpose in appropriation Acts: Provided, That up to \$125,000,000 of recaptured budget authority shall be canceled.

Program and Financing (in millions of dollars)

Identification code 86-0206-0-1-999	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Rent supplement	9	39	37
00.02 Homeownership and rental housing assistance (Sections 235 and 236)	16	68	64
10.00 Total obligations (object class 41.0)	25	107	101
Budgetary resources available for obligation:			
Unobligated balance available, start of year:			
21.40 Uninvested balance	12	15	
21.49 Contract authority (available)	1,032	978	959
21.99 Total unobligated balance, start of year	1,044	993	959
22.00 New budget authority (gross)			-125
22.10 Resources available from recoveries of prior year obligations	340	111	278
22.75 Balance of contract authority withdrawn	-365	-38	-33
23.90 Total budgetary resources available for obligation	1,019	1,066	1,079
23.95 New obligations	-25	-107	-101
Unobligated balance available, end of year:			
24.40 Uninvested balance	15		
24.49 Contract authority (available)	978	959	978
24.99 Total unobligated balance, end of year	993	959	978
New budget authority (gross), detail:			
Current:			
40.36 Unobligated balance canceled			-125
Permanent:			
60.05 Appropriation (indefinite)	709	727	678
60.49 Portion applied to liquidate contract authority	-709	-727	-678
63.00 Appropriation (total)			
70.00 Total new budget authority (gross)			-125
Change in unpaid obligations:			
Unpaid obligations, start of year:			
Obligated balance:			
72.40 Administrative commitment (reserved)	104	140	140
72.49 Contract authority	22,774	21,687	20,956
72.99 Total unpaid obligations, start of year	22,878	21,827	21,096
73.10 New obligations	25	107	101
73.20 Total outlays (gross)	-736	-727	-678
73.45 Adjustments in unexpired accounts	-340	-111	-278
Unpaid obligations, end of year:			
Obligated balance:			
74.40 Administrative commitment reserved	140	140	140
74.49 Contract authority	21,687	20,956	20,101
74.99 Total unpaid obligations, end of year	21,827	21,096	20,241
Outlays (gross), detail:			
86.93 Outlays from current balances	736	727	678
Net budget authority and outlays:			
89.00 Budget authority			-125
90.00 Outlays	736	727	678

Status of Contract Authority (in millions of dollars)

Identification code 86-0206-0-1-999	1996 actual	1997 est.	1998 est.
Balance, start of year:			
0100 Balance, start of year	1,032	978	959
0100 Balance, start of year	22,774	21,687	20,956
Contract authority:			
0200 Contract authority			-125

General and special funds—Continued

RENTAL HOUSING ASSISTANCE—Continued

Status of Contract Authority (in millions of dollars)—Continued

Identification code 86-0206-0-1-999	1996 actual	1997 est.	1998 est.
0400 Appropriation to liquidate contract authority	-709	-727	-678
0600 Balance of contract authority withdrawn	-365	-38	-33
Balance, end of year:			
0700 Balance, end of year	978	959	978
0700 Balance, end of year	21,687	20,956	20,101

OTHER ASSISTED HOUSING

Summary of Administrative Commitments

[In millions of dollars]

Program by activities	1996 actual	1997 est.	1998 est.
Assistance contracts:			
Rent supplement	9	39	37
Homeownership and rental housing assistance (sections 235 and 236)	16	68	64
Administrative commitments, start of year	16	16	16
Administrative commitments, end of year	-16	-16	-16
Total obligations	25	107	101

The Other Assisted Housing Account contains the programs listed below:

Rent supplement.—Rent supplement assistance payments will continue to be made on behalf of qualified low-income tenants in approximately 20,000 units which have not converted to section 8.

Section 235.—The Housing and Urban-Rural Recovery Act of 1983 (Public Law 98-181) authorized a restructured section 235 (Homeownership Assistance) program based on a 10-year interest reduction subsidy. A total of \$150 million of budget authority was provided in the Second Supplemental Appropriations Act of 1984 (Public Law 98-396) to fund the program. Recaptures of budget authority from terminations must be transferred into the Homeownership Assistance Fund account established pursuant to Public Law 98-181.

Section 236.—The Housing and Urban Development Act of 1968, as amended, authorizes the section 236 Rental Housing Assistance Program which subsidizes the monthly mortgage payment that an owner of a rental or cooperative project is required to make. This interest subsidy reduces rents for lower income tenants. During 1998, as a result of foreclosures from mortgage defaults or regulatory violations, the Department will rescind up to \$125 million.

During 1998, as a result of foreclosures from mortgage defaults or regulatory violations, the Department will rescind up to \$125 million.

The table below reflects the consolidated outlay total for both the Annual Contributions for Assisted Housing account and the Other Assisted Housing account, for fiscal years 1996, 1997, and 1998.

SUMMARY OF OUTLAYS

[In millions of dollars]

(Annual Contributions for Assisted Housing, Housing Certificate Fund, and Other Assisted Housing)¹

	1996 actual	1997 est.	1998 est.
Subsidized housing programs, total	21,064	22,308	22,494
Low-income housing assistance (sec. 8)	15,779	17,283	17,937
Public housing	4,548	4,296	3,867
Rent supplement	57	58	60
Homeownership assistance (sec. 235)		31	31
Rental housing assistance (sec. 236)	663	623	582
College housing grants	17	17	17

¹ Includes outlays for contract renewals.HOMEOWNERSHIP AND OPPORTUNITY FOR PEOPLE EVERYWHERE
GRANTS (HOPE GRANTS)

Program and Financing (in millions of dollars)

Identification code 86-0196-0-1-604	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Hope I		3	
00.02 Hope II		31	
00.03 Hope III	3	2	
00.04 Elderly independence	1	2	
10.00 Total obligations (object class 41.0)	4	38	
Budgetary resources available for obligation:			
Unobligated balance available, start of year:			
Uninvested balance:			
21.40 Uncommitted	36	34	
21.40 Administratively committed	5	4	
21.99 Total unobligated balance, start of year	41	38	
22.10 Resources available from recoveries of prior year obligations	1		
23.90 Total budgetary resources available for obligation	42	38	
23.95 New obligations	-4	-38	
Unobligated balance available, end of year:			
Uninvested balance:			
24.40 Uncommitted	34		
24.40 Administratively committed	4		
24.99 Total unobligated balance, end of year	38		
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	244	184	136
73.10 New obligations	4	38	
73.20 Total outlays (gross)	-63	-86	-59
73.45 Adjustments in unexpired accounts	-1		
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation	184	136	77
Outlays (gross), detail:			
86.93 Outlays from current balances	63	86	59
Net budget authority and outlays:			
89.00 Budget authority		-30	
90.00 Outlays	63	86	59

Summary of Budget Authority and Outlays

[In millions of dollars]

Enacted/requested:	1996 actual	1997 est.	1998 est.
Budget Authority			
Outlays	63	86	59
Supplemental proposal:			
Budget Authority		-30	
Outlays		-6	-8
Total:			
Budget Authority		-30	
Outlays	63	80	51

The Homeownership and Opportunity for People Everywhere Program provided affordable homeownership opportunities for low-income families. Units were converted to homeownership from public and Indian housing properties in HOPE 1, from FHA-insured and Government-held multifamily properties in HOPE 2 and from Government-owned or -held single family properties in HOPE 3. HOPE Grants were used for property acquisition, rehabilitation, mortgage subsidies, security measures, and technical assistance. In addition, grants have been devoted to counseling and training of residents, and other activities intended to help them become economically self-sufficient homeowners. No funding is being requested for fiscal year 1998. Approximately \$30 million of HOPE unobligated balances are proposed for transfer to the Drug Elimination Grants program in 1997. This schedule reflects the liquidation of prior year balances.

CONGREGATE SERVICES

Program and Financing (in millions of dollars)

Identification code 86-0178-0-1-604	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
10.00 Total obligations (object class 41.0)		1	
Budgetary resources available for obligation:			
23.95 New obligations		-1	
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	38	30	23
73.10 New obligations		1	
73.20 Total outlays (gross)	-8	-7	-7
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation	30	23	16
Outlays (gross), detail:			
86.93 Outlays from current balances	8	7	7
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays	8	7	7

Under the Congregate Services program, HUD contracted directly with local public housing agencies and section 202 housing for the elderly or disabled sponsors to supply support services, including meals and other services. No funding is being requested for this program in fiscal year 1998. This schedule reflects the liquidation of prior year balances.

HOUSING COUNSELING ASSISTANCE

For assistance, not otherwise provided, for providing counseling and advice to tenants and homeowners, both current and prospective, with respect to property maintenance, financial management, and such other matters as may be appropriate to assist them in improving their housing conditions and meeting the responsibilities of tenancy or homeownership, as authorized by section 106 of the Housing and Urban Development Act of 1968, as amended, \$23,000,000.

Program and Financing (in millions of dollars)

Identification code 86-0156-0-1-506	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
10.00 Total obligations (object class 41.0)			23
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			23
23.95 New obligations			-23
New budget authority (gross), detail:			
40.00 Appropriation			23
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	17	6	3
73.10 New obligations			23
73.20 Total outlays (gross)	-10	-3	-3
73.40 Adjustments in expired accounts	-1		
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation	6	3	23
Outlays (gross), detail:			
86.93 Outlays from current balances	10	3	3
Net budget authority and outlays:			
89.00 Budget authority			23
90.00 Outlays	10	3	3

The Housing Counseling Assistance program provides comprehensive housing counseling services to eligible homeowners and tenants, including pre-purchase, default and renter counseling.

SECTION 8 MODERATE REHABILITATION

SINGLE ROOM OCCUPANCY

Program and Financing (in millions of dollars)

Identification code 86-0195-0-1-604	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
10.00 Total obligations (object class 41.0)	85	106	
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested balance	191	106	
23.95 New obligations	-85	-106	
24.40 Unobligated balance available, end of year:			
Uninvested balance	106		
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	319	382	433
73.10 New obligations	85	106	
73.20 Total outlays (gross)	-21	-55	-51
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation	382	433	382
Outlays (gross), detail:			
86.93 Outlays from current balances	21	55	51
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays	21	55	51

Section 8 assistance for single room occupancy dwellings is authorized by Title IV, subtitle E, of the Stewart B. McKinney Homeless Assistance Act, as amended by the Housing and Community Development Act of 1992. Since fiscal year 1995, these activities have been funded in the Homeless Assistance Grants account.

MANUFACTURED HOME INSPECTION AND MONITORING

Unavailable Collections (in millions of dollars)

Identification code 86-5271-0-2-376	1996 actual	1997 est.	1998 est.
Balance, start of year:			
01.99 Balance, start of year			
Receipts:			
02.01 Manufactured home inspection and monitoring	13	14	16
Appropriation:			
05.01 Manufactured home inspection and monitoring	-13	-14	-16
07.99 Total balance, end of year			

Program and Financing (in millions of dollars)

Identification code 86-5271-0-2-376	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Transfer to salaries and expenses	1	1	1
00.02 Other program costs	11	13	14
10.00 Total obligations (object class 25.2)	12	14	15
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested balance	7	9	10
22.00 New budget authority (gross)	13	14	16
23.90 Total budgetary resources available for obligation	20	23	26
23.95 New obligations	-12	-14	-15
24.40 Unobligated balance available, end of year:			
Uninvested balance	9	10	10
New budget authority (gross), detail:			
60.25 Appropriation (special fund, indefinite)	13	14	16
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	2	2	3
73.10 New obligations	12	14	15

General and special funds—Continued

MANUFACTURED HOME INSPECTION AND MONITORING—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 86-5271-0-2-376	1996 actual	1997 est.	1998 est.
73.20 Total outlays (gross)	-12	-13	-15
74.40 Unpaid obligations, end of year: Obligated balance: Appropriation	2	3	3
Outlays (gross), detail:			
86.97 Outlays from new permanent authority	12	13	15
Net budget authority and outlays:			
89.00 Budget authority	13	14	16
90.00 Outlays	12	13	15

Section 620 of the National Manufactured Housing Construction and Safety Standards Act of 1974, as amended, authorizes enforcement of appropriate construction standards for the construction, design and performance of manufactured homes to assure their quality, durability, and safety. All manufactured homes produced since the standards took effect on June 15, 1976 must comply with Federal construction and safety standards. The States are actively encouraged to participate in the program under compliance plans approved by HUD.

A fee is charged to the manufacturers for each manufactured home produced to cover the costs of the monitoring and enforcement activities by HUD and its contract agents. Fees are deposited in a special fund administered by the Department, and a portion of the fee receipts are transferred to the salaries and expenses account to defray the direct administrative expenses of the program.

INTERSTATE LAND SALES

Unavailable Collections (in millions of dollars)

Identification code 86-5270-0-2-376	1996 actual	1997 est.	1998 est.
Balance, start of year:			
01.99 Balance, start of year			
Receipts:			
02.01 Interstate land sales		1	1
Appropriation:			
05.01 Interstate land sales		-1	-1
07.99 Total balance, end of year			

Program and Financing (in millions of dollars)

Identification code 86-5270-0-2-376	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
10.00 Total obligations (object class 25.2)		1	1
Budgetary resources available for obligation:			
22.00 New budget authority (gross)		1	1
23.95 New obligations		-1	-1
New budget authority (gross), detail:			
60.25 Appropriation (special fund, indefinite)		1	1
Change in unpaid obligations:			
73.10 New obligations		1	1
73.20 Total outlays (gross)		-1	-1
Outlays (gross), detail:			
86.97 Outlays from new permanent authority		1	1
Net budget authority and outlays:			
89.00 Budget authority		1	1
90.00 Outlays		1	1

The Interstate Land Sales Full Disclosure Act provides protection to the public with respect to purchases or leases of

subdivision lots. Statements of record must be filed with the Secretary before subdivisions with 100 or more lots may be sold in interstate commerce, except when the subdivision is eligible for exemption.

The Secretary is authorized to charge a fee, to be paid by the developer when filing a statement of record. The fee receipts are permanently appropriated and have helped finance a portion of the direct administrative expenses incurred in program operations.

Public enterprise funds:

TITLE IV—CORPORATIONS

Corporations and agencies of the Department of Housing and Urban Development which are subject to the Government Corporation Control Act, as amended, are hereby authorized to make such expenditures, within the limits of funds and borrowing authority available to each such corporation or agency and in accord with law, and to make such contracts and commitments without regard to fiscal year limitations as provided by section 104 of the Act as may be necessary in carrying out the programs set forth in the budget for [1997] 1998 for such corporation or agency except as hereinafter provided: *Provided*, That collections of these corporations and agencies may be used for new loan or mortgage purchase commitments only to the extent expressly provided for in this Act (unless such loans are in support of other forms of assistance provided for in this or prior appropriations Acts), except that this proviso shall not apply to the mortgage insurance or guaranty operations of these corporations, or where loans or mortgage purchases are necessary to protect the financial interest of the United States Government. (*Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.*)

RENTAL HOUSING ASSISTANCE FUND

Program and Financing (in millions of dollars)

Identification code 86-4041-0-3-604	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
10.00 Total obligations (object class 25.2)	55	57	51
Budgetary resources available for obligation:			
21.90 Unobligated balance available, start of year: Fund balance	1	1	1
22.00 New budget authority (gross)	55	57	51
23.90 Total budgetary resources available for obligation	56	57	51
23.95 New obligations	-55	-57	-51
24.90 Unobligated balance available, end of year: Fund balance	1	1	1
New budget authority (gross), detail:			
68.00 Spending authority from offsetting collections (gross): Offsetting collections (cash)	55	57	51
Change in unpaid obligations:			
72.90 Unpaid obligations, start of year: Obligated balance: Fund balance	8	8	1
73.10 New obligations	55	57	51
73.20 Total outlays (gross)	-55	-64	-51
74.90 Unpaid obligations, end of year: Obligated balance: Fund balance	8	1	1
Outlays (gross), detail:			
86.97 Outlays from new permanent authority	47	57	51
86.98 Outlays from permanent balances	8	7	
87.00 Total outlays (gross)	55	64	51
Offsets:			
Against gross budget authority and outlays:			
88.40 Offsetting collections (cash) from: Non-Federal sources	-55	-57	-51
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays		7	

The Housing and Urban Development Act of 1968 authorized the Secretary to establish a revolving fund into which rental collections in excess of the established basic rents for units in section 236 subsidized projects would be deposited.

The Housing and Community Development Amendment of 1978 authorized the Secretary, subject to approval in appropriation acts, to transfer excess rent collections received after 1978 to the Troubled Projects Operating Subsidy program, renamed the Flexible Subsidy Fund. Prior to that time, collections were used for paying tax and utility increases in section 236 projects. The Housing and Community Development Act of 1980 amended the 1978 Act by authorizing the transfer of excess rent collections regardless of when collected. This Budget proposes that the resources from the Rental Housing Assistance Fund continue to be transferred to the Flexible Subsidy Fund.

Statement of Operations (in millions of dollars)

Identification code 86-4041-0-3-604	1995 actual	1996 actual	1997 est.	1998 est.
0101 Revenue	61	53	57	51
0102 Expense	-61	-53	-57	-51
0109 Net income or loss (-)				

Balance Sheet (in millions of dollars)

Identification code 86-4041-0-3-604	1995 actual	1996 actual	1997 est.	1998 est.
ASSETS:				
1101 Federal assets: Fund balances with Treasury	8	8	1	1
1206 Non-Federal assets: Receivables, net	7	7		
1999 Total assets	15	15	1	1
LIABILITIES:				
Federal liabilities:				
2101 Accounts payable	8	4		
2105 Other		3		
2999 Total liabilities	8	7		
NET POSITION:				
3300 Cumulative results of operations	7	7	1	1
3999 Total net position	7	7	1	1
4999 Total liabilities and net position	15	14	1	1

FLEXIBLE SUBSIDY FUND

From the Rental Housing Assistance Fund, all uncommitted balances of excess rental charges as of September 30, 1997, and any collections made during fiscal year 1998, shall be transferred to the Flexible Subsidy Fund, as authorized by section 236(g) of the National Housing Act, as amended.

Program and Financing (in millions of dollars)

Identification code 86-4044-0-3-604	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
10.00 Total obligations (object class 41.0)	80	15	60
Budgetary resources available for obligation:			
Unobligated balance available, start of year:			
Fund balance:			
21.90 Treasury balance: Uncommitted	27	88	
21.90 Treasury balance: Administratively committed	82	15	60
21.91 U.S. Securities: Par value, uncommitted	46	39	135
21.99 Total unobligated balance, start of year	155	142	195
22.00 New budget authority (gross)	67	68	63
22.30 Unobligated balance expiring	-1		
23.90 Total budgetary resources available for obligation	221	210	258
23.95 New obligations	-80	-15	-60
Unobligated balance available, end of year:			
Fund balance:			
24.90 Fund balance, Uncommitted	88		33
24.90 Fund balance: Administratively committed	15	60	
24.91 U.S. Securities: Par value uncommitted	39	135	165

24.99 Total unobligated balance, end of year	142	195	198
New budget authority (gross), detail:			
68.00 Spending authority from offsetting collections (gross):			
Offsetting collections (cash)	67	68	63
Change in unpaid obligations:			
72.91 Unpaid obligations, start of year: Obligated balance:			
U.S. Securities: Par value	114	101	21
73.10 New obligations	80	15	60
73.20 Total outlays (gross)	-93	-95	-73
74.91 Unpaid obligations, end of year: Obligated balance:			
U.S. Securities: Par value	101	21	7
Outlays (gross), detail:			
86.98 Outlays from permanent balances	93	95	73
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.00 Federal sources	-56	-57	-51
88.20 Interest on U.S. securities	-8	-8	-9
88.40 Non-Federal sources	-3	-3	-3
88.90 Total, offsetting collections (cash)	-67	-68	-63
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays	26	27	10

Status of Direct Loans (in millions of dollars)

Identification code 86-4044-0-3-604	1996 actual	1997 est.	1998 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	584	675	768
1231 Disbursements: Direct loan disbursements	93	95	73
1251 Repayments: Repayments and prepayments	-2	-2	-3
1290 Outstanding, end of year	675	768	838

The Flexible Subsidy Fund assisted financially troubled subsidized projects under certain FHA authorities. The subsidies were intended to prevent potential losses to the FHA fund resulting from project insolvency and to preserve these projects as a viable source of housing for low and moderate-income tenants. Priority was given to projects with Federal insurance-in-force and then to those with mortgages that had been assigned to the Department of Housing and Urban Development.

A portion of Flexible Subsidy capital improvement loans were used, along with incentives available in the Emergency Low-Income Housing Preservation program, to extend affordability requirements for projects eligible to prepay mortgages.

The budget assumes that the account will continue to serve as a repository of excess rental charges appropriated from the Rental Housing Assistance Fund. Beginning in FY 1996 these resources are no longer used for new reservations, but they continue to offset Flexible Subsidy outlays and other discretionary expenditures.

Summary of Administrative Commitments

(in millions of dollars)

Program by activities:	1996 actual	1997 est.	1998 est.
Capital investments:			
Flexible subsidy reservations	18	60	
Administrative commitments, start of year	82	15	60
Cancellation of prior year commitments	-5		
Administrative commitments, end of year	-15	-60	
Capital investment—obligations	80	15	60

Statement of Operations (in millions of dollars)

Identification code 86-4044-0-3-604	1995 actual	1996 actual	1997 est.	1998 est.
0101 Revenue	71	66	65	60
0102 Expense	-86	-64	-82	-62

Public enterprise funds—Continued

FLEXIBLE SUBSIDY FUND—Continued

Statement of Operations (in millions of dollars)—Continued

Identification code 86-4044-0-3-604	1995 actual	1996 actual	1997 est.	1998 est.
0109 Net income or loss (-)	-15	2	-17	-2

Balance Sheet (in millions of dollars)

Identification code 86-4044-0-3-604	1995 actual	1996 actual	1997 est.	1998 est.
ASSETS:				
Federal assets:				
1101 Fund balances with Treasury	126	120	76	44
Investments in US securities:				
1102 Treasury securities, par	82	140	156	172
1106 Receivables, net	6	4		
Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601 Direct loans, gross	584	676	768	838
1603 Allowance for estimated uncollectible loans and interest (-)	-493	-536	-609	-665
1699 Value of assets related to direct loans	91	140	159	173
1901 Other Federal assets: Other assets	26	4		
1999 Total assets	331	408	391	389
LIABILITIES:				
2201 Non-Federal liabilities: Accounts payable	2	1		
2999 Total liabilities	2	1		
NET POSITION:				
3100 Appropriated capital	217	217	217	217
3300 Cumulative results of operations	112	191	174	172
3999 Total net position	329	408	391	389
4999 Total liabilities and net position	331	409	391	389

HOMEOWNERSHIP ASSISTANCE FUND

Unavailable Collections (in millions of dollars)

Identification code 86-4043-0-3-604	1996 actual	1997 est.	1998 est.
Balance, start of year:			
01.99 Balance, start of year			4
03.00 Offsetting Collections		4	4
04.00 Total: Balances and collections		4	8
07.99 Total balance, end of year		4	8

Program and Financing (in millions of dollars)

Identification code 86-4043-0-3-604	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Refunds of offsetting collections	31		
10.00 Total obligations (object class 44.0)	31		
Budgetary resources available for obligation:			
Unobligated balance available, start of year:			
21.49 Contract authority	57	57	57
21.90 Treasury balance	2	2	2
21.91 U.S. Securities: Par value	49	18	18
21.99 Total unobligated balance, start of year	108	77	77
23.90 Total budgetary resources available for obligation	108	77	77
23.95 New obligations	-31		
Unobligated balance available, end of year:			
24.49 Contract authority	57	57	57
24.90 Treasury balance	2	2	2
24.91 U.S. Securities: Par value	18	18	18
24.99 Total unobligated balance, end of year	77	77	77

New budget authority (gross), detail:

Spending authority from offsetting collections:			
68.00	Offsetting collections (cash)	4	4
68.45	Portion not available for obligation (limitation on obligations)	-4	-4
68.90	Spending authority from offsetting collections (total)		

Change in unpaid obligations:

72.90	Unpaid obligations, start of year: Obligated balance:		
	Fund balance	-1	-1
73.10	New obligations	31	
73.20	Total outlays (gross)	-31	
74.90	Unpaid obligations, end of year: Obligated balance:		
	Fund balance	-1	-1

Outlays (gross), detail:

86.98	Outlays from permanent balances	31	
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Offsets:

Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.00	Federal sources: Interest on U.S. securities	-3	-3
88.40	Non-Federal sources	-1	-1
88.90	Total, offsetting collections (cash)	-4	-4

Net budget authority and outlays:

89.00	Budget authority	-4	-4
90.00	Outlays	31	-4

Status of Contract Authority (in millions of dollars)

Identification code 86-4043-0-3-604	1996 actual	1997 est.	1998 est.
0100 Balance, start of year	57	57	57
0700 Balance, end of year	57	57	57

The Homeownership Assistance Fund was established by the Housing and Urban-Rural Recovery Act of 1983. It provided for the receipt of recaptures of budget authority, cash, and interest earnings under the restructured section 235 program. The funds were authorized to be used, to the extent approved in Appropriation Acts, by the Secretary to provide additional section 235 assistance payments for mortgagors who are unable to assume the full payment due under the mortgage after the termination of the original 10-year assistance payments contract.

Statement of Operations (in millions of dollars)

Identification code 86-4043-0-3-604	1995 actual	1996 actual	1997 est.	1998 est.
0101 Revenue	4	2	4	4
0102 Expense				
0109 Net income or loss (-)	4	2	4	4

Balance Sheet (in millions of dollars)

Identification code 86-4043-0-3-604	1995 actual	1996 actual	1997 est.	1998 est.
ASSETS:				
Federal assets:				
1101 Fund balances with Treasury	2	1	2	2
Investments in US securities:				
1102 Treasury securities, par	49	18	21	21
1999 Total assets	51	19	23	23
NET POSITION:				
3300 Cumulative results of operations	51	19	23	23
3999 Total net position	51	19	23	23
4999 Total liabilities and net position	51	19	23	23

NEHEMIAH HOUSING OPPORTUNITY FUND

Program and Financing (in millions of dollars)

Identification code 86-4071-0-3-604	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
10.00 Total obligations (object class 33.0)	2	21	
Budgetary resources available for obligation:			
21.90 Unobligated balance available, start of year: Fund balance	18	21	
22.10 Resources available from recoveries of prior year obligations	5		
23.90 Total budgetary resources available for obligation	23	21	
23.95 New obligations	-2	-21	
24.90 Unobligated balance available, end of year: Fund balance	21		
Change in unpaid obligations:			
72.90 Unpaid obligations, start of year: Obligated balance: Fund balance	18	11	22
73.10 New obligations	2	21	
73.20 Total outlays (gross)	-4	-10	-21
73.45 Adjustments in unexpired accounts	-5		
74.90 Unpaid obligations, end of year: Obligated balance: Fund balance	11	22	1
Outlays (gross), detail:			
86.93 Outlays from current balances	4	10	21
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays	4	10	21

The Nehemiah grants program was authorized by the Housing and Community Development Act of 1987 to provide loans to eligible families to assist in the purchase of new or substantially rehabilitated units. This schedule reflects the liquidation of remaining reserved and obligated balances. During fiscal year 1997, up to \$20 million of unobligated balances were available for homeownership activities pursuant to Public Law 104-204.

Credit accounts:

FHA—MUTUAL MORTGAGE INSURANCE PROGRAM ACCOUNT

(INCLUDING TRANSFERS OF FUNDS)

During fiscal year [1997] 1998, commitments to guarantee loans to carry out the purposes of section 203(b) of the National Housing Act, as amended, shall not exceed a loan principal of \$110,000,000,000: *Provided*, That during fiscal year 1997, the Secretary shall sell assigned mortgage notes having an unpaid principal balance of up to \$2,000,000,000, which notes were originally insured under section 203(b) of the National Housing Act: *Provided further*, That the Secretary may use the amount of any negative subsidy resulting from the sale of such assigned mortgage notes during fiscal year 1997 for the purposes included under this heading].

During fiscal year [1997] 1998, obligations to make direct loans to carry out the purposes of section 204(g) of the National Housing Act, as amended, shall not exceed \$200,000,000: *Provided*, That the foregoing amount shall be for loans to nonprofit and governmental entities in connection with sales of single family real properties owned by the Secretary and formerly insured under [section 203 of such Act] *the Mutual Mortgage Insurance Fund*.

For administrative expenses necessary to carry out the guaranteed and direct loan program, [\$350,595,000] \$333,421,000, to be derived from the FHA-mutual mortgage insurance guaranteed loans receipt account, of which not to exceed [\$343,483,000] \$326,309,000 shall be transferred to the appropriation for departmental salaries and expenses; and of which not to exceed \$7,112,000 shall be transferred to the appropriation for the Office of Inspector General. (*Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.*)

Unavailable Collections (in millions of dollars)

Identification code 86-0183-0-1-371	1996 actual	1997 est.	1998 est.
Receipts:			
02.01 FHA Mutual Mortgage Insurance Guaranteed Loan, negative subsidies	523	351	1,576
02.02 FHA Mutual Mortgage Insurance Guaranteed Loan, negative subsidies, legislative proposal not subject to PAYGO			52
02.03 FHA Mutual Mortgage Insurance Guaranteed Loan, negative subsidies, legislative proposal subject to PAYGO			370
02.99 Total receipts	523	351	1,998
Appropriation:			
05.01 FHA mutual mortgage insurance program account	-523	-351	-333
05.99 Subtotal appropriation	-523	-351	-333
07.99 Total balance, end of year			1,665

Program and Financing (in millions of dollars)

Identification code 86-0183-0-1-371	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.09 Administrative expenses		351	333
00.10 Subsidy rate reestimate	181		
10.00 Total obligations	523	351	333
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	523	351	333
23.95 New obligations	-523	-351	-333
New budget authority (gross), detail:			
Current:			
40.25 Appropriation (special fund, definite)	342	351	333
Permanent:			
60.25 Appropriation (special fund, indefinite)	181		
70.00 Total new budget authority (gross)	523	351	333
Change in unpaid obligations:			
73.10 New obligations	523	351	333
73.20 Total outlays (gross)	-523	-351	-333
Outlays (gross), detail:			
86.90 Outlays from new current authority	342	351	333
86.97 Outlays from new permanent authority	181		
87.00 Total outlays (gross)	523	351	333
Net budget authority and outlays:			
89.00 Budget authority	523	351	333
90.00 Outlays	523	351	333

Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program (in millions of dollars)

Identification code 86-0183-0-1-371	1996 actual	1997 est.	1998 est.
Direct loan levels supportable by subsidy budget authority:			
1150 Direct loan levels	200	200	200
1159 Total direct loan levels	200	200	200
Direct loan subsidy (in percent):			
1320 Subsidy rate	0.00	0.00	0.00
1329 Weighted average subsidy rate	0.00	0.00	0.00
Guaranteed loan levels supportable by subsidy budget authority:			
2150 MMI Fund, Section 203(b)	74,324	93,173	83,450
2150 Standby commitment authority		16,827	26,550
2159 Total loan guarantee levels	74,324	110,000	110,000
Guaranteed loan subsidy (in percent):			
2320 Subsidy rate	-2.77	-2.88	-2.62
2329 Weighted average subsidy rate	-2.77	-2.88	-2.62
Guaranteed loan subsidy budget authority:			
2330 MMI Section 203(b) negative subsidy	-1,549	-1,855	-1,523
2339 Total subsidy budget authority	-1,549	-1,855	-1,523

Credit accounts—Continued**FHA—MUTUAL MORTGAGE INSURANCE PROGRAM ACCOUNT—
Continued**

(INCLUDING TRANSFERS OF FUNDS)—Continued

Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program (in millions of dollars)—Continued

Identification code 86-0183-0-1-371	1996 actual	1997 est.	1998 est.
Guaranteed loan subsidy outlays:			
2340 Subsidy outlays	-1,549	-1,855	-1,523
2349 Total subsidy outlays	-1,549	-1,855	-1,523

FHA will continue to provide mortgage insurance to encourage lenders to make credit available to expand homeownership. FHA will continue to predominantly serve borrowers that the conventional market does not adequately serve: first-time homebuyers; minorities; lower-income families; and, residents of underserved areas (central cities and rural areas). Currently, the maximum mortgage amount for FHA-insured one-family loans is set at 95 percent of area median house price, provided that the amount is never less than 38 percent of the conforming loan limit—the maximum mortgage amount for loans purchased by the housing secondary market Government-Sponsored Enterprises, Fannie Mae and Freddie Mac—and never more than 75 percent of the conforming loan limit. The Administration proposes to increase the maximum mortgage amount for FHA-insured loans in all areas to equal the conforming loan limit. In addition, starting in 1997, FHA hopes to test the viability of sharing single-family mortgage risk between the Federal Government and other partners, including private mortgage insurers and state agencies.

Credit Subsidy and Administrative Expenses.—As required by the Federal Credit Reform Act of 1990, this account records administrative expenses for this program, as well as the subsidy costs associated with the loan guarantees committed in 1992 and thereafter, if any. The subsidy amounts are estimated on a present value basis; the administrative expenses are estimated on a cash basis.

Object Classification (in millions of dollars)

Identification code 86-0183-0-1-371	1996 actual	1997 est.	1998 est.
99.0 Reimbursable obligations: Subtotal, reimbursable obligations	523	351	333
99.9 Total obligations	523	351	333

**FHA-MUTUAL MORTGAGE INSURANCE PROGRAM ACCOUNT
(Legislative proposal, subject to PAYGO)**

Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program (in millions of dollars)

Identification code 86-0183-4-1-371	1996 actual	1997 est.	1998 est.
Guaranteed loan levels supportable by subsidy budget authority:			
2150 MMI Fund, Section 203(b)			7,094
Guaranteed loan subsidy (in percent):			
2320 Subsidy rate			-0.37
2329 Weighted average subsidy rate			-0.37
Guaranteed loan subsidy budget authority:			
2330 MMI Section 203(b) negative subsidy			-370
2339 Total subsidy budget authority			-370
Guaranteed loan subsidy outlays:			
2340 Subsidy outlays			-370
2349 Total subsidy outlays			-370

This adjustment reflects the effect of two pieces of legislation. The first is the Administration's proposal to increase the maximum mortgage amount for single family FHA-in-

sured loans in all areas to equal the GSE conforming loan limits. If enacted, this change is anticipated to increase insurance written by \$7 billion in 1998, generating \$206 million in additional negative credit subsidy. The second is anticipated action by the Congress to eliminate permanently the assignment program and replace it with additional loss mitigation tools. This change has already been enacted for insurance endorsed in all prior years. If enacted permanently, it would decrease the (negative) credit subsidy rate for MMI loans in 1998 by 0.37 percent, producing \$164 million in negative credit subsidy in 1998. These two changes would result in additional outlay reductions in subsequent years.

**FHA—MUTUAL MORTGAGE INSURANCE DIRECT LOAN FINANCING
ACCOUNT**

Program and Financing (in millions of dollars)

Identification code 86-4242-0-3-371	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Direct loans	3	200	200
00.02 Interest paid to Treasury		7	11
00.03 Claims & other			4
10.00 Total obligations	3	207	215
Budgetary resources available for obligation:			
21.90 Unobligated balance available, start of year: Fund balance		1	61
22.00 New financing authority (gross)	4	267	311
23.90 Total budgetary resources available for obligation	4	268	372
23.95 New obligations	-3	-207	-215
24.90 Unobligated balance available, end of year: Fund balance	1	61	157
New financing authority (gross), detail:			
67.15 Authority to borrow (indefinite)	3	200	200
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	1	67	111
70.00 Total new financing authority (gross)	4	267	311
Change in unpaid obligations:			
73.10 New obligations	3	207	215
73.20 Total financing disbursements (gross)	-3	-207	-215
87.00 Total financing disbursements (gross)	3	207	215
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
88.25 Interest on uninvested funds			-2
88.40 Other collections from non-Federal sources	-1	-67	-109
88.90 Total, offsetting collections (cash)	-1	-67	-111
Net financing authority and financing disbursements:			
89.00 Financing authority	3	200	200
90.00 Financing disbursements	2	140	104

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from direct loans obligated in 1992 and thereafter (including modifications of direct loans that resulted from obligations in any year). The amounts in this account are a means of financing and are not included in the budget totals. The \$200 million in 1998 direct loan limitation in the MMI Fund would permit the Department to use Purchase Money Mortgages (PMMs) to help finance the sale of acquired single family properties. HUD would extend credit for these single-family homes to community nonprofit organizations or local government entities who would be expected to sell the properties to low- and moderate-income buyers. The use of PMMs provides a tool for State and local nonprofit organizations to use in revitalizing communities, and creates

enhanced homeownership opportunities for low- and moderate-income families.

Status of Direct Loans (in millions of dollars)

Identification code 86-4242-0-3-371	1996 actual	1997 est.	1998 est.
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans	200	200	200
1112 Unobligated direct loan limitation	-197		
1150 Total direct loan obligations	3	200	200
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year		2	145
1231 Disbursements: Direct loan disbursements	3	200	200
1251 Repayments: Repayments and prepayments	-1	-57	-88
1263 Write-offs for default: Direct loans			-3
1290 Outstanding, end of year	2	145	255

Balance Sheet (in millions of dollars)

Identification code 86-4242-0-3-371	1995 actual	1996 actual	1997 est.	1998 est.
ASSETS:				
Net value of assets related to post-1991 direct loans receivable:				
1401 Direct loans receivable, gross		2	145	254
1499 Net present value of assets related to direct loans		2	145	254
1999 Total assets		2	145	254

FHA—MUTUAL MORTGAGE INSURANCE GUARANTEED LOAN FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 86-4587-0-3-371	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Default claims and other	1,698	1,562	1,944
00.04 Working capital fund reimbursements	19	19	
00.05 Payment of negative subsidy to receipt account	342	351	1,523
00.06 Payment of negative subsidy to liquidating account	1,473	1,182	
00.07 Subsidy reestimate paid to liquidating account	1,227		
00.08 Interest payments to Treasury	153	184	215
00.09 Payment to liquidating account for asset sale	1,321	1,011	
10.00 Total obligations	6,233	4,309	3,701
Budgetary resources available for obligation:			
21.90 Unobligated balance available, start of year: Fund balance	701	907	1,321
22.00 New financing authority (gross)	6,439	4,722	3,908
23.90 Total budgetary resources available for obligation	7,140	5,629	5,229
23.95 New obligations	-6,233	-4,309	-3,701
24.90 Unobligated balance available, end of year: Fund balance	907	1,321	1,528
New financing authority (gross), detail:			
67.15 Authority to borrow (indefinite)	1,527		
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	4,912	4,722	3,908
70.00 Total new financing authority (gross)	6,439	4,722	3,908
Change in unpaid obligations:			
72.90 Unpaid obligations, start of year: Obligated balance:			
Obligated balance	77	47	47
73.10 New obligations	6,233	4,309	3,701
73.20 Total financing disbursements (gross)	-6,263	-4,309	-3,701
74.90 Unpaid obligations, end of year: Obligated balance:			
Obligated balance	47	47	47
87.00 Total financing disbursements (gross)	6,263	4,309	3,701
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
88.25 Interest on uninvested funds	-114	-163	-146

Non-Federal sources:			
88.40 Fees and premiums	-2,515	-2,519	-2,709
88.40 Recoveries on defaulted notes	-670	-945	-1,053
88.40 Gross proceeds from asset sales	-1,613	-1,095	
88.90 Total, offsetting collections (cash)	-4,912	-4,722	-3,908

Net financing authority and financing disbursements:

89.00 Financing authority	1,527		
90.00 Financing disbursements	1,350	-414	-207

Status of Guaranteed Loans (in millions of dollars)

Identification code 86-4587-0-3-371	1996 actual	1997 est.	1998 est.
Position with respect to appropriations act limitation on commitments:			
2111 Limitation on guaranteed loans made by private lenders	110,000	110,000	110,000
2112 Uncommitted loan guarantee limitation	-35,676	-16,827	-26,550
2150 Total guaranteed loan commitments	74,324	93,173	83,450
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	203,414	242,407	283,605
2231 Disbursements of new guaranteed loans	59,221	65,440	60,718
2251 Repayments and prepayments	-18,616	-22,858	-22,458
Adjustments:			
2261 Terminations for default that result in loans receivable	-416	-145	-231
2262 Terminations for default that result in acquisition of property	-1,154	-1,118	-1,365
2263 Terminations for default that result in claim payments	-42	-121	-166
2290 Outstanding, end of year	242,407	283,605	320,103

Memorandum:

2299 Guaranteed amount of guaranteed loans outstanding, end of year	242,407	283,605	320,103
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Addendum:

Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year	413	866	818
2331 Disbursements for guaranteed loan claims	416	145	232
2351 Repayments of loans receivable	-1	-36	-34
2364 Other adjustments, net	38	-157	-161
2390 Outstanding, end of year	866	818	855

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from loans insured in 1992 and thereafter. The amounts in this account are considered a means of financing and are not included in the budget totals.

Balance Sheet (in millions of dollars)

Identification code 86-4587-0-3-371	1995 actual ¹	1996 actual	1997 est.	1998 est.
ASSETS:				
1101 Federal assets: Fund balances with Treasury	777	954	1,368	724
Net value of assets related to post-1991 acquired defaulted guaranteed loans receivable:				
1501 Defaulted guaranteed loans receivable, gross	413	866	818	855
1504 Foreclosed property	324	521	534	609
1505 Allowance for subsidy cost	-429	-405	-399	-437
1599 Net value of assets related to defaulted guaranteed loan	308	982	953	1,027
1999 Total assets	1,085	1,936	2,321	1,751
LIABILITIES:				
2103 Federal liabilities: Federal liabilities, Debt	1,171	2,698	2,698	1,838
2204 Non-Federal liabilities: Liabilities for loan guarantees	-86	-762	-377	-87
2999 Total liabilities	1,085	1,936	2,321	1,751
4999 Total liabilities and net position	1,085	1,936	2,321	1,751

Credit accounts—Continued**FHA—MUTUAL MORTGAGE INSURANCE GUARANTEED LOAN
FINANCING ACCOUNT—Continued**

¹As reflected in the 1997 Budget. Subsidy reestimates for fiscal year 1996 disbursements will be performed for the mid-session review of the Budget.

**FHA—MUTUAL MORTGAGE AND COOPERATIVE HOUSING INSURANCE
FUNDS LIQUIDATING ACCOUNT****Program and Financing (in millions of dollars)**

Identification code 86-4070-0-3-371	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
Operating expenses:			
00.03 Other operating costs	216	147	146
00.04 Working Capital Fund reimbursements	31	31	31
00.05 Participation payments	1	1	1
00.91 Total operating expenses	248	179	178
Capital investment:			
01.02 Assignment of defaulted mortgages	465	309	73
01.03 Acquisition of real properties	2,017	785	485
01.05 Acquisition of other assets	39	39	39
01.07 Capitalized property expenses	264	159	76
01.08 Loss on defaulted guaranteed loans	2	10	8
01.09 Preforeclosure sale claims	18	73	59
01.91 Total capital investment	2,805	1,375	740
10.00 Total obligations	3,053	1,554	918
Budgetary resources available for obligation:			
Unobligated balance available, start of year:			
21.90 Treasury balance	-163	2,905	1,242
U.S. Securities:			
21.91 Par value	6,673	7,045	11,161
21.92 Unrealized discounts	-66	-87	-67
21.99 Total unobligated balance, start of year	6,444	9,863	12,336
22.00 New budget authority (gross)	6,472	4,027	1,438
23.90 Total budgetary resources available for obligation	12,916	13,890	13,774
23.95 New obligations	-3,053	-1,554	-918
Unobligated balance available, end of year:			
24.90 Fund balance	2,905	1,242	965
U.S. Securities:			
24.91 Par value	7,045	11,161	11,958
24.92 Unrealized discounts	-87	-67	-67
24.99 Total unobligated balance, end of year	9,863	12,336	12,856
New budget authority (gross), detail:			
68.00 Spending authority from offsetting collections (gross):			
Offsetting collections (cash)	6,472	4,027	1,438
Change in unpaid obligations:			
Unpaid obligations, start of year:			
Obligated balance:			
72.90 Fund balance	659		685
72.91 U.S. Securities: Par value		685	
72.99 Total unpaid obligations, start of year	659	685	685
73.10 New obligations	3,053	1,554	918
73.20 Total outlays (gross)	-3,031	-1,554	-918
73.32 Obligated balance transferred from other accounts	4		
Unpaid obligations, end of year:			
Obligated balance:			
74.90 Fund balance		685	685
74.91 U.S. Securities: Par value		685	
74.99 Total unpaid obligations, end of year	685	685	685
Outlays (gross), detail:			
86.97 Outlays from new permanent authority	2,372	869	233
86.98 Outlays from permanent balances	659	685	685
87.00 Total outlays (gross)	3,031	1,554	918
Offsets:			
Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.20 Interest on U.S. securities	-531	-676	-785
Non-Federal sources:			
88.40 Fees and premiums	-92	-81	-72

88.40 Rebate of unearned prepaid premiums collected	287	48	16
88.40 Proceeds from sale of real property	-1,901	-962	-485
88.40 Proceeds from sale of mortgage notes	-1,321	-1,011	
88.40 Repayment of mortgage notes and sales contracts	-1	-1	-1
88.40 Interest and operating income	-31	-37	-46
88.40 Recoveries on defaulted mortgages	-237	-142	-22
88.40 Other interest, dividends and revenues		-1	-43
88.40 Payment from financing account	-2,700	-1,164	
88.40 Miscellaneous collections	-10		
88.40 Other income	65		
88.90 Total, offsetting collections (cash)	-6,472	-4,027	-1,438

Net budget authority and outlays:

89.00 Budget authority			
90.00 Outlays	-3,441	-2,473	-520

Status of Direct Loans (in millions of dollars)

Identification code 86-4070-0-3-371	1996 actual	1997 est.	1998 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	15	7	5
1251 Repayments: Repayments and prepayments	-1	-1	
1264 Write-offs for default: Other adjustments, net	-7	-1	
1290 Outstanding, end of year	7	5	5

Status of Guaranteed Loans (in millions of dollars)

Identification code 86-4070-0-3-371	1996 actual	1997 est.	1998 est.
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	96,145	121,587	107,374
2251 Repayments and prepayments	-15,754	-13,036	-11,885
Adjustments:			
2261 Terminations for default that result in loans receivable	-465	-309	-73
2262 Terminations for default that result in acquisition of property	-2,017	-784	-485
2263 Terminations for default that result in claim payments	-20	-84	-67
2264 Other adjustments, net	43,698		
2290 Outstanding, end of year	121,587	107,374	94,864
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	121,587	107,374	94,864

Addendum:

Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year	3,886	1,862	358
2331 Disbursements for guaranteed loan claims	465	309	73
2351 Repayments of loans receivable	-1,725	-1,111	-63
2361 Write-offs of loans receivable	-763	-702	-28
2364 Other adjustments, net	-1		-1
2390 Outstanding, end of year	1,862	358	339

The Federal Housing Administration Fund currently consists of four separate insurance funds.

In order to present more clearly the operations of the various funds, FHA's budget transactions are separated into two major business segments. The basic single-family insurance programs in the Mutual Mortgage Insurance Fund and the multifamily Cooperative Management Housing insurance funds (MMI/CMHI) form one segment. All other multifamily and other specialized insurance programs in the General Insurance and Special Risk Insurance funds (GI/SRI) form the other segment.

The Federal Credit Reform Act of 1990 creates a structure of three accounts for existing credit programs. For each of the FHA business segments (MMI/CMHI and GI/SRI) there is a liquidating account, which records the revenues and costs associated with loan insurance committed prior to October 1, 1991; a financing account which records the revenues and costs associated with commitments to insure loans made after

September 30, 1991; and, a program account which records the transactions associated with the program subsidy costs, if any, and the costs of administering the program.

This liquidating account records, for this program, all cash flows to and from the Government resulting from MMI/CMHI loans insured prior to fiscal year 1992, and is shown on a cash basis. All new activity in this program in 1992 and thereafter (including modifications of loans insured in any year) is recorded in the corresponding program (86-0183) and financing (86-4587 and 86-4242) accounts.

The program activity in the "Program Highlights" table shown below reflects only the activity in the MMI/CMHI liquidating and financing accounts. The GI/SRI program activity can be found with the GI/SRI liquidating account (86-4072).

PROGRAM HIGHLIGHTS

[In millions of dollars]

	1996 actual ¹	1997 est.	1998 est.
Insurance initiation:			
Mortgage insurance applications (units)	977,702	1,152,163	1,016,302
Mortgage insurance written:			
Units	739,603	810,439	737,002
Amount	59,221	65,440	60,718
Insurance maintenance: Outstanding balance of insurance in force, end of year:			
Mortgage insurance	363,995	390,979	414,967

¹ Unaudited preliminary results.

Insurance reserves from operations at the end of 1996 are estimated to be in a surplus position for the Mutual Mortgage Insurance and Cooperative Management Housing insurance funds. The status of estimated insurance reserves from operations (retained income or deficit) through 1998 for the MMI/CMHI account follows:

STATUS OF INSURANCE RESERVES FROM OPERATIONS

[In millions of dollars]

	1996 est. ¹	1997 est.	1998 est.
Insurance fund:			
Mutual mortgage/CMHI:			
Liquidating account ²	8,776	10,288	10,877
Receipt Account ²			1,414

¹ Unaudited preliminary results.

² Reflects impact from the transfer of negative subsidy from the Financing account to the Liquidating account in 1996 and 1997. Negative subsidy transfers are to the Receipt Account in 1998.

Financial condition.—The following tables reflect the revenues, expenses and financial condition of the MMI/CMHI liquidating funds based on Generally Accepted Accounting Principles.

Statement of Operations (in millions of dollars)

Identification code 86-4070-0-3-371	1995 actual ¹	1996 actual ²	1997 est.	1998 est.
0101 Revenue	2,821	2,103	1,935	958
0102 Expense	-1,123	-1,097	-421	-368
0109 Net income or loss (-)	1,698	1,006	1,514	590

¹ As reflected in the 1997 Budget.

² Estimated result on GAAP basis pending final audit.

Balance Sheet (in millions of dollars)

Identification code 86-4070-0-3-371	1995 actual ¹	1996 actual	1997 est.	1998 est.
ASSETS:				
Federal assets:				
1101 Fund balances with Treasury	495	2,905	1,724	1,728
Investments in US securities:				
Treasury securities, par:				
1102 Treasury securities, par	6,673	7,729	11,230	11,780
1102 Unamortized net premium/discount	-67	-87	-69	-69
1106 Receivables, net	123	106	106	106
1107 Advances and prepayments	72			
Non-Federal assets:				
1206 Receivables, net	159	207	207	207
1207 Advances and prepayments	12	-62	-62	-62

Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601 Direct loans, gross	15	7	6	4
1603 Allowance for estimated uncollectible loans and interest (-)	-3	-1	-1	-1
1699 Value of assets related to direct loans	12	6	5	3
1701 Defaulted guaranteed loans, gross	3,886	1,862	358	339
1703 Allowance for estimated uncollectible loans and interest (-)	-738	-495	-95	-90
1704 Defaulted guaranteed loans and interest receivable, net	3,148	1,367	263	249
1705 Allowance for uncollectibles from foreclosed property	-526	-354	-140	-71
1706 Foreclosed property	1,379	872	344	174
1799 Value of assets related to loan guarantees	4,001	1,885	467	352
1901 Other Federal assets: Other assets		18	7	15
1999 Total assets	11,480	12,707	13,615	14,060
LIABILITIES:				
2101 Federal liabilities: Accounts payable	4			
Non-Federal liabilities:				
2201 Accounts payable	496	676	567	542
2206 Pension and other actuarial liabilities	2,254	2,175	1,729	1,626
2207 Unearned revenue and advances	1,805	1,061	1,013	997
2999 Total liabilities	4,559	3,912	3,309	3,165
NET POSITION:				
3100 Appropriated capital	19	19	18	18
3300 Cumulative results of operations	6,902	8,776	10,288	10,877
3999 Total net position	6,921	8,795	10,306	10,895
4999 Total liabilities and net position	11,480	12,707	13,615	14,060

¹ As reflected in the 1997 Budget.

Object Classification (in millions of dollars)

Identification code 86-4070-0-3-371	1996 actual	1997 est.	1998 est.
25.2 Other services	246	178	177
32.0 Land and structures	2,282	943	560
33.0 Investments and loans	504	348	112
42.0 Insurance claims and indemnities	20	84	68
44.0 Refunds	1	1	1
99.0 Subtotal, direct obligations	3,053	1,554	918
99.9 Total obligations	3,053	1,554	918

FHA—GENERAL AND SPECIAL RISK PROGRAM ACCOUNT
(INCLUDING TRANSFERS OF FUNDS)

For the cost of guaranteed loans, as authorized by sections 238 and 519 of the National Housing Act (12 U.S.C. 1715z-3 and 1735c), including the cost of loan guarantee modifications (as that term is defined in section 502 of the Congressional Budget Act of 1974, as amended) [**\$85,000,000**] *\$81,000,000*, to remain available until expended: *Provided*, That these funds are available to subsidize total loan principal, any part of which is to be guaranteed, of up to \$17,400,000,000: [*Provided further*, That during fiscal year 1997, the Secretary shall sell assigned notes having an unpaid principal balance of up to \$2,500,000,000, which notes are held by the Secretary under the General Insurance and Special Risk Insurance funds:] *Provided further*, That any amounts made available in any prior appropriations Act for the cost (as such term is defined in section 502 of the Congressional Budget Act of 1974) of guaranteed loans that are obligations of the funds established under section 238 or 519 of the National Housing Act that have not been obligated or that are deobligated shall be available to the Secretary of Housing and Urban Development in connection with the making of such guarantees and shall remain available until expended, notwithstanding the expiration of any period of availability otherwise applicable to such amounts.

Gross obligations for the principal amount of direct loans, as authorized by sections 204(g), 207(l), 238(a), and 519(a) of the National Housing Act, shall not exceed \$120,000,000; of which not to exceed \$100,000,000 shall be for bridge financing in connection with the sale of multifamily real properties owned by the Secretary and for-

Credit accounts—Continued

FHA—GENERAL AND SPECIAL RISK PROGRAM ACCOUNT—Continued
(INCLUDING TRANSFERS OF FUNDS)—Continued

merly insured under such Act; and of which not to exceed \$20,000,000 shall be for loans to nonprofit and governmental entities in connection with the sale of single-family real properties owned by the Secretary and formerly insured under such Act.

In addition, for administrative expenses necessary to carry out the guaranteed and direct loan programs, **[\$207,470,000]** \$222,305,000, of which **[\$203,299,000]** \$218,134,000, including \$25,000,000 for the enforcement of housing standards on FHA-insured multifamily projects, shall be transferred to the appropriation for departmental salaries and expenses; and of which \$4,171,000 shall be transferred to the appropriation for the Office of Inspector General. (Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.)

Unavailable Collections (in millions of dollars)

Identification code 86-0200-0-1-371	1996 actual	1997 est.	1998 est.
Balance, start of year:			
01.99 Balance, subsidy downward reestimate, start of year	1,209	1,506	2,119
Receipts:			
02.01 Negative Subsidies	721	613	122
02.02 Negative Subsidies, legislative proposal			665
02.03 Downward reestimates of subsidies	110		
02.99 Total receipts	831	613	787
04.00 Total: Balances and collections	2,040	2,119	2,906
Appropriation:			
05.01 General and special risk program account	-534		
07.99 Total balance, end of year	1,506	2,119	2,906

Program and Financing (in millions of dollars)

Identification code 86-0200-0-1-371	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Guaranteed loan subsidy	143	176	154
00.02 Prior year adjustment	32		
00.03 Indirect modification subsidy	37		
00.04 FHA multi-family demonstration		30	10
00.09 Administrative expenses	202	207	222
10.00 Total obligations	414	413	386
Budgetary resources available for obligation:			
Unobligated balance available, start of year:			
Uninvested balance:			
21.40 Uncommitted	31	534	439
21.40 Administratively committed	69	56	40
21.99 Total unobligated balance, start of year	100	590	479
22.00 New budget authority (gross)	905	302	303
23.90 Total budgetary resources available for obligation	1,005	892	782
23.95 New obligations	-414	-413	-386
Unobligated balance available, end of year:			
Uninvested balance:			
24.40 Uncommitted	534	439	358
24.40 Administratively committed	56	40	38
24.99 Total unobligated balance, end of year	590	479	396

New budget authority (gross), detail:

Appropriation:			
40.00 Appropriation	202		
40.00 Indirect modification subsidy	37		
40.00 FHA multi-family demonstration	30	10	
40.00 Appropriation	85		
40.25 Appropriation (special fund, indefinite)	534	292	303
43.00 Appropriation (total)	888	302	303
50.05 Reappropriation (indefinite)	17		
70.00 Total new budget authority (gross)	905	302	303

Change in unpaid obligations:

72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	30	46	88
73.10 New obligations	414	413	386

73.20 Total outlays (gross)	-398	-371	-396
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation	46	88	78

Outlays (gross), detail:

86.90 Outlays from new current authority	307	271	283
86.93 Outlays from current balances	91	100	113
87.00 Total outlays (gross)	398	371	396

Net budget authority and outlays:

89.00 Budget authority	905	302	303
90.00 Outlays	398	371	396

Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program (in millions of dollars)

Identification code 86-0200-0-1-371	1996 actual	1997 est.	1998 est.
Direct loan levels supportable by subsidy budget authority:			
1150 Single-family PMMs	20	20	20
1150 Multifamily bridge loans	100	100	100
1159 Total direct loan levels	120	120	120
Guaranteed loan levels supportable by subsidy budget authority:			
2150 Multifamily development	1,013	1,170	1,053
2150 Refinance of FHA-insured mortgages	1,134	1,000	927
2150 Risk sharing programs	337	577	876
2150 Mixed Income		404	150
2150 Cooperatives	31	25	20
2150 Health and residential care facilities	694	1,748	2,052
2150 Neighborhood improvement program			100
2150 Small Projects		374	537
2150 Micro Loans		671	895
2150 Indian Housing		2	2
2150 Preservation	267	150	
2150 Single family, negative	7,619	8,569	8,388
2150 Title I guarantees	1,656	2,710	2,400
2159 Total loan guarantee levels	12,751	17,400	17,400
Guaranteed loan subsidy (in percent):			
2320 Multifamily development	11.96	8.78	8.51
2320 Refinance of multifamily mortgages	2.51	-0.79	-0.75
2320 Mixed Income	0.00	12.26	12.13
2320 Cooperatives	27.04	30.47	29.21
2320 Nursing Homes	-1.98	0.00	-0.70
2320 Hospitals	-3.78	0.00	1.75
2320 Preservation	-1.96	0.00	0.00
2320 234c/Other single family programs	-1.34	-1.55	-1.32
2320 Single family indian housing	0.00	9.51	9.12
2320 Title I	-1.44	-1.59	-1.50
2329 Weighted average subsidy rate	0.00	-0.21	-0.22
Guaranteed loan subsidy budget authority:			
2330 Subsidy budget authority	703	95	81
2339 Total subsidy budget authority	703	95	81
Guaranteed loan subsidy outlays:			
2340 Subsidy outlays	196	164	174
2349 Total subsidy outlays	196	164	174
Administrative expense data:			
3510 Budget authority	202	207	222
3590 Outlays from new authority	202	207	222

Multifamily Products.—This account includes budget authority for multifamily insurance programs requiring positive credit subsidies, as well as for salaries and expenses for all General and Special Risk Insurance Fund programs.

The credit subsidy appropriation of \$81 million requested for 1998 will be used in conjunction with \$71 million of carry-over budget authority to provide a total program level of \$152 million. The \$222.3 million requested in 1998 for administrative expenses includes \$25 million to support enhanced measures being undertaken to enforce standards for multifamily housing projects.

Subsidy Costs and Administrative Expenses.—As required by the Federal Credit Reform Act of 1990, this account records, for the single family, multifamily and Title I insur-

ance programs of FHA's General and Special Risk Insurance Funds, the subsidy costs associated with the loan guarantees committed or direct loans obligated in 1992 and thereafter (including modifications of loan guarantees or direct loans that resulted from obligations or commitments in any year), as well as administrative expenses of these programs. The subsidy amounts are estimated on a present value basis; the administrative expenses are accounted for on a cash basis.

Object Classification (in millions of dollars)			
Identification code 86-0200-0-1-371	1996 actual	1997 est.	1998 est.
41.0 Direct obligations: Grants, subsidies, and contributions	212	206	164
99.0 Reimbursable obligations: Subtotal, reimbursable obligations	202	207	222
99.9 Total obligations	414	413	386

FHA—GENERAL AND SPECIAL RISK GUARANTEED LOAN FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 86-4077-0-3-371	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
Capital investment, claims and other:			
00.01 Default claims and other	376	822	1,052
00.03 Working capital fund reimbursements	5	5	5
00.04 Payment of negative subsidy to receipt account	142	119	122
00.05 Interest paid to Treasury	31	42	82
00.06 Downward subsidy rate reestimate	110		
00.08 Asset sale negative subsidy payment to receipt account	534	414	
00.09 Asset sale payment to liquidating account	1,204	643	
00.10 Modification of pre-1992 guarantees, costs	37	20	20
00.11 Portfolio reengineering legislative savings			665
00.12 Waiver of PD/mortgage sale law, savings	40	80	
10.00 Total obligations	2,479	2,145	1,946
Budgetary resources available for obligation:			
21.90 Unobligated balance available, start of year: Fund balance	435	547	553
22.00 New financing authority (gross)	2,731	2,226	1,994
22.60 Redemption of debt	-140	-75	-135
23.90 Total budgetary resources available for obligation	3,026	2,698	2,412
23.95 New obligations	-2,479	-2,145	-1,946
24.90 Unobligated balance available, end of year: Fund balance	547	553	466
New financing authority (gross), detail:			
61.00 Transferred to other accounts	-100		
67.15 Authority to borrow (indefinite)	86	166	760
Spending authority from offsetting collections:			
68.00 Offsetting collections (cash)	2,788	2,060	1,234
68.10 Change in receivables from program account	-43		
68.90 Spending authority from offsetting collections (total)	2,745	2,060	1,234
70.00 Total new financing authority (gross)	2,731	2,226	1,994
Change in unpaid obligations:			
Unpaid obligations, start of year:			
72.40 Obligated balance: Appropriation	16	42	42
72.95 Receivables from program account	43		
72.99 Total unpaid obligations, start of year	59	42	42
73.10 New obligations	2,479	2,145	1,946
73.20 Total financing disbursements (gross)	-2,496	-2,145	-1,946
74.00 Unpaid obligations, end of year: Obligated balance: Appropriation	42	42	42
87.00 Total financing disbursements (gross)	2,496	2,145	1,946
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
Federal sources:			
88.00 Payments from program account	-172	-164	-174

88.00 Modification subsidy, program acct.	-37	-20	-20
88.00 Repayment of principal and interest from liquidating account	-137	-117	-117
88.00 Repayment of portfolio reengineering savings borrowed			-67
88.25 Interest on uninvested funds	-35	-27	-23
Non-Federal sources:			
88.40 Fees and premiums	-234	-379	-483
88.40 Recoveries on defaulted mortgages	-135	-276	-350
88.40 Proceeds from sale of mortgage notes	-2,038	-1,077	
88.90 Total, offsetting collections (cash)	-2,788	-2,060	-1,234
88.95 Change in receivables from program accounts	43		

Net financing authority and financing disbursements:

89.00 Financing authority	-14	166	760
90.00 Financing disbursements	-292	85	712

Status of Guaranteed Loans (in millions of dollars)

Identification code 86-4077-0-3-371	1996 actual	1997 est.	1998 est.
Position with respect to appropriations act limitation on commitments:			
2111 Limitation on guaranteed loans made by private lenders	17,400	17,400	17,400
2112 Uncommitted loan guarantee limitation	-4,649		
2150 Total guaranteed loan commitments	12,751	17,400	17,400
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	35,457	41,830	52,076
2231 Disbursements of new guaranteed loans	12,220	14,652	15,005
2251 Repayments and prepayments	-5,510	-3,646	-2,594
Adjustments:			
2261 Terminations for default that result in loans receivable	-90	-399	-552
2262 Terminations for default that result in acquisition of property	-247	-251	-295
2263 Terminations for default that result in claim payments		-110	-125
2290 Outstanding, end of year	41,830	52,076	63,515
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year	41,830	52,076	63,515
Addendum:			
Cumulative balance of defaulted guaranteed loans that result in loans receivable:			
2310 Outstanding, start of year	88	159	539
2331 Disbursements for guaranteed loan claims	90	399	552
2351 Repayments of loans receivable	-9	-19	-25
2361 Write-offs of loans receivable	-10		
2390 Outstanding, end of year	159	539	1,066

As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from loan guarantees committed in 1992 and thereafter (including modifications of loan guarantees that resulted from commitments in any year) for FHA's General and Special Risk Insurance Fund programs. The amounts in this account are a means of financing and are not included in the budget totals.

Balance Sheet (in millions of dollars) ¹

Identification code 86-4077-0-3-371	1995 actual	1996 actual	1997 est.	1998 est.
ASSETS:				
Federal assets:				
1101 Fund balances with Treasury	451	589	504	152
Investments in US securities:				
1107 Borrowings receivable from liquidating account	476	336	299	780
Net value of assets related to post-1991 acquired defaulted guaranteed loans receivable:				
1501 Defaulted guaranteed loans receivable, gross	87	159	539	1,066
1504 Foreclosed property	69	118	153	271
1505 Allowance for subsidy cost	-77	-164	-437	-850

Credit accounts—Continued

FHA—GENERAL AND SPECIAL RISK GUARANTEED LOAN FINANCING ACCOUNT—Continued

Balance Sheet (in millions of dollars)¹—Continued

Identification code 86-4077-0-3-371	1995 actual	1996 actual	1997 est.	1998 est.
1599 Net value of assets related to defaulted guaranteed loan	79	113	255	487
1999 Total assets	1,006	1,038	1,058	1,419
LIABILITIES:				
2103 Federal liabilities: Debt	476	421	385	533
2204 Non-Federal liabilities: Liabilities for loan guarantees	530	617	673	886
2999 Total liabilities	1,006	1,038	1,058	1,419
4999 Total liabilities and net position	1,006	1,038	1,058	1,419

¹ Preliminary results pending final audit. Subsidy reestimates for fiscal year 1996 disbursements will be performed for the Mid-Session review of the Budget.

FHA—GENERAL AND SPECIAL RISK DIRECT LOAN FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 86-4105-0-3-371	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Direct loans		40	120
00.02 Interest paid to Treasury		3	10
10.00 Total obligations		43	130
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested balance			2
22.00 New financing authority (gross)		45	142
23.90 Total budgetary resources available for obligation		45	144
23.95 New obligations		-43	-130
24.40 Unobligated balance available, end of year:			
Uninvested balance		2	14
New financing authority (gross), detail:			
67.15 Authority to borrow (indefinite)		40	120
68.00 Spending authority from offsetting collections: Offsetting collections (cash)		5	22
70.00 Total new financing authority (gross)		45	142
Change in unpaid obligations:			
73.10 New obligations		43	130
73.20 Total financing disbursements (gross)		-43	-130
87.00 Total financing disbursements (gross)		43	130
Offsets:			
Against gross financing authority and financing disbursements:			
88.40 Offsetting collections (cash) from: Interest received on loans		-5	-22
Net financing authority and financing disbursements:			
89.00 Financing authority		40	120
90.00 Financing disbursements		38	108

Status of Direct Loans (in millions of dollars)

Identification code 86-4105-0-3-371	1996 actual	1997 est.	1998 est.
Position with respect to appropriations act limitation on obligations:			
1111 Limitation on direct loans	120	120	120
1112 Unobligated direct loan limitation	-120	-80	
1150 Total direct loan obligations		40	120
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year			40
1231 Disbursements: Direct loan disbursements		40	120
1251 Repayments: Repayments and prepayments			-20

1290 Outstanding, end of year	40	140
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As required by the Federal Credit Reform Act of 1990, this non-budgetary account records all cash flows to and from the Government resulting from direct loans obligated in 1992 and thereafter (including loan modifications) for FHA's General and Special Risk Insurance Fund programs. The amounts in this account are a means of financing and are not included in the budget totals.

This schedule includes two direct loan programs. One provides bridge loan financing to facilitate the disposition of multifamily housing owned by the Department to non-profit organizations who agree to preserve it as affordable rental or cooperative housing. The second is a single-family direct loan program for purchase money mortgages, as discussed in the preceding section for the Mutual Mortgage Insurance Fund.

Balance Sheet (in millions of dollars)

Identification code 86-4105-0-3-371	1995 actual	1996 actual	1997 est.	1998 est.
ASSETS:				
Net value of assets related to post-1991 direct loans receivable:				
1401 Direct loans receivable, gross			40	140
1499 Net present value of assets related to direct loans			40	140
1999 Total assets			40	140
LIABILITIES:				
2103 Federal liabilities: Treasury borrowing			40	140
2999 Total liabilities			40	140
4999 Total liabilities and net position			40	140

FHA—LOAN GUARANTEE RECOVERY FUND—FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 86-4106-0-3-371	1996 actual	1997 est.	1998 est.
Budgetary resources available for obligation:			
21.90 Unobligated balance available, start of year: Fund balance			4
22.00 New financing authority (gross)		4	1
23.90 Total budgetary resources available for obligation		4	5
24.90 Unobligated balance available, end of year: Fund balance		4	5
New financing authority (gross), detail:			
68.00 Spending authority from offsetting collections (gross): Offsetting collections (cash)		4	1
Offsets:			
Against gross financing authority and financing disbursements:			
88.00 Offsetting collections (cash) from: Federal sources		-4	-1
Net financing authority and financing disbursements:			
89.00 Financing authority			
90.00 Financing disbursements		-4	-1

Status of Guaranteed Loans (in millions of dollars)

Identification code 86-4106-0-3-371	1996 actual	1997 est.	1998 est.
Position with respect to appropriations act limitation on commitments:			
2111 Limitation on guaranteed loans made by private lenders		10	
2150 Total guaranteed loan commitments		10	
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year			7
2231 Disbursements of new guaranteed loans		7	3
2290 Outstanding, end of year		7	10

Memorandum:

2299	Guaranteed amount of guaranteed loans outstanding, end of year	7	10
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Section 4 of the Church Arson Prevention Act of 1996 (P.L. 104-155), entitled "Loan Guarantee Recovery Fund," authorizes the Secretary of Housing and Urban Development to guarantee loans made by financial institutions to assist certain nonprofit organizations that have been damaged as a result of acts of arson or terrorism.

FHA—GENERAL AND SPECIAL RISK INSURANCE FUNDS LIQUIDATING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 86-4072-0-3-371	1996 actual	1997 est.	1998 est.	
Obligations by program activity:				
Operating expenses:				
00.02	Interest on debentures	18	19	20
00.03	Other operating costs	41	148	148
00.04	Working capital fund reimbursements	13	15	15
00.05	Legislative savings repayments	138	117	117
00.91	Total operating expenses	210	299	300
Capital investment: Claims and other:				
01.01	Acquisition of defaulted Title I notes	36	36	36
01.02	Assignment of defaulted mortgages	210	372	1,152
01.03	Acquisition of real properties	299	112	89
01.04	Rehabilitation of real properties .....	.....	236	140
01.06	Assignment of current mortgages .....	.....	1	1
01.07	Capitalized property expenses	182	97	117
01.08	Loss on defaulted guaranteed loans	23	66	287
01.10	Tax advances on held mortgages	70	70	70
01.11	Claims, other .....	.....	17	13
01.91	Total capital investment	820	1,007	1,905
10.00	Total obligations	1,030	1,306	2,205
Budgetary resources available for obligation:				
Unobligated balance available, start of year:				
21.40	Uninvested balance	1,637	1,818	2,143
21.91	U.S. Securities: Par value	5	7	7
21.99	Total unobligated balance, start of year	1,642	1,825	2,150
22.00	New budget authority (gross)	2,134	1,697	775
22.10	Resources available from recoveries of prior year obligations	18	.....	.....
22.60	Redemption of debt	-70	-66	-66
22.70	Balance of permanent authority withdrawn	-869	.....	.....
23.90	Total budgetary resources available for obligation	2,855	3,456	2,859
23.95	New obligations	-1,030	-1,306	-2,205
Unobligated balance available, end of year:				
24.40	Uninvested balance	1,818	2,143	647
24.91	U.S. Securities: Par value	7	7	7
24.99	Total unobligated balance, end of year	1,825	2,150	654
New budget authority (gross), detail:				
62.00	Transferred from other accounts	100	.....	.....
67.15	Authority to borrow (indefinite)	66	66	66
68.00	Spending authority from offsetting collections: Offsetting collections (cash)	1,968	1,631	709
70.00	Total new budget authority (gross)	2,134	1,697	775
Change in unpaid obligations:				
72.90	Unpaid obligations, start of year: Obligated balance: Net obligated balance: Fund balance	366	278	278
73.10	New obligations	1,030	1,306	2,205
73.20	Total outlays (gross)	-1,096	-1,306	-2,205
73.31	Obligated balance transferred to other accounts	-4	.....	.....
73.45	Adjustments in unexpired accounts	-18	.....	.....
74.90	Unpaid obligations, end of year: Obligated balance	278	278	278
Outlays (gross), detail:				
86.97	Outlays from new permanent authority	731	66	757
86.98	Outlays from permanent balances	365	1,240	1,448
87.00	Total outlays (gross)	1,096	1,306	2,205

Offsets:

Against gross budget authority and outlays:				
Offsetting collections (cash) from:				
Non-Federal sources:				
88.40	Fees and premiums	-245	-219	-205
88.40	Rebates of insurance premiums	8	8	8
88.40	Multifamily foreclosure sales .....	.....	-42	-96
88.40	Proceeds from sale of real property	-261	-128	-132
88.40	Proceeds from sale of mortgage notes	-1,204	-643	.....
88.40	Mortgage sale accounting adjustment	323	-323	.....
88.40	Prior year adjustment	-5	.....	.....
88.40	Recoveries on defaulted mortgages	-284	-14	-14
88.40	Interest and operating income	-210	-221	-225
88.40	Recoveries on defaulted Title I mortgages	-19	-17	-14
88.40	Other interest, dividends and revenue	-34	-12	-11
88.40	Modification subsidy	-37	-20	-20
88.90	Total, offsetting collections (cash)	-1,968	-1,631	-709

Net budget authority and outlays:

89.00	Budget authority	166	66	66
90.00	Outlays	-872	-325	1,496

Summary of Budget Authority and Outlays

[In millions of dollars]

	1996 actual	1997 est.	1998 est.
Enacted/requested:			
Budget Authority	166	66	66
Outlays	-872	-325	1,496
Legislative proposal, not subject to PAYGO:			
Budget Authority .....	.....	.....	523
Outlays .....	.....	.....	523
Total:			
Budget Authority	166	66	589
Outlays	-872	-325	2,019

Status of Direct Loans (in millions of dollars)

Identification code 86-4072-0-3-371	1996 actual	1997 est.	1998 est.	
Cumulative balance of direct loans outstanding:				
1210	Outstanding, start of year	107	97	85
1251	Repayments: Repayments and prepayments	-8	-9	-7
1264	Write-offs for default: Other adjustments, net	-2	-3	-2
1290	Outstanding, end of year	97	85	76

Status of Guaranteed Loans (in millions of dollars)

Identification code 86-4072-0-3-371	1996 actual	1997 est.	1998 est.	
Cumulative balance of guaranteed loans outstanding:				
2210	Outstanding, start of year	53,756	49,346	46,247
2251	Repayments and prepayments	-3,843	-2,531	-1,387
Adjustments:				
2261	Terminations for default that result in loans receivable	-246	-408	-1,188
2262	Terminations for default that result in acquisition of property	-298	-112	-89
2263	Terminations for default that result in claim payments	-23	-48	-287
2290	Outstanding, end of year	49,346	46,247	43,296

Memorandum:

2299	Guaranteed amount of guaranteed loans outstanding, end of year	49,346	46,247	43,296
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Addendum:

Cumulative balance of defaulted guaranteed loans that result in loans receivable:				
2310	Outstanding, start of year	5,234	2,933	1,801
2331	Disbursements for guaranteed loan claims	246	408	1,188
2351	Repayments of loans receivable	-395	-142	-313
2361	Write-offs of loans receivable	-1,271	-755	-152
2364	Other adjustments, net	-881	-643	.....
2390	Outstanding, end of year	2,933	1,801	2,524

The General insurance fund provides for a large number of specialized mortgage insurance programs, including the insurance of loans for property improvements as well as for cooperatives, condominiums, housing for the elderly, rental housing and nonprofit hospitals.

Credit accounts—Continued

FHA—GENERAL AND SPECIAL RISK INSURANCE FUNDS LIQUIDATING ACCOUNT—Continued

The *Special risk insurance fund* provides mortgage insurance on behalf of mortgagors eligible for interest reduction payments who otherwise would not be eligible for mortgage insurance. In addition, the fund provides insurance on mortgages covering experimental housing where strict adherence to State or local building regulations was not observed. Insurance is also provided for high-risk mortgagors who normally would not be eligible for mortgage insurance.

Budget program.—As required by the Federal Credit Reform Act of 1990, this account records, for this program, all cash flows to and from the Government resulting from loan guarantees committed and direct loans obligated prior to 1992. This account is shown on a cash basis. New insurance and direct loan activity in 1992 and thereafter in the GI/SRI programs is recorded in corresponding program (86–0200) and financing (86–4077 and 86–4105) accounts.

The program activities in the “Program Highlights” table shown below reflect the consolidated activity of the GI/SRI accounts.

PROGRAM HIGHLIGHTS

[In millions of dollars]

	1996 actual	1997 est.	1998 est.
Insurance commitments:			
Mortgage insurance applications (units)	300,794	402,018	434,744
Mortgage and loan insurance written:			
Units	301,730	370,341	407,501
Amount	12,220	14,602	14,988
Insurance maintenance: Outstanding balance of insurance in force, end of year:			
Mortgage insurance	95,386	103,367	110,878

Financial Condition.—The following tables reflect the revenues, expenses, and financial condition of the GI/SRI Liquidating Account based on Generally Accepted Accounting Principles.

Statement of Operations (in millions of dollars)

Identification code 86–4072–0–3–371	1995 actual ¹	1996 actual ²	1997 est.	1998 est.
0101 Revenue	517	370	359	322
0102 Expense	–563	–167	–271	–1,821
0109 Net income or loss (–)	–46	203	88	–1,499

¹ As reflected in the 1997 Budget.
² Preliminary results pending final audit.

Balance Sheet (in millions of dollars)

Identification code 86–4072–0–3–371	1995 actual ¹	1996 actual	1997 est.	1998 est.
ASSETS:				
Federal assets:				
1101 Fund balances with Treasury	1,134	2,092	2,392	871
Investments in US securities:				
1102 Treasury securities, par	5	7	7	7
1106 Receivables, net	3	16	16	16
1107 Advances and prepayments	20			
Non-Federal assets:				
1206 Receivables, net	98	175	175	175
1207 Advances and prepayments	75			
Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601 Direct loans, gross	107	97	85	76
1603 Allowance for estimated uncollectible loans and interest (–)	–22	–21	–18	–16
1699 Value of assets related to direct loans	85	76	67	60
1701 Defaulted guaranteed loans, gross	5,201	2,940	1,801	2,523

1703 Allowance for estimated uncollectible loans and interest (–)	–2,460	–1,957	–1,198	–1,678
1704 Defaulted guaranteed loans and interest receivable, net	2,741	983	603	845
1705 Allowance for uncollectibles from foreclosed property	–543	–479	–293	–371
1706 Foreclosed property	734	632	387	490
1799 Value of assets related to loan guarantees	2,932	1,136	697	964
1901 Other Federal assets: Other assets	38		236	
1999 Total assets	4,390	3,502	3,590	2,093
LIABILITIES:				
Federal liabilities:				
2101 Accounts payable	63	373	373	373
2102 Interest payable	6			
2104 Resources payable to Treasury	86			
Non-Federal liabilities:				
2201 Accounts payable	131	131	131	131
2202 Interest payable	21			
2203 Debt	408	82	82	82
2206 Pension and other actuarial liabilities	9,997	8,890	8,890	8,890
Other:				
2207 Unearned revenue and advances ...	380	111	111	111
2207 Other	50	209	209	209
2999 Total liabilities	11,142	9,796	9,796	9,796
NET POSITION:				
3100 Appropriated capital	6,287	5,350	5,350	5,350
3300 Cumulative results of operations	–20,510	–19,115	–19,026	–20,525
3600 Debt forgiveness	7,471	7,471	7,471	7,471
3999 Total net position	–6,752	–6,294	–6,205	–7,704
4999 Total liabilities and net position	4,390	3,502	3,591	2,092

¹ As reflected in 1997 Budget.

Object Classification (in millions of dollars)

Identification code 86–4072–0–3–371	1996 actual	1997 est.	1998 est.
25.2 Other services	55	164	164
32.0 Land and structures	299	348	229
33.0 Investments and loans	246	426	1,433
42.0 Insurance claims and indemnities	275	233	244
43.0 Interest and dividends	18	18	18
44.0 Repayments to financing account	137	117	117
99.9 Total obligations	1,030	1,306	2,205

FHA—GENERAL AND SPECIAL RISK INSURANCE FUNDS LIQUIDATING ACCOUNT

(Legislative proposal, not subject to PAYGO)

Program and Financing (in millions of dollars)

Identification code 86–4072–2–3–371	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
Capital investment: Claims and other:			
01.01 Change to baseline claims			449
01.02 Change to repair and holding costs			–19
01.03 Legislative savings repayments			67
01.91 Total capital investment			497
10.00 Total obligations			497
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			497
23.95 New obligations			–497
New budget authority (gross), detail:			
60.05 Appropriation (indefinite)			523
68.00 Spending authority from offsetting collections: Change to offsetting collections (cash)			–26
70.00 Total new budget authority (gross)			497
Change in unpaid obligations:			
73.10 New obligations			497
73.20 Total outlays (gross)			–497
Outlays (gross), detail:			
86.97 Outlays from new permanent authority			497

Offsets:			
	Against gross budget authority and outlays:		
88.40	Offsetting collections (cash) from: Change to recoveries on defaults	26	
Net budget authority and outlays:			
89.00	Budget authority	523	
90.00	Outlays	523	

Object Classification (in millions of dollars)			
Identification code 86-4072-2-3-371	1996 actual	1997 est.	1998 est.
32.0	Land and structures		-19
33.0	Investments and loans		449
44.0	Repayment to financing account		67
99.9	Total obligations		497

HOUSING FOR THE ELDERLY OR HANDICAPPED FUND LIQUIDATING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 86-4115-0-3-371	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
Capital investment:			
00.01	Housing for the elderly or handicapped loans	3	14
00.02	Maintenance security and collateral	2	4
00.91	Capital Investment, Subtotal	5	18
01.01	Operating expenses: Interest on borrowings	572	435
10.00	Total obligations	577	453

Budgetary resources available for obligation:			
21.90	Unobligated balance available, start of year: Fund balance	315	462
22.00	New budget authority (gross)	722	751
22.10	Resources available from recoveries of prior year obligations	2	
23.90	Total budgetary resources available for obligation	1,039	1,213
23.95	New obligations	-577	-453
24.90	Unobligated balance available, end of year: Fund balance	462	760

New budget authority (gross), detail:			
60.05	Appropriation (indefinite)	805	735
60.47	Portion applied to debt reduction	-805	-735
63.00	Appropriation (total)		
68.00	Spending authority from offsetting collections: Offsetting collections (cash)	722	751
70.00	Total new budget authority (gross)	722	751

Change in unpaid obligations:			
72.90	Unpaid obligations, start of year: Obligated balance: Fund balance	390	425
73.10	New obligations	577	453
73.20	Total outlays (gross)	-540	-627
73.45	Adjustments in unexpired accounts	-2	
74.90	Unpaid obligations, end of year: Obligated balance: Fund balance	425	251

Outlays (gross), detail:			
86.97	Outlays from new permanent authority	540	627

Offsets:			
	Against gross budget authority and outlays:		
88.40	Offsetting collections (cash) from: Non-Federal sources	-722	-751
Net budget authority and outlays:			
89.00	Budget authority		
90.00	Outlays	-182	-124

Status of Direct Loans (in millions of dollars)			
Identification code 86-4115-0-3-371	1996 actual	1997 est.	1998 est.
Cumulative balance of direct loans outstanding:			
1210	Outstanding, start of year	8,331	8,306

1231	Disbursements: Direct loan disbursements	2	189	
1251	Repayments: Repayments and prepayments	-71	-71	-72
1264	Write-offs for default: Other adjustments, net	44		
1290	Outstanding, end of year	8,306	8,424	8,352

Note.—Amounts for direct loan obligations reflect reservations of section 202 funds. Loan obligations shown under the program and financing schedule reflect loans that have reached the initial closing stage of processing.

The Housing for the Elderly or Handicapped Fund was established pursuant to section 202 of the Housing Act of 1959, as amended. The fund provided direct loans to nonprofit organizations building and managing housing projects for lower income persons who are elderly or disabled.

Projects must include an assured range of necessary services for the occupants of such projects. In addition, the section 8 lower income housing assistance payments program has been used in conjunction with the section 202 program. Applications under the two programs have been processed simultaneously.

The data included in these schedules represent direct loan activities funded under the Housing for the Elderly or Handicapped Loan Fund. Further, activities in support of the needs of the elderly and disabled have been carried out under a grant program funded in the 1991 Appropriations Act (P.L. 101-507) and authorized in the National Affordable Housing Act (P.L. 101-625).

After April 1, 1992, all projects for which there were administrative reservations converted to the capital advance assistance program.

For FY 1998, funding is being requested for assistance on behalf of the elderly and disabled under the Housing for Special Populations Account.

The program and financing schedule for this account summarizes the Federal government's obligations for this loan program. The amounts reflected in the following summary of administrative commitments reflect outstanding section 202 fund reservations, whereas, the obligations portion of the program and financing schedule reflects commitments which have reached the initial loan closing stage of processing.

SUMMARY OF ADMINISTRATIVE COMMITMENTS

[In millions of dollars]

Program by activities:	1996 actual	1997 est.	1998 est.
Capital investment:			
Administrative commitments, start of year	17	14	
Recovery of prior year obligations	4		
Administrative commitments, end of year	-14		
Subtotal, capital investment-loan obligations	3	14	
Other expenses (Fee inspection)			
Capital investment:			
Loan obligations	3	14	
Maintenance security and collateral	2	4	4
Total capital investment	5	18	4

Financing.—Repayments and interest income from loans continue to be available to pay for commitments of the fund.

Statement of Operations (in millions of dollars)

Identification code 86-4115-0-3-371	1995 actual	1996 actual	1997 est.	1998 est.
0101	Revenue	672	700	680
0102	Expense	-551	-573	-439
0109	Net income or loss (-)	121	127	241

Balance Sheet (in millions of dollars)

Identification code 86-4115-0-3-371	1995 actual	1996 actual	1997 est.	1998 est.
ASSETS:				
1101	Federal assets: Fund balances with Treasury	705	887	1,011
1206	Non-Federal assets: Receivables, net	167	83	

Credit accounts—Continued

HOUSING FOR THE ELDERLY OR HANDICAPPED FUND LIQUIDATING ACCOUNT—Continued

Balance Sheet (in millions of dollars)—Continued

Identification code 86-4115-0-3-371	1995 actual	1996 actual	1997 est.	1998 est.
Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601 Direct loans, gross	8,331	8,306	8,424	8,353
1603 Allowance for estimated uncollectible loans and interest (-)	-18	-20	-20	-20
1604 Direct loans and interest receivable, net	8,313	8,286	8,404	8,333
1699 Value of assets related to direct loans	8,313	8,286	8,404	8,333
1901 Other Federal assets: Other assets	-7	1		
1999 Total assets	9,178	9,257	9,415	9,655
LIABILITIES:				
Federal liabilities:				
2102 Interest payable	275	291	222	184
2104 Resources payable to Treasury	142	8	8	8
2207 Non-Federal liabilities: Other	7,714	6,909	6,174	5,293
2999 Total liabilities	8,131	7,208	6,404	5,485
NET POSITION:				
3100 Appropriated capital	1,183	2,021	2,756	3,637
3300 Cumulative results of operations	-137	28	256	534
3999 Total net position	1,046	2,049	3,011	4,170
4999 Total liabilities and net position	9,177	9,257	9,416	9,656

Object Classification (in millions of dollars)

Identification code 86-4115-0-3-371	1996 actual	1997 est.	1998 est.
32.0 Land and structures	2	4	4
33.0 Investments and loans	3	14	
43.0 Interest and dividends	572	435	361
99.9 Total obligations	577	453	365

NONPROFIT SPONSOR ASSISTANCE LIQUIDATING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 86-4042-0-3-604	1996 actual	1997 est.	1998 est.
Budgetary resources available for obligation:			
21.90 Unobligated balance available, start of year: Fund balance	6	6	6
23.95 New obligations			
24.90 Unobligated balance available, end of year: Fund balance	6	6	6
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays			

Status of Direct Loans (in millions of dollars)

Identification code 86-4042-0-3-604	1996 actual	1997 est.	1998 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	1	1	1
1290 Outstanding, end of year	1	1	1

As required by the Federal Credit Reform Act of 1990, this account records, for this program, all cash flows to and from the Government resulting from direct loans obligated prior to 1992. This account is shown on a cash basis.

The Nonprofit Sponsor Assistance fund provided interest-free loans to nonprofit organizations to plan housing projects to be financed under the section 202 housing for the elderly or disabled program.

Balance Sheet (in millions of dollars)

Identification code 86-4042-0-3-604	1995 actual	1996 actual	1997 est.	1998 est.
ASSETS:				
1101 Federal assets: Fund balances with Treasury	6	6	6	6
Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601 Direct loans, gross	1	1	1	1
1603 Allowance for estimated uncollectible loans and interest (-)	-1	-1	-1	-1
1999 Total assets	6	6	6	6
NET POSITION:				
3300 Cumulative results of operations	6	6	6	6
3999 Total net position	6	6	6	6
4999 Total liabilities and net position	6	6	6	6

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

Federal Funds

The Housing and Urban Development Act of 1968 authorized the Government National Mortgage Association (Ginnie Mae) to guarantee the timely payment of principal and interest on privately issued securities that are backed by pools of FHA, Veterans Affairs (VA) and Rural Housing Service mortgages. The Ginnie Mae guarantee gives lenders access to the capital markets for funds to originate new loans. New FHA and VA loans are currently pooled into Ginnie Mae securities.

Financing.—Ginnie Mae issuers are assessed commitment, guarantee and other fees to cover costs incurred by Ginnie Mae and to fund a reserve against possible future payments under the guarantee.

Operating results.—Fee collections, interest, and other income are expected to exceed expenses by \$23 million and \$60 million in 1997 and 1998 respectively.

MANAGEMENT AND LIQUIDATING FUNCTIONS FUND

Program and Financing (in millions of dollars)

Identification code 86-4016-0-3-371	1996 actual	1997 est.	1998 est.
Budgetary resources available for obligation:			
21.91 Unobligated balance available, start of year: U.S. Securities: Par value	15		
22.40 Capital transfer to general fund	-15		
23.90 Total budgetary resources available for obligation			
23.95 New obligations			
24.91 Unobligated balance available, end of year: U.S. Securities: Par value			
Outlays (gross), detail:			
86.97 Outlays from new permanent authority			
86.98 Outlays from permanent balances			
87.00 Total outlays (gross)			
Net budget authority and outlays:			
89.00 Budget authority			
90.00 Outlays			

Budget program.—The remaining \$15 million portfolio in the Management and Liquidating Functions Fund was redeemed at par value plus accrued interest on January 1, 1996, on which date interest ceased. Debentures and interest earned of \$15.4 million was transferred to the Treasury Department.

Statement of Operations (in millions of dollars)

Identification code 86-4016-0-3-371	1995 actual	1996 actual	1997 est.	1998 est.
0101 Revenue	1			
0102 Expense				
0109 Net income or loss (-)	1			

Balance Sheet (in millions of dollars)

Identification code 86-4016-0-3-371	1995 actual	1996 actual	1997 est.	1998 est.
ASSETS:				
Investments in US securities:				
1104 Federal assets: Agency securities, par	15			
1999 Total assets	15			
NET POSITION:				
3300 Cumulative results of operations	15			
3999 Total net position	15			
4999 Total liabilities and net position	15			

Credit accounts:

GUARANTEES OF MORTGAGE-BACKED SECURITIES LOAN GUARANTEE PROGRAM ACCOUNT

(INCLUDES TRANSFER OF FUNDS)

During fiscal year [1997] 1998, new commitments to issue guarantees to carry out the purposes of section 306 of the National Housing Act, as amended (12 U.S.C. 1721(g)), shall not exceed \$[110,000,000,000] \$130,000,000,000.

For administrative expenses necessary to carry out the guaranteed mortgage-backed securities program, \$9,383,000, to be derived from the Ginnie Mae-guarantees of mortgage-backed securities guaranteed loan receipt account, of which not to exceed \$9,383,000 shall be transferred to the appropriation for salaries and expenses.

[During fiscal year 1996 and in addition to commitments previously provided, additional commitments to issue guarantees to carry out section 306 of the National Housing Act, as amended (12 U.S.C. 1721(g)), shall not exceed \$20,000,000,000.] (Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.)

Unavailable Collections (in millions of dollars)

Identification code 86-0186-0-1-371	1996 actual	1997 est.	1998 est.
Balance, start of year:			
01.99 Balance, start of year			
Receipts:			
02.01 Guarantees of mortgage backed securities guarantee loans, negative subsidies	9	9	81
Appropriation:			
05.01 Guarantees of mortgage-backed securities loan guarantee program account	-9	-9	-9
07.99 Total balance, end of year			72

Program and Financing (in millions of dollars)

Identification code 86-0186-0-1-371	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
10.00 Total obligations (object class 25.2)	9	9	9
Budgetary resources available for obligation:			
22.00 New budget authority (gross)	9	9	9
23.95 New obligations	-9	-9	-9
New budget authority (gross), detail:			
40.25 Appropriation (special fund, indefinite)	9	9	9
Change in unpaid obligations:			
73.10 New obligations	9	9	9
73.20 Total outlays (gross)	-9	-9	-9
Outlays (gross), detail:			
86.90 Outlays from new current authority	9	9	9
86.93 Outlays from current balances			

87.00 Total outlays (gross)	9	9	9
Net budget authority and outlays:			
89.00 Budget authority	9	9	9
90.00 Outlays	9	9	9

Summary of Loan Levels, Subsidy Budget Authority and Outlays by Program (in millions of dollars)

Identification code 86-0186-0-1-371	1996 actual	1997 est.	1998 est.
Guaranteed loan levels supportable by subsidy budget authority:			
2159 Total loan guarantee levels	130,000	110,000	130,000
Guaranteed loan subsidy (in percent):			
2320 Subsidy rate	0.00	0.00	-0.32
Guaranteed loan subsidy budget authority:			
2339 Total subsidy budget authority	-9	-9	-9
Guaranteed loan subsidy outlays:			
2349 Total subsidy outlays	-9	-9	-9

The schedule above reflects new methodology under credit reform for GNMA. During transition to the new methodology, negative subsidy will not match disbursement from the GNMA financing account to the GNMA receipt account.

As required by the Federal Credit Reform Act of 1990, this account records the administrative expenses of this program. The administrative expenses are estimated on a cash basis.

GUARANTEES OF MORTGAGE-BACKED SECURITIES FINANCING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 86-4240-0-3-371	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Payment to receipt account for administration	9	9	9
00.02 Payment to receipt account for negative subsidy			45
00.03 Payment to receipt account for multi-class savings proposals			27
00.04 Operating expenses			15
00.05 Capital investment			6
10.00 Total obligations (object class 25.2)	9	9	102
Budgetary resources available for obligation:			
21.90 Unobligated balance available, start of year: Fund balance	99	127	150
22.00 New financing authority (gross)	37	32	102
23.90 Total budgetary resources available for obligation	136	159	252
23.95 New obligations	-9	-9	-102
24.90 Unobligated balance available, end of year: Fund balance	127	150	150
New financing authority (gross), detail:			
68.00 Spending authority from offsetting collections (gross):			
Offsetting collections (cash)	37	32	102
Change in unpaid obligations:			
72.47 Unpaid obligations, start of year: Obligated balance:			
Authority to borrow	-6		
73.10 New obligations	9	9	102
73.20 Total financing disbursements (gross)	-3	-9	-102
74.47 Unpaid obligations, end of year: Obligated balance:			
Authority to borrow			
87.00 Total financing disbursements (gross)	3	9	102
Offsets:			
Against gross financing authority and financing disbursements:			
Offsetting collections (cash) from:			
88.25 Interest on uninvested funds	-8	-2	-2
88.40 Non-Federal sources: Commitment and other fees	-29	-30	-100
88.90 Total, offsetting collections (cash)	-37	-32	-102
Net financing authority and financing disbursements:			
89.00 Financing authority			

Credit accounts—Continued

GUARANTEES OF MORTGAGE-BACKED SECURITIES FINANCING ACCOUNT—Continued

Program and Financing (in millions of dollars)—Continued

Identification code 86-4240-0-3-371	1996 actual	1997 est.	1998 est.
90.00 Financing disbursements	-35	-23	

Status of Direct Loans (in millions of dollars)

Identification code 86-4240-0-3-371	1996 actual	1997 est.	1998 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year			
1232 Disbursements: Purchase of loans assets from the public			5
1252 Repayments: Proceeds from loan asset sales to the public or discounted			-5
1290 Outstanding, end of year			

Status of Guaranteed Loans (in millions of dollars)

Identification code 86-4240-0-3-371	1996 actual	1997 est.	1998 est.
Position with respect to appropriations act limitation on commitments:			
2111 Limitation on guaranteed loans made by private lenders	130,000	110,000	130,000
2112 Uncommitted loan guarantee limitation	-20,000		
2150 Total guaranteed loan commitments	110,000	110,000	130,000
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year			
2231 Disbursements of new guaranteed loans			75,799
2251 Repayments and prepayments			
2290 Outstanding, end of year			75,799
Memorandum:			
2299 Guaranteed amount of guaranteed loans outstanding, end of year			

Balance Sheet (in millions of dollars)

Identification code 86-4240-0-3-371	1995 actual	1996 actual	1997 est.	1998 est.
ASSETS:				
1101 Federal assets: Fund balances with Treasury	93	127	137	149
1206 Non-Federal assets: Receivables, net	6			105
1999 Total assets	99	127	137	254
NET POSITION:				
3300 Cumulative results of operations	99	127	137	254
3999 Total net position	99	127	137	254

Note.—GNMA guarantees the timely payment of principal and interest installments on securities which are backed by FHA-insured, FmHA-insured, and VA-guaranteed mortgages. Such guarantees are excluded from the Government total of guaranteed obligations duplicating FHA, FmHA, and VA guarantees.

GUARANTEES OF MORTGAGE-BACKED SECURITIES LIQUIDATING ACCOUNT

Program and Financing (in millions of dollars)

Identification code 86-4238-0-3-371	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
Operating expenses:			
00.02 Functional services	12	13	13
00.03 Default expenses	8	9	8
00.04 Servicing expenses	9	10	10
00.05 Other expenses	15	20	19
00.06 REMIC expenses	4	5	6
00.91 Total operating expenses	48	57	56
Capital investment:			
01.01 Advances of guaranty payments	129	145	111

01.02 Real estate owned properties	13	13	12
01.91 Total capital investment	142	158	123
10.00 Total obligations	190	215	179

Budgetary resources available for obligation:

Unobligated balance available, start of year:			
21.90 Treasury balance	87	82	52
U.S. Securities:			
Par value:			
21.91 Par value	4,211	4,762	5,341
21.91 Par value (REMICs)	-17		
21.99 Total unobligated balance, start of year	4,281	4,844	5,393
22.00 New budget authority (gross)	753	765	735
23.90 Total budgetary resources available for obligation	5,034	5,609	6,128
23.95 New obligations	-190	-215	-179
Unobligated balance available, end of year:			
24.90 Fund balance	82	52	45
24.91 U.S. Securities: Par value	4,762	5,341	5,903
24.99 Total unobligated balance, end of year	4,844	5,393	5,948

New budget authority (gross), detail:

Spending authority from offsetting collections:			
Offsetting collections (cash):			
68.00 Offsetting collections (cash)	742	743	714
68.00 Spending authority from offsetting collections (REMICs)	11	22	21
68.90 Spending authority from offsetting collections (total)	753	765	735
70.00 Total new budget authority (gross)	753	765	735

Change in unpaid obligations:

72.47 Unpaid obligations, start of year: Obligated balance:			
Orders on hand from Federal sources	-87	-78	-48
73.10 New obligations	190	215	179
73.20 Total outlays (gross)	-181	-185	-173
74.47 Unpaid obligations, end of year: Obligated balance:			
Orders on hand from Federal Sources	-78	-48	-41

Outlays (gross), detail:

86.98 Outlays from permanent balances	181	185	173
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Offsets:

Against gross budget authority and outlays:			
Offsetting collections (cash) from:			
88.20 Interest on U.S. securities	-264	-261	-277
Non-Federal sources:			
88.40 Guarantee fees	-305	-311	-297
88.40 Repayments of guaranteed payments	-120	-130	-102
88.40 Commitment and other fees	-17	-28	-27
88.40 Servicing income	-16	-16	-15
88.40 Receipts from sale of REO properties and mobile home units	-11	-11	-10
88.40 Repayments on mortgages	-12		
88.40 Sale of servicing rights	-8	-8	-7
88.90 Total, offsetting collections (cash)	-753	-765	-735

Net budget authority and outlays:

89.00 Budget authority			
90.00 Outlays	-571	-580	-562

Status of Direct Loans (in millions of dollars)

Identification code 86-4238-0-3-371	1996 actual	1997 est.	1998 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	333	321	327
1232 Disbursements: Purchase of loans assets from the public	128	144	111
1252 Repayments: Proceeds from loan asset sales to the public or discounted	-140	-138	-109
1290 Outstanding, end of year	321	327	329

Status of Guaranteed Loans (in millions of dollars)

Identification code 86-4238-0-3-371	1996 actual	1997 est.	1998 est.
Cumulative balance of guaranteed loans outstanding:			
2210 Outstanding, start of year	463,848	497,433	533,333

2231	Disbursements of new guaranteed loans	101,540	79,560	.....
2251	Repayments and prepayments	-67,955	-43,660	-45,465
2290	Outstanding, end of year	497,433	533,333	487,868
Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	497,433	503,333	487,868

Budget Program.—Program activity is summarized below:

Mortgage-backed Securities

[In millions of dollars]

	1996 actual	1997 est.	1998 est.
Commitment limitation	130,000	110,000	*
Commitments issued	110,000	110,000	*
Guarantees issued	101,540	79,560	*
Securities outstanding	497,423	533,333	*

* 1998 figures are reflected in the GNMA financing account.

Operating results.—Fee collections, interest, and other income are expected to exceed expenses by \$570 million in 1996 and \$570 million in 1997 and 1998, respectively. These amounts will be retained to cover future year expenses and as a reserve against losses that may be incurred on guarantees.

Statement of Operations (in millions of dollars)

Identification code 86-4238-0-3-371	1995 actual	1996 actual	1997 est.	1998 est.
Revenue:				
0101 Revenue	514	576	602	602
0101 Revenue (REMICs)	13	11	22	21
Expense:				
0102 Expense	-46	-96	-52	-51
0102 Expense (REMICs)	-4	-4	-2	-2
Net income or loss (-):				
0109 Net income or loss (-)	468	480	550	551
0109 Net income or loss (-) (REMICs)	9	7	20	19
0199 Net income or loss	477	487	570	570

Balance Sheet (in millions of dollars)

Identification code 86-4238-0-3-371	1995 actual	1996 actual	1997 est.	1998 est.
ASSETS:				
Federal assets:				
1101 Fund balances with Treasury		4	4	4
Investments in US securities:				
1102 Treasury securities, par	4,232	4,785	5,341	5,903
1104 Agency securities, par	1			
1106 Receivables, net	59	60	60	64
1206 Non-Federal assets: Receivables, net	26	28	28	27
Net value of assets related to pre-1992 direct loans receivable and acquired defaulted guaranteed loans receivable:				
1601 Direct loans, gross	333	321	327	329
1603 Allowance for estimated uncollectible loans and interest (-)	-241	-288	-163	-162
1699 Value of assets related to direct loans	92	33	164	167
1801 Other Federal assets: Cash and other monetary assets	4	5	5	6
1999 Total assets	4,414	4,915	5,602	6,171
LIABILITIES:				
Non-Federal liabilities:				
2201 Accounts payable	29	36	45	53
2207 Other	534	473	471	471
2999 Total liabilities	563	509	516	524
NET POSITION:				
3300 Cumulative results of operations	3,851	4,406	5,085	5,647
3999 Total net position	3,851	4,406	5,085	5,647
4999 Total liabilities and net position	4,414	4,915	5,601	6,171

Note.—Ginnie Mae guarantees the timely payment of principal and interest installments on securities which are backed by FHA-insured, FmHA-insured, and VA-guaranteed mortgages. Such guarantees are excluded from the Government total of guaranteed obligations duplicating FHA, FmHA, and VA guarantees.

Object Classification (in millions of dollars)

Identification code 86-4238-0-3-371	1996 actual	1997 est.	1998 est.
25.2 Other services	48	57	56
33.0 Investments and loans	142	158	123
99.0 Subtotal, reimbursable obligations	190	215	179
99.9 Total obligations	190	215	179

POLICY DEVELOPMENT AND RESEARCH

Federal Funds

General and special funds:

RESEARCH AND TECHNOLOGY

For contracts, grants, and necessary expenses of programs of research and studies relating to housing and urban problems, not otherwise provided for, as authorized by title V of the Housing and Urban Development Act of 1970, as amended (12 U.S.C. 1701z-1 et seq.), including carrying out the functions of the Secretary under section 1(a)(1)(i) of Reorganization Plan No. 2 of 1968, [\$34,000,000] \$39,000,000, to remain available until September 30, [1998] 1999. (Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.)

Program and Financing (in millions of dollars)

Identification code 86-0108-0-1-451	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Direct program	33	36	39
10.00 Total obligations	33	36	39
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested balance	1	2	
22.00 New budget authority (gross)	34	34	39
23.90 Total budgetary resources available for obligation	35	36	
23.95 New obligations	-33	-36	-39
24.40 Unobligated balance available, end of year:			
Uninvested balance	2		
New budget authority (gross), detail:			
40.00 Appropriation	34	34	39
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	28	25	29
73.10 New obligations	33	36	39
73.20 Total outlays (gross)	-36	-32	-37
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation	25	29	31
Outlays (gross), detail:			
86.90 Outlays from new current authority	14	14	16
86.93 Outlays from current balances	22	18	21
87.00 Total outlays (gross)	36	32	37
Net budget authority and outlays:			
89.00 Budget authority	34	34	39
90.00 Outlays	36	32	37

The Housing and Urban Development Act of 1970 directs the Secretary to undertake programs of research, studies, testing, and demonstrations related to the HUD mission. These functions are carried out internally and through contracts with industry, nonprofit research organizations, and educational institutions, and through agreements with State and local governments and other Federal agencies.

In 1998, the research program will focus on activities to support the reinvention of HUD, including examination of issues such as the transformation of public housing and design of standards for performance-based funds. National housing surveys and research to reduce the cost of housing will continue in 1998.

General and special funds—Continued

RESEARCH AND TECHNOLOGY—Continued

Object Classification (in millions of dollars)

Identification code 86-0108-0-1-451	1996 actual	1997 est.	1998 est.
25.2 Other services	29	32	34
41.0 Grants, subsidies, and contributions	4	4	5
99.9 Total obligations	33	36	39

FAIR HOUSING AND EQUAL OPPORTUNITY

Federal Funds

General and special funds:

FAIR HOUSING ACTIVITIES

For contracts, grants, and other assistance, not otherwise provided for, as authorized by title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendments Act of 1988, and section 561 of the Housing and Community Development Act of 1987, as amended, **[\$30,000,000]** \$39,000,000, to remain available until September 30, **[1998]** 1999, of which **[\$15,000,000]** \$24,000,000 shall be to carry out activities pursuant to such section 561. **[No funds made available under this heading shall be used to lobby the executive or legislative branches of the Federal Government in connection with a specific contract, grant or loan.]** (Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.)

Program and Financing (in millions of dollars)

Identification code 86-0144-0-1-751	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Fair housing assistance	11	19	15
00.02 Fair housing initiatives	9	24	24
10.00 Total obligations (object class 41.0)	20	43	39
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested balance	3	13	
22.00 New budget authority (gross)	30	30	39
23.90 Total budgetary resources available for obligation	33	43	39
23.95 New obligations	-20	-43	-39
24.40 Unobligated balance available, end of year:			
Uninvested balance	13		
New budget authority (gross), detail:			
40.00 Appropriation	30	30	39
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	44	32	51
73.10 New obligations	20	43	39
73.20 Total outlays (gross)	-32	-24	-27
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation	32	51	63
Outlays (gross), detail:			
86.93 Outlays from current balances	32	24	27
Net budget authority and outlays:			
89.00 Budget authority	30	30	39
90.00 Outlays	32	24	27

The Budget proposes an appropriation of \$39 million in 1998 for fair housing activities to aid in eliminating housing discrimination. Of the amount requested, \$15 million is for the Fair Housing Assistance program and \$24 million is for the Fair Housing Initiatives program.

The Fair Housing Assistance program, authorized by title VIII of the Civil Rights Act of 1968 as amended, provides funding to State and local agencies to assure prompt and effective processing of title VIII (Civil Rights Act of 1968) complaints.

The Fair Housing Initiatives program, authorized by the Housing and Community Development Act of 1987, as amended by the Housing and Community Development Act of 1992, provides support to public and private organizations for the purpose of eliminating or preventing discrimination in housing and for enhancing fair housing opportunities.

MANAGEMENT AND ADMINISTRATION

Federal Funds

General and special funds:

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF FUNDS)

For necessary administrative and non-administrative expenses of the Department of Housing and Urban Development, not otherwise provided for, including not to exceed \$7,000 for official reception and representation expenses, **[\$976,840,000]**, of which \$15,000,000 may be used for additional retraining, relocation, permanent change of station, and other activities related to downsizing only upon submission of a detailed and specific, multi-year downsizing plan to the Committees on Appropriations of the House of Representatives and the Senate, and **[\$955,471,000]** \$1,005,826,000 of which \$544,443,000 shall be provided from the various funds of the Federal Housing Administration, \$9,383,000 shall be provided from funds of the Government National Mortgage Association, and **[\$675,000]** \$1,000,000 shall be provided from the Community Development Grants Program account. (Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.)

Program and Financing (in millions of dollars)

Identification code 86-0143-0-1-999	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
Direct program:			
00.01 Housing, mortgage credit, regulatory and energy conservation	94	95	121
00.02 Community planning and development programs	59	60	61
00.03 Equal opportunity and research programs	59	59	60
00.04 Departmental management, legal and audit services	51	51	52
00.05 Field direction and administration	154	155	157
00.91 Total direct program	417	420	451
01.01 Reimbursable program	546	557	555
10.00 Total obligations	963	977	1,006
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year:			
Uninvested balance	1		
22.00 New budget authority (gross)	965	977	1,006
22.30 Unobligated balance expiring	-4		
23.90 Total budgetary resources available for obligation	962	977	1,006
23.95 New obligations	-963	-977	-1,006
24.40 Unobligated balance available, end of year:			
Uninvested balance			
New budget authority (gross), detail:			
Current:			
40.00 Appropriation	420	420	451
40.75 Reduction pursuant to P.L. 104-134	-1		
43.00 Appropriation (total)	419	420	451
Permanent:			
68.00 Spending authority from offsetting collections: Offsetting collections (cash)	546	557	555
70.00 Total new budget authority (gross)	965	977	1,006
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance:			
Appropriation	112	136	136
73.10 New obligations	963	977	1,006
73.20 Total outlays (gross)	-928	-977	-998
73.40 Adjustments in expired accounts	-11		-8
74.40 Unpaid obligations, end of year: Obligated balance:			
Appropriation	136	136	136

Outlays (gross), detail:				
86.90	Outlays from new current authority	321	324	347
86.93	Outlays from current balances	61	96	96
86.97	Outlays from new permanent authority	546	557	555
87.00	Total outlays (gross)	928	977	998
Offsets:				
Against gross budget authority and outlays:				
88.00	Offsetting collections (cash) from: Federal sources	-546	-557	-555
Net budget authority and outlays:				
89.00	Budget authority	419	420	451
90.00	Outlays	382	420	443

This appropriation finances all salaries and related costs associated with administering the programs of the Department of Housing and Urban Development, including: housing and mortgage credit programs; community planning and development programs; equal opportunity, research, regulatory and insurance programs; departmental management, and legal services; and, field direction and administration.

Object Classification (in millions of dollars)				
Identification code 86-0143-0-1-999				
Direct obligations:				
Personnel compensation:				
11.1	Full-time permanent	223	222	217
11.3	Other than full-time permanent	4	4	4
11.5	Other personnel compensation	5	5	5
11.9	Total personnel compensation	232	231	226
12.1	Civilian personnel benefits	49	49	47
13.0	Benefits for former personnel	1	1	1
21.0	Travel and transportation of persons	6	7	11
22.0	Transportation of things		3	2
23.1	Rental payments to GSA	32	33	34
23.3	Communications, utilities, and miscellaneous charges	10	13	15
24.0	Printing and reproduction	3	3	3
25.1	Advisory and assistance services	13	10	25
25.2	Other services	2	2	2
25.3	Purchases of goods and services from Government accounts	54	53	71
25.4	Operation and maintenance of facilities	6	6	6
25.7	Operation and maintenance of equipment		1	
26.0	Supplies and materials	3	3	3
31.0	Equipment	6	4	4
42.0	Insurance claims and indemnities		1	1
99.0	Subtotal, direct obligations	417	420	451
99.0	Reimbursable obligations	546	557	555
99.9	Total obligations	963	977	1,006

Personnel Summary

Identification code 86-0143-0-1-999				
Direct:				
Total compensable workyears:				
1001	Full-time equivalent employment	4,565	4,491	4,443
1005	Full-time equivalent of overtime and holiday hours	24	24	25
Reimbursable:				
Total compensable workyears:				
2001	Full-time equivalent employment	5,977	5,956	5,518
2005	Full-time equivalent of overtime and holiday hours	32	32	31

OFFICE OF INSPECTOR GENERAL
(INCLUDING TRANSFER OF FUNDS)

For necessary expenses of the Office of Inspector General in carrying out [the provisions of] the Inspector General Act of 1978, as amended, [\$52,850,000] \$57,850,000, of which \$11,283,000 shall be provided from the various funds of the Federal Housing Administration and [\$5,000,000] \$10,000,000 shall be provided from the amount earmarked for Operation Safe Home in the Drug Elimination Grants for Low Income Housing Account. (Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.)

Program and Financing (in millions of dollars)				
Identification code 86-0189-0-1-451				
Obligations by program activity:				
00.01	Direct program	36	37	37
01.01	Reimbursable program	12	16	21
10.00	Total obligations	48	53	58
Budgetary resources available for obligation:				
22.00	New budget authority (gross)	49	53	58
23.95	New obligations	-48	-53	-58
New budget authority (gross), detail:				
Current:				
40.00	Appropriation	37	37	37
Permanent:				
68.00	Spending authority from offsetting collections: Offsetting collections (cash)	12	16	21
70.00	Total new budget authority (gross)	49	53	58
Change in unpaid obligations:				
72.40	Unpaid obligations, start of year: Obligated balance:			
	Appropriation	10	18	18
73.10	New obligations	48	53	58
73.20	Total outlays (gross)	-40	-53	-58
74.40	Unpaid obligations, end of year: Obligated balance:			
	Appropriation	18	18	18
Outlays (gross), detail:				
86.90	Outlays from new current authority	23	28	28
86.93	Outlays from current balances	5	9	9
86.97	Outlays from new permanent authority	12	16	21
87.00	Total outlays (gross)	40	53	58
Offsets:				
Against gross budget authority and outlays:				
88.00	Offsetting collections (cash) from: Federal sources	-12	-16	-21
Net budget authority and outlays:				
89.00	Budget authority	37	37	37
90.00	Outlays	28	37	37

This appropriation provides agency-wide audit and investigative functions to identify and correct management and administrative deficiencies that create conditions for existing or potential instances of fraud, waste and mismanagement. The audit function provides internal audit, contract audit, and inspection services. Contract audits provide professional advice to agency contracting officials on accounting and financial matters relative to negotiation, award, administration, repricing, and settlement of contracts. Internal audits review and evaluate all facets of agency operations. Inspection services provide detailed technical evaluations of agency operations. The investigative function provides for the detection and investigation of improper and illegal activities involving programs, personnel, and operations.

Object Classification (in millions of dollars)

Identification code 86-0189-0-1-451				
Direct obligations:				
Personnel compensation:				
11.1	Full-time permanent	20	21	21
11.5	Other personnel compensation	2	2	2
11.9	Total personnel compensation	22	23	23
12.1	Civilian personnel benefits	5	5	5
21.0	Travel and transportation of persons	2	3	3
23.1	Rental payments to GSA	4	3	3
25.1	Advisory and assistance services	1	1	1
25.2	Other services		1	1
25.3	Purchases of goods and services from Government accounts	1	1	1
25.7	Operation and maintenance of equipment	1		
99.0	Subtotal, direct obligations	36	37	37
99.0	Reimbursable obligations	12	16	21

General and special funds—Continued

**OFFICE OF INSPECTOR GENERAL—Continued
(INCLUDING TRANSFER OF FUNDS)—Continued**

Object Classification (in millions of dollars)—Continued

Identification code 86-0189-0-1-451	1996 actual	1997 est.	1998 est.
99.9 Total obligations	48	53	58

Personnel Summary

Identification code 86-0189-0-1-451	1996 actual	1997 est.	1998 est.
Direct:			
Total compensable workyears:			
1001 Full-time equivalent employment	372	376	367
1005 Full-time equivalent of overtime and holiday hours	1	1	1
Reimbursable:			
2001 Total compensable workyears: Full-time equivalent employment	120	167	214

**OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT
SALARIES AND EXPENSES**

For carrying out the Federal Housing Enterprise Financial Safety and Soundness Act of 1992, **[\$15,500,000]** including not to exceed \$3,000 for official reception and representation expenses, \$16,312,000, to remain available until expended, from the Federal Housing Enterprise Oversight Fund: *Provided, That [such amounts shall be collected by the Director as authorized by section 1316(a) and (b) of such Act and deposited in the Fund under section 1316(f).] not to exceed such amount shall be available from the General Fund of the Treasury to the extent necessary to incur obligations and make expenditures pending the receipt of collections to the Fund: Provided further, That the General Fund amount shall be reduced as collections are received during the fiscal year so as to result in a final appropriation from the General Fund estimated at not more than \$0. (Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.)*

Unavailable Collections (in millions of dollars)

Identification code 86-5272-0-2-371	1996 actual	1997 est.	1998 est.
Balance, start of year:			
01.99 Balance, start of year	2	2	2
Receipts:			
02.01 Office of federal housing enterprise oversight	13	16	16
04.00 Total: Balances and collections	15	18	18
Appropriation:			
05.01 Office of federal housing enterprise oversight	-15	-16	-16
07.99 Total balance, end of year	2	2	2

Program and Financing (in millions of dollars)

Identification code 86-5272-0-2-371	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
10.00 Total obligations	15	16	16
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year: Uninvested balance	2		
22.00 New budget authority (gross)	15	16	16
22.30 Unobligated balance expiring	-2		
23.90 Total budgetary resources available for obligation	15	16	16
23.95 New obligations	-15	-16	-16
24.40 Unobligated balance available, end of year: Uninvested balance			
New budget authority (gross), detail:			
40.20 Appropriation (special fund, definite)	15	16	16
Change in unpaid obligations:			
72.40 Unpaid obligations, start of year: Obligated balance: Appropriation	6	7	6
73.10 New obligations	15	16	16

73.20 Total outlays (gross)	-14	-16	-16
74.40 Unpaid obligations, end of year: Obligated balance: Appropriation	7	6	6
Outlays (gross), detail:			
86.90 Outlays from new current authority	14	16	16
Net budget authority and outlays:			
89.00 Budget authority	15	16	16
90.00 Outlays	14	16	16

This appropriation funds the Office of Federal Housing Enterprise Oversight (the Office), which was established in 1992 to regulate the financial safety and soundness of the two housing Government Sponsored Enterprises (GSEs)—the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. The Office was authorized in the Federal Housing Enterprise Safety and Soundness Act of 1992, which also instituted a risk-based capital standard for the GSEs, and gave the regulator enhanced authority to enforce those standards. The office is also required by statute to conduct on-site annual examinations at the GSEs to determine the condition of each enterprise for the purpose of ensuring their financial safety and soundness.

Object Classification (in millions of dollars)

Identification code 86-5272-0-2-371	1996 actual	1997 est.	1998 est.
11.1 Personnel compensation: Personnel Compensation	6	7	7
12.1 Civilian personnel benefits	2	2	2
23.1 Rental payments to GSA	2	2	2
25.2 Other services	5	5	5
99.9 Total obligations	15	16	16

Personnel Summary

Identification code 86-5272-0-2-371	1996 actual	1997 est.	1998 est.
1001 Total compensable workyears: Full-time equivalent employment	66	78	78

Intragovernmental funds:

WORKING CAPITAL FUND

Program and Financing (in millions of dollars)

Identification code 86-4586-0-4-451	1996 actual	1997 est.	1998 est.
Obligations by program activity:			
00.01 Operating expenses: Data processing services	196	217	257
00.03 Capital investment: Data processing services	2	2	2
10.00 Total obligations	198	219	259
Budgetary resources available for obligation:			
21.90 Unobligated balance available, start of year: Fund balance	31	32	33
22.00 New budget authority (gross)	198	219	259
22.10 Resources available from recoveries of prior year obligations	1	1	
23.90 Total budgetary resources available for obligation	230	252	292
23.95 New obligations	-198	-219	-259
24.90 Unobligated balance available, end of year: Fund balance	32	33	33
New budget authority (gross), detail:			
Spending authority from offsetting collections:			
68.00 Offsetting collections (cash)	183	219	259
68.10 Change in orders on hand from Federal sources	14		
68.15 Adjustment to orders on hand from Federal sources	1		
68.90 Spending authority from offsetting collections (total)	198	219	259
70.00 Total new budget authority (gross)	198	219	259

Change in unpaid obligations:			
Unpaid obligations, start of year:			
72.90	Obligated balance: Fund balance	-1	-3
72.95	Orders on hand from Federal sources	10	24
72.99	Total unpaid obligations, start of year	9	21
73.10	New obligations	198	219
73.20	Total outlays (gross)	-185	-219
73.45	Adjustments in unexpired accounts	-1	-1
Unpaid obligations, end of year:			
Obligated balance:			
74.40	Appropriation		
74.90	Fund balance	-3	-3
74.95	Orders on hand from Federal sources	24	24
74.99	Total unpaid obligations, end of year	21	21
Outlays (gross), detail:			
86.97	Outlays from new permanent authority	185	219
Offsets:			
Against gross budget authority and outlays:			
88.00	Offsetting collections (cash) from: Federal sources	-183	-219
88.95	Change in orders on hand from Federal sources	-14	
88.96	Adjustment to orders on hand from Federal sources	-1	
Net budget authority and outlays:			
89.00	Budget authority		
90.00	Outlays	2	

The Working Capital Fund, authorized by the Department of Housing and Urban Development Act of 1965, finances information technology and office automation initiatives which can be performed more efficiently on a centralized basis. The fund is financed from fees charged for services performed.

Object Classification (in millions of dollars)

Identification code 86-4586-0-4-451	1996 actual	1997 est.	1998 est.
11.1 Personnel compensation: Full-time permanent	18	18	19
12.1 Civilian personnel benefits	3	4	4
21.0 Travel and transportation of persons	1	1	1
23.3 Communications, utilities, and miscellaneous charges	45	53	50
25.2 Other services	94	125	169
26.0 Supplies and materials	5	3	1
31.0 Equipment	32	15	15
99.9 Total obligations	198	219	259

Personnel Summary

Identification code 86-4586-0-4-451	1996 actual	1997 est.	1998 est.
2001 Total compensable workyears: Full-time equivalent employment	301	330	330

ADMINISTRATIVE PROVISIONS

SEC. 201. EXTENDERS.—(a) PUBLIC HOUSING FUNDING FLEXIBILITY.—Section 201(a)(2) of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 is amended by striking ["1996"] "1997" and inserting ["1997"] "1998".

(b) ONE-FOR-ONE REPLACEMENT OF PUBLIC AND INDIAN HOUSING.—Section 1002(d) of Public Law 104-19 is amended by striking ["before September 30, 1996"] "1997" and inserting ["on or before September 30, 1997"] "1998".

(c) PUBLIC AND ASSISTED HOUSING RENTS, INCOME ADJUSTMENTS, AND PREFERENCES.—(1)(A) Section 402(a) of The Balanced Budget Downpayment Act, I is amended—

(i) by striking "effective for fiscal year 1996 and no later than October 30, 1995" and inserting "and subsection (f) of this section, effective for" fiscal year 1997"; and inserting "fiscal year 1998".

(ii) in paragraphs (1), (2), and (4), by striking "not less than \$25, and may require a minimum monthly rent of"; and

(iii) in paragraph (3), by striking "not less than \$25 for the unit, and may require a minimum monthly rent of".

(B) Section 230 of Public Law 104-134 is hereby repealed.]

(2) Section 402(f) of The Balanced Budget Downpayment Act, I is amended by striking ["fiscal year 1996" and inserting] "fiscal years 1996 and 1997" and inserting "fiscal years 1996, 1997, and 1998".

(d) APPLICABILITY TO IHAS.—In accordance with section 201(b)(2) of the United States Housing Act of 1937, the amendments made by subsections (a), (b), and (c) shall apply to public housing developed or operated pursuant to a contract between the Secretary of Housing and Urban Development and an Indian housing authority.

(e) STREAMLINING SECTION 8 TENANT-BASED ASSISTANCE.—Section 203(d) of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 is amended by striking ["fiscal year 1996" and inserting] "fiscal years 1996 and 1997" and inserting "fiscal year 1996, 1997, and 1998."

(f) SECTION 8 FAIR MARKET RENTALS [AND DELAY IN REISSUANCE.]—(1) The first sentence of section 403(a) of the Balanced Budget Downpayment Act, I, is amended by striking ["1996"] "1997" and inserting ["1997"] "1998".

(2) Section 403(c) of such Act is amended—

(A) by striking "fiscal year 1996" and inserting "fiscal years 1996 and 1997"; and

(B) by inserting before the semicolon the following: "for assistance made available during fiscal year 1996 and October 1, 1997 for assistance made available during fiscal year 1997".]

(g) SECTION 8 RENT ADJUSTMENTS.—Section 8(c)(2)(A) of the United States Housing Act of 1937 is amended—

(1) in the third sentence, by striking "fiscal year 1997" and inserting "fiscal years 1997 and 1998";

(2) in the last sentence, by striking "fiscal year 1997" and inserting "fiscal year 1997 and 1998".

(1) in the third sentence by inserting ", fiscal year 1996 prior to April 26, 1996, and fiscal year 1997" after "1995";

(2) in the fourth sentence, by striking "For" and inserting "Except for assistance under the certificate program, for";

(3) after the fourth sentence, by inserting the following new sentence: "In the case of assistance under the certificate program, 0.01 shall be subtracted from the amount of the annual adjustment factor (except that the factor shall not be reduced to less than 1.0), and the adjusted rent shall not exceed the rent for a comparable unassisted unit of similar quality, type, and age in the market area."; and

(4) in the last sentence, by—

(A) striking "sentence" and inserting "two sentences"; and

(B) inserting ", fiscal year 1996 prior to April 26, 1996, and fiscal year 1997" after "1995".]

SEC. 202. SECTION 8 ADMINISTRATIVE FEES.—Section 202(a)(1)(A) of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997, is amended by—

(1) striking "7.5 percent" and inserting "7.65 percent";

(2) striking "a program of" and inserting "one or more such programs totaling"; and

(3) inserting before the final period, "of such total units." The amendments made by this section shall take effect on October 1, 1997. [ADMINISTRATIVE FEES.—Notwithstanding section 8(q) of the United States Housing Act of 1937, as amended—

(a) The Secretary shall establish fees for the cost of administering the certificate, voucher and moderate rehabilitation programs.

(1)(A) For fiscal year 1997, the fee for each month for which a dwelling unit is covered by an assistance contract shall be 7.5 percent of the base amount, adjusted as provided herein, in the case of an agency that, on an annual basis, is administering a program of no more than 600 units, and 7 percent of the base amount, adjusted as provided herein, for each additional unit above 600.

(B) The base amount shall be the higher of—

(i) the fair market rental for fiscal year 1993 for a 2-bedroom existing rental dwelling unit in the market area of the agency; and

(ii) such fair market rental for fiscal year 1994, but not more than 103.5 percent of the amount determined under clause (i).

(C) The base amount shall be adjusted to reflect changes in the wage data or other objectively measurable data that reflect the costs of administering the program during fiscal year 1996; except that the Secretary may require that the base amount be not less than a minimum amount and not more than a maximum amount.

Intragovernmental funds—Continued**ADMINISTRATIVE PROVISIONS—Continued**

(2) For subsequent fiscal years, the Secretary shall publish a notice in the Federal Register, for each geographic area, establishing the amount of the fee that would apply for the agencies administering the program, based on changes in wage data or other objectively measurable data that reflect the cost of administering the program, as determined by the Secretary.

(3) The Secretary may increase the fee if necessary to reflect higher costs of administering small programs and programs operating over large geographic areas.

(4) The Secretary may decrease the fee for PHA-owned units.

(b) Beginning in fiscal year 1997 and thereafter, the Secretary shall also establish reasonable fees (as determined by the Secretary) for—

(1) the costs of preliminary expenses, in the amount of \$500, for a public housing agency, but only in the first year it administers a tenant-based assistance program under the United States Housing Act of 1937 and only if, immediately before the effective date of this Act, it was not administering a tenant-based assistance program under the 1937 Act (as in effect immediately before the effective date of this Act), in connection with its initial increment of assistance received;

(2) the costs incurred in assisting families who experience difficulty (as determined by the Secretary) in obtaining appropriate housing under the program; and

(3) extraordinary costs approved by the Secretary.】

【SEC. 203. SINGLE FAMILY ASSIGNMENT PROGRAM.—Section 407(c) of the Balanced Budget Downpayment Act, I (12 U.S.C. 1710 note), is amended by striking “October 1, 1996” and inserting “October 1, 1997”.】

【SEC. 204. FLEXIBLE AUTHORITY.—During fiscal year 1997 and fiscal years thereafter, the Secretary may manage and dispose of multifamily properties owned by the Secretary and multifamily mortgages held by the Secretary on such terms and conditions as the Secretary may determine, notwithstanding any other provision of law.】

【SEC. 205. USE OF AVAILABLE FUNDING FOR HOMEOWNERSHIP.—Up to \$20,000,000 of amounts of unobligated balances that are or become available from the Nehemiah Housing Opportunity Grant program, repealed under section 289(b) of the Cranston-Gonzalez National Affordable Housing Act, Public Law 101-625, shall be available for use for activities relating to promotion and implementation of homeownership in targeted geographic areas, as determined by the Secretary. Any grant or assistance made under this section shall be made in accordance with section 102 of the Department of Housing and Urban Development Reform Act of 1989 on a competitive basis.】

【SEC. 206. DEBT FORGIVENESS.—The Secretary of Housing and Urban Development shall cancel the indebtedness of the Greene County Rural Health Center relating to a loan received under the Public Facility Loan program to establish the health center (Loan #Mis-22-PFL0096). The Greene County Rural Health Center is hereby relieved of all liability to the Federal Government for such loan and any fees and charges payable in connection with such loan.】

【SEC. 207. FLEXIBLE SUBSIDY FUND.—From the fund established by section 236(g) of the National Housing Act, as amended, all uncommitted balances of excess rental charges as of September 30, 1996, and any collection during fiscal year 1997, shall be transferred, as authorized under such section, to the fund authorized under section 201(j) of the Housing and Community Development Amendments of 1978, as amended.】

【SEC. 208. RENTAL HOUSING ASSISTANCE.—The limitation otherwise applicable to the maximum payments that may be required in any fiscal year by all contracts entered into under section 236 of the National Housing Act (12 U.S.C. 1715z-1) is reduced in fiscal year 1997 by not more than \$2,000,000 in uncommitted balances of authorizations provided for this purpose in appropriations Acts.】

【SEC. 209. D.C. MODERNIZATION FUNDING.—Notwithstanding the provisions of section 14(k)(5)(D) of the United States Housing Act of 1937, the withheld modernization funds that became credited in fiscal years 1993, 1994, and 1995, due to the troubled status of the former Department of Public and Assisted Housing of the District of Columbia, shall be made available without diminution to its successor, the District of Columbia Housing Authority, at such time between the effective date of this Act and the end of fiscal year 1998 as the District of Columbia Housing Authority is no longer deemed “mod-troubled” under section 6(j)(2)(A)(i) of such Act; after fiscal year 1998, the District of Columbia Housing Authority shall become sub-

ject to the provisions of section 14(k)(5)(D) of such Act should it remain mod-troubled.】

SEC. 【210. (a)】 203. FINANCING ADJUSTMENT FACTORS.—Fifty per centum of the amounts of budget authority, or in lieu thereof 50 per centum of the cash amounts associated with such budget authority, that are recaptured from projects described in section 1012(a) of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 (Public Law 100-628, 102 Stat. 3224, 3268) shall be rescinded, or in the case of cash, shall be remitted to the Treasury, and such amounts of budget authority or cash recaptured and not rescinded or remitted to the Treasury shall be used by State housing finance agencies or local governments or local housing agencies with projects approved by the Secretary of Housing and Urban Development for which settlement occurred after January 1, 1992, in accordance with such section.

【(b) In addition to amounts otherwise provided by this Act, \$464,442 is appropriated to the Department of Housing and Urban Development for payment to the Utah Housing Finance Agency, in lieu of amounts lost to such agency in bond refinancings during 1994, for its use in accordance with subsection (a).】

SEC. 204. SECTION 8 CONTRACT RENEWALS.—Section 405(a) of the Balanced Budget Downpayment Act, I is amended by inserting at the end the following new sentences:

“Notwithstanding the preceding sentence, upon the expiration of a contract with rent levels that exceed the section 8 Existing Fair Market Rents, if the Secretary determines that (i) the primary financing or mortgage insurance for the multifamily housing project that is covered by that expiring contract was provided by a public agency and the financing does not involve mortgage insurance under the National Housing Act, or (ii) the project is a section 202 project or a section 515 project, the Secretary may, at the request of the owner and, in the case of projects under clause (i), the public agency, provide assistance under section 8 at rent levels that are equal to those under the expiring contract as of the date on which the contract expires, which assistance shall be in accordance with terms and conditions prescribed by the Secretary.”

【SEC. 211. SECTION 8 CONTRACT RENEWAL AUTHORITY.—(a) DEFINITIONS.— For purposes of this section—

(1) the term “expiring contract” means a contract for project-based assistance under section 8 of the United States Housing Act of 1937 that expires during fiscal year 1997;

(2) the term “family” has the same meaning as in section 3(b) of the United States Housing Act of 1937;

(3) the term “multifamily housing project” means a property consisting of more than 4 dwelling units that is covered in whole or in part by a contract for project-based assistance under section 8 of the United States Housing Act of 1937;

(4) the term “owner” has the same meaning as in section 8(f) of the United States Housing Act of 1937;

(5) the term “project-based assistance” means rental assistance under section 8 of the United States Housing Act of 1937 that is attached to a multifamily housing project;

(6) the term “public agency” means a State housing finance agency, a local housing agency, or other agency with a public purpose and status;

(7) the term “Secretary” means the Secretary of Housing and Urban Development; and

(8) the term “tenant-based assistance” has the same meaning as in section 8(f) of the United States Housing Act of 1937.

(b) SECTION 8 CONTRACT RENEWAL AUTHORITY.—

(1) IN GENERAL.—Notwithstanding section 405(a) of the Balanced Budget Downpayment Act, I, upon the request of the owner of a multifamily housing project that is covered by an expiring contract, the Secretary shall use amounts made available for the renewal of assistance under section 8 of the United States Housing Act of 1937 to renew the expiring contract as project-based assistance for a period of not more than one year, at rent levels that are equal to those under the expiring contract as of the date on which the contract expires: *Provided*, That those rent levels do not exceed 120 percent of the fair market rent for the market area in which the project is located. For an FHA-insured multifamily housing project with an expiring contract at rent levels that exceed 120 percent of the fair market rent for the market area, the Secretary shall provide, at the request of the owner, section 8 project-based assistance, for a period of not more than one year, at rent levels that do not exceed 120 percent of the fair market rent.

(2) EXEMPTION FOR STATE AND LOCAL HOUSING AGENCY PROJECTS.—Notwithstanding paragraph (1), upon the expiration of a contract with rent levels that exceed the percentage described in that paragraph, if the Secretary determines that the primary financing or mortgage insurance for the multifamily housing project that is covered by that expiring contract was provided by a public agency, the Secretary shall, at the request of the owner and the public agency, renew the expiring contract—

- (A) for a period of not more than one year; and
- (B) at rent levels that are equal to those under the expiring contract as of the date on which the contract expires.

(3) SECTION 202, SECTION 811, AND SECTION 515 PROJECTS.—Notwithstanding paragraph (1), for section 202 projects, section 811 projects and section 515 projects, upon the expiration of a section 8 contract, the Secretary shall, at the request of the owner, renew the expiring contract—

- (A) for a period of not more than one year; and
- (B) at rent levels that are equal to those under the expiring contract as of the date on which the contract expires.

(4) OTHER CONTRACTS.—

(A) PARTICIPATION IN DEMONSTRATION.—For a contract covering an FHA-insured multifamily housing project that expires during fiscal year 1997 with rent levels that exceed the percentage described in paragraph (1) and after notice to the tenants, the Secretary shall, at the request of the owner of the project and after notice to the tenants, include that multifamily housing project in the demonstration program under section 212 of this Act. The Secretary shall ensure that a multifamily housing project with an expiring contract in fiscal year 1997 shall be allowed to be included in the demonstration.

(B) EFFECT OF MATERIAL ADVERSE ACTIONS AND OMISSIONS.—Notwithstanding paragraph (1) or any other provision of law, the Secretary shall not renew an expiring contract if the Secretary determines that the owner of the multifamily housing project has engaged in material adverse financial or managerial actions or omissions with regard to the project (or with regard to other similar projects if the Secretary determines that such actions or omissions constitute a pattern of mismanagement that would warrant suspension or debarment by the Secretary).

(C) TRANSFER OF PROPERTY.—For properties disqualified from the demonstration program because of actions by an owner or purchaser in accordance with subparagraph (B), the Secretary shall establish procedures to facilitate the voluntary sale or transfer of the property, with a preference for tenant organizations and tenant-endorsed community-based nonprofit and public agency purchasers meeting such reasonable qualifications as may be established by the Secretary. The Secretary may include the transfer of section 8 project-based assistance.

(5) TENANT PROTECTIONS.—Any family residing in an assisted unit in a multifamily housing project that is covered by an expiring contract that is not renewed, shall be offered tenant-based assistance before the date on which the contract expires or is not renewed.]

[SEC. 212. FHA MULTIFAMILY DEMONSTRATION AUTHORITY.—

(a) IN GENERAL.—

(1) REPEAL.—

(A) IN GENERAL.—Section 210 of the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, 1996 (110 Stat. 1321) is repealed.

(B) EXCEPTION.—Notwithstanding the repeal under subparagraph (A), amounts made available under section 210(f) the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, 1996 shall remain available for the demonstration program under this section through the end of fiscal year 1997.

(2) SAVINGS PROVISIONS.—Nothing in this section shall be construed to affect any commitment entered into before the date of enactment of this Act under the demonstration program under section 210 of the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, 1996.

(3) DEFINITIONS.—For purposes of this section—

(A) the term “demonstration program” means the program established under subsection (b);

(B) the term “expiring contract” means a contract for project-based assistance under section 8 of the United States Housing Act of 1937 that expires during fiscal year 1997;

(C) the term “family” has the same meaning as in section 3(b) of the United States Housing Act of 1937;

(D) the term “multifamily housing project” means a property consisting of more than 4 dwelling units that is covered in whole or in part by a contract for project-based assistance;

(E) the term “owner” has the same meaning as in section 8(f) of the United States Housing Act of 1937;

(F) the term “project-based assistance” means rental assistance under section 8 of the United States Housing Act of 1937 that is attached to a multifamily housing project;

(G) the term “Secretary” means the Secretary of Housing and Urban Development; and

(H) the term “tenant-based assistance” has the same meaning as in section 8(f) of the United States Housing Act of 1937.

(b) DEMONSTRATION AUTHORITY.—

(1) IN GENERAL.—Subject to the funding limitation in subsection (l), the Secretary shall administer a demonstration program with respect to multifamily projects—

(A) whose owners agree to participate;

(B) with rents on units assisted under section 8 of the United States Housing Act of 1937 that are, in the aggregate, in excess of 120 percent of the fair market rent of the market area in which the project is located; and

(C) the mortgages of which are insured under the National Housing Act.

(2) PURPOSE.—The demonstration program shall be designed to obtain as much information as is feasible on the economic viability and rehabilitation needs of the multifamily housing projects in the demonstration, to test various approaches for restructuring mortgages to reduce the financial risk to the FHA Insurance Fund while reducing the cost of section 8 subsidies, and to test the feasibility and desirability of—

(A) ensuring, to the maximum extent practicable, that the debt service and operating expenses, including adequate reserves, attributable to such multifamily projects can be supported at the comparable market rent with or without mortgage insurance under the National Housing Act and with or without additional section 8 rental subsidies;

(B) utilizing section 8 rental assistance, while taking into account the capital needs of the projects and the need for adequate rental assistance to support the low- and very low-income families residing in such projects; and

(C) preserving low-income rental housing affordability and availability while reducing the long-term cost of section 8 rental assistance.

(c) GOALS.—

(1) IN GENERAL.—The Secretary shall carry out the demonstration program in a manner that will protect the financial interests of the Federal Government through debt restructuring and subsidy reduction and, in the least costly fashion, address the goals of—

(A) maintaining existing affordable housing stock in a decent, safe, and sanitary condition;

(B) minimizing the involuntary displacement of tenants;

(C) taking into account housing market conditions;

(D) encouraging responsible ownership and management of property;

(E) minimizing any adverse income tax impact on property owners; and

(F) minimizing any adverse impacts on residential neighborhoods and local communities.

(2) BALANCE OF COMPETING GOALS.—In determining the manner in which a mortgage is to be restructured or a subsidy reduced under this subsection, the Secretary may balance competing goals relating to individual projects in a manner that will further the purposes of this section.

(d) PARTICIPATION ARRANGEMENTS.—

(1) IN GENERAL.—In carrying out the demonstration program, the Secretary may enter into participation arrangements with designees, under which the Secretary may provide for the assumption by designees (by delegation, by contract, or otherwise) of some or all of the functions, obligations, responsibilities and benefits of the Secretary.

(2) DESIGNEE.—In entering into any arrangement under this subsection, the Secretary shall select state housing finance agencies, housing agencies or nonprofits (separately or in conjunction with each other) to act as designees to the extent such agencies are determined to be qualified by the Secretary. In locations where there is no qualified State housing finance agency, housing agency or nonprofit to act as a designee, the Secretary may act as a designee. Each participation arrangement entered into under this

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subsection shall include a designee as the primary partner. Any organization selected by the Secretary under this section shall have a long-term record of service in providing low-income housing and meet standards of fiscal responsibility, as determined by the Secretary.

(3) **DESIGNEE PARTNERSHIPS.**—For purposes of any participation arrangement under this subsection, designees are encouraged to develop partnerships with each other, and to contract or sub-contract with other entities, including—

- (A) public housing agencies;
- (B) financial institutions;
- (C) mortgage servicers;
- (D) nonprofit and for-profit housing organizations;
- (E) the Federal National Mortgage Association;
- (F) the Federal Home Loan Mortgage Corporation;
- (G) Federal Home Loan Banks; and
- (H) other State or local mortgage insurance companies or bank lending consortia.

(e) **LONG-TERM AFFORDABILITY.**—

(1) **IN GENERAL.**—After the renewal of a section 8 contract pursuant to a restructuring under this section, the owner shall accept each offer to renew the section 8 contract, for a period of 20 years from the date of the renewal under the demonstration, if the offer to renew is on terms and conditions, as agreed to by the Secretary or designee and the owner under a restructuring.

(2) **AFFORDABILITY REQUIREMENTS.**—Except as otherwise provided by the Secretary, in exchange for any mortgage restructuring under this section, a project shall remain affordable for a period of not less than 20 years. Affordability requirements shall be determined in accordance with guidelines established by the Secretary or designee. The Secretary or designee may waive these requirements for good cause.

(f) **PROCEDURES.**—

(1) **NOTICE OF PARTICIPATION IN DEMONSTRATION.**—Not later than 45 days before the date of expiration of an expiring contract (or such later date, as determined by the Secretary, for good cause), the owner of the multifamily housing project covered by that expiring contract shall notify the Secretary or designee and the residents of the owner's intent to participate in the demonstration program.

(2) **DEMONSTRATION CONTRACT.**—Upon receipt of a notice under paragraph (1), the owner and the Secretary or designee shall enter into a demonstration contract, which shall provide for initial section 8 project-based rents at the same rent levels as those under the expiring contract or, if practical, the budget-based rent to cover debt service, reasonable operating expenses (including reasonable and appropriate services), and a reasonable return to the owner, as determined solely by the Secretary. The demonstration contract shall be for the minimum term necessary for the rents and mortgages of the multifamily housing project to be restructured under the demonstration program, but shall not be for a period of time to exceed 180 days, unless extended for good cause by the Secretary.

(g) **PROJECT-BASED SECTION 8.**—The Secretary shall renew all expiring contracts under the demonstration as section 8 project-based contracts, for a period of time not to exceed one year, unless otherwise provided under subsection (h).

(h) **DEMONSTRATION ACTIONS.**—

(1) **DEMONSTRATION ACTIONS.**—For purposes of carrying out the demonstration program, and in order to ensure that contract rights are not abrogated, subject to such third party consents as are necessary (if any), including consent by the Government National Mortgage Association if it owns a mortgage insured by the Secretary, consent by an issuer under the mortgage-backed securities program of the Association, subject to the responsibilities of the issuer to its security holders and the Association under such program, and consent by parties to any contractual agreement which the Secretary proposes to modify or discontinue, the Secretary or, except with respect to subparagraph (B), designee, subject to the funding limitation in subsection (l), shall take not less than one of the actions specified in subparagraphs (G), (H), and (I) and may take any of the following actions:

(A) **REMOVAL OF RESTRICTIONS.**—

(i) **IN GENERAL.**—Consistent with the purposes of this section, subject to the agreement of the owner of the project and after consultation with the tenants of the project, the Secretary or

designee may remove, relinquish, extinguish, modify, or agree to the removal of any mortgage, regulatory agreement, project-based assistance contract, use agreement, or restriction that had been imposed or required by the Secretary, including restrictions on distributions of income which the Secretary or designee determines would interfere with the ability of the project to operate without above-market rents.

(ii) **ACCUMULATED RESIDUAL RECEIPTS.**—The Secretary or designee may require an owner of a property assisted under the section 8 new construction/substantial rehabilitation program under the United States Housing Act of 1937 to apply any accumulated residual receipts toward effecting the purposes of this section.

(B) **REINSURANCE.**—With respect to not more than 5,000 units within the demonstration during fiscal year 1997, the Secretary may enter into contracts to purchase reinsurance, or enter into participations or otherwise transfer economic interest in contracts of insurance or in the premiums paid, or due to be paid, on such insurance, on such terms and conditions as the Secretary may determine. Any contract entered into under this paragraph shall require that any associated units be maintained as low-income units for the life of the mortgage, unless waived by the Secretary for good cause.

(C) **PARTICIPATION BY THIRD PARTIES.**—The Secretary or designee may enter into such agreements, provide such concessions, incur such costs, make such grants (including grants to cover all or a portion of the rehabilitation costs for a project) and other payments, and provide other valuable consideration as may reasonably be necessary for owners, lenders, servicers, third parties, and other entities to participate in the demonstration program. The Secretary may establish performance incentives for designees.

(D) **SECTION 8 ADMINISTRATIVE FEES.**—Notwithstanding any other provision of law, the Secretary may make fees available from the section 8 contract renewal appropriation to a designee for contract administration under section 8 of the United States Housing Act of 1937 for purposes of any contract restructured or renewed under the demonstration program.

(E) **FULL OR PARTIAL PAYMENT OF CLAIM.**—Notwithstanding any other provision of law, the Secretary may make a full payment of claim or partial payment of claim prior to default.

(F) **CREDIT ENHANCEMENT.**—

(i) **IN GENERAL.**—The Secretary or designee may provide FHA multifamily mortgage insurance, reinsurance, or other credit enhancement alternatives, including retaining the existing FHA mortgage insurance on a restructured first mortgage at market value or using the multifamily risk-sharing mortgage programs, as provided under section 542 of the Housing and Community Development Act of 1992. Any limitations on the number of units available for mortgage insurance under section 542 shall not apply to insurance issued for purposes of the demonstration program.

(ii) **MAXIMUM PERCENTAGE.**—During fiscal year 1997, not more than 25 percent of the units in multifamily housing projects with expiring contracts in the demonstration, in the aggregate, may be restructured without FHA insurance, unless otherwise agreed to by the owner of a project.

(iii) **CREDIT SUBSIDY.**—Any credit subsidy costs of providing mortgage insurance shall be paid from amounts made available under subsection (l).

(G) **MORTGAGE RESTRUCTURING.**—

(i) **IN GENERAL.**—The Secretary or designee may restructure mortgages to provide a restructured first mortgage to cover debt service and operating expenses (including a reasonable rate of return to the owner) at the market rent, and a second mortgage equal to the difference between the restructured first mortgage and the mortgage balance of the eligible multifamily housing project at the time of restructuring.

(ii) **CREDIT SUBSIDY.**—Any credit subsidy costs of providing a second mortgage shall be paid from amounts made available under subsection (l).

(H) **DEBT FORGIVENESS.**—The Secretary or designee, for good cause and at the request of the owner of a multifamily housing project, may forgive at the time of the restructuring of a mortgage any portion of a debt on the project that exceeds the market value of the project.

(I) **BUDGET-BASED RENTS.**—The Secretary or designee may renew an expiring contract, including a contract for a project

in which operating costs exceed comparable market rents, for a period of not more than one year, at a budget-based rent that covers debt service, reasonable operating expenses (including all reasonable and appropriate services), and a reasonable rate of return to the owner, as determined solely by the Secretary, provided that the contract does not exceed the rent levels under the expiring contract. The Secretary may establish a preference under the demonstration program for budget-based rents for unique housing projects, such as projects designated for occupancy by elderly families and projects in rural areas.

(J) SECTION 8 TENANT-BASED ASSISTANCE.—For not more than 10 percent of units in multifamily housing projects that have had their mortgages restructured in any fiscal year under the demonstration, the Secretary or designee may provide, with the agreement of an owner and in consultation with the tenants of the housing, section 8 tenant-based assistance for some or all of the assisted units in a multifamily housing project in lieu of section 8 project-based assistance. Section 8 tenant-based assistance may only be provided where the Secretary determines and certifies that there is adequate available and affordable housing within the local area and that tenants will be able to use the section 8 tenant-based assistance successfully.

(2) OFFER AND ACCEPTANCE.—Notwithstanding any other provision of law, an owner of a project in the demonstration must accept any reasonable offer made by the Secretary or a designee under this subsection. An owner may appeal the reasonableness of any offer to the Secretary and the Secretary shall respond within 30 days of the date of appeal with a final offer. If the final offer is not acceptable, the owner may opt out of the program.

(i) COMMUNITY AND TENANT INPUT.—In carrying out this section, the Secretary shall develop procedures to provide appropriate and timely notice, including an opportunity for comment and timely access to all relevant information, to officials of the unit of general local government affected, the community in which the project is situated, and the tenants of the project.

(j) TRANSFER OF PROPERTY.—The Secretary shall establish procedures to facilitate the voluntary sale or transfer of multifamily housing projects under the demonstration to tenant organizations and tenant-endorsed community-based nonprofit and public agency purchasers meeting such reasonable qualifications as may be established by the Secretary.

(k) LIMITATION ON DEMONSTRATION AUTHORITY.—The Secretary shall carry out the demonstration program with respect to mortgages not to exceed 50,000 units.

(l) FUNDING.—In addition to the \$30,000,000 made available under section 210 of the Departments of Veterans Affairs and Housing and Urban Development and Independent Agencies Appropriations Act, 1996 (110 Stat. 1321), for the costs (including any credit subsidy costs associated with providing direct loans or mortgage insurance) of modifying and restructuring loans held or guaranteed by the Federal Housing Administration, as authorized under this section, \$10,000,000 is hereby appropriated, to remain available until September 30, 1998.

(m) REPORT TO CONGRESS.—

(1) IN GENERAL.—

(A) QUARTERLY REPORTS.—Not less than every 3 months, the Secretary shall submit to the Congress a report describing and assessing the status of the projects in the demonstration program.

(B) FINAL REPORT.—Not later than 6 months after the end of the demonstration program, the Secretary shall submit to the Congress a final report on the demonstration program.

(2) CONTENTS.—Each report submitted under paragraph (1)(A) shall include a description of—

(A) each restructuring proposal submitted by an owner of a multifamily housing project, including a description of the physical, financial, tenancy, and market characteristics of the project;

(B) the Secretary's evaluation and reasons for each multifamily housing project selected or rejected for participation in the demonstration program;

(C) the costs to the FHA General Insurance and Special Risk Insurance funds;

(D) the subsidy costs provided before and after restructuring;

(E) the actions undertaken in the demonstration program, including the third-party arrangements made; and

(F) the demonstration program's impact on the owners of the projects, including any tax consequences.

(3) CONTENTS OF FINAL REPORT.—The report submitted under paragraph (1)(B) shall include—

(A) the required contents under paragraph (2); and (B) any findings and recommendations for legislative action.]

[SEC. 213. HAWAIIAN HOME LANDS.—Section 282 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 12832) is amended by adding at the end the following new sentence: "The Secretary may waive this section in connection with the use of funds made available under this title on lands set aside under the Hawaiian Homes Commission Act, 1920 (42 Stat. 108)."]

[SEC. 214. USES OF CERTAIN ASSISTED HOUSING AMOUNTS.—(a) Transfer Authority.—The Secretary may transfer recaptured section 8 amounts from the Annual Contributions for Assisted Housing account under Public Law 104-134 (approved April 26, 1996; 110 Stat. 1321, 1321-265) and prior laws to the accounts and for the purposes set forth in subsection (b). The amounts transferred under this section shall be made available for use as prescribed under this section notwithstanding section 8(bb) of the United States Housing Act of 1937.

(b) RECEIVING ACCOUNTS.—

(1) PREVENTION OF RESIDENT DISPLACEMENT.—The Secretary may transfer to the Prevention of Resident Displacement account an amount up to \$50,000,000, in addition to amounts in such account, that may be used to extend, under existing terms and conditions, existing project-based section 8 contracts in effect before a Plan of Action was approved, so that these contracts expire 5 years from the date on which funds were obligated for the Plan of Action approved under the Low-Income Housing Preservation and Resident Homeownership Act of 1990 or the Emergency Low Income Housing Preservation Act of 1987. The Secretary shall transfer all amounts that the Secretary determines to be necessary for fiscal year 1997 for the purposes of this paragraph before transferring any amounts under any other paragraph in this subsection.

(2) HOPWA.—The Secretary may transfer to the Housing Opportunities for Persons with AIDS account up to \$25,000,000, for use in addition to amounts appropriated in such account.]

[SEC. 215. REQUIREMENT FOR HUD TO MAINTAIN PUBLIC NOTICE AND COMMENT RULEMAKING.—The Secretary of Housing and Urban Development shall maintain all current requirements under part 10 of the Department of Housing and Urban Development's regulations (24 CFR part 10) with respect to the Department's policies and procedures for the promulgation and issuance of rules, including the use of public participation in the rulemaking process.]

[SEC. 216. COMMUNITY DEVELOPMENT BLOCK GRANTS.—Section 102(a)(6)(D) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(6)(D)) is amended—

(1) in clause (iv), by striking "or" at the end;

(2) in clause (v), by striking the period at the end and inserting "; or"; and

(3) by adding at the end the following new clause:

"(vi) has entered into a local cooperation agreement with a metropolitan city that received assistance under section 106 because of such classification, and has elected under paragraph (4) to have its population included with the population of the county for the purposes of qualifying as an urban county, except that to qualify as an urban county under this clause, the county must—

"(I) have a combined population of not less than 210,000, excluding any metropolitan city located in the county that is not relinquishing its metropolitan city classification, according to the 1990 decennial census of the Bureau of the Census of the Department of Commerce;

"(II) including any metropolitan cities located in the county, have had a decrease in population of 10,061 from 1992 to 1994, according to the estimates of the Bureau of the Census of the Department of Commerce; and

"(III) have had a Federal naval installation that was more than 100 years old closed by action of the Base Closure and Realignment Commission appointed for 1993 under the Base Closure and Realignment Act of 1990, directly resulting in a loss of employment by more than 7,000 Federal Government civilian employees and more than 15,000 active duty military personnel, which naval installation was located within one mile of an enterprise community designated by the Secretary pursuant to section 1391 of the Internal Revenue Code of 1986, which enterprise community has a population of not less than 20,000, according to the 1990 decennial census of the Bureau of the Census of the Department of Commerce."]

Intragovernmental funds—Continued**ADMINISTRATIVE PROVISIONS—Continued**

[SEC. 217. FAIR HOUSING AND FREE SPEECH.—None of the amounts made available under this Act may be used during fiscal year 1997 to investigate or prosecute under the Fair Housing Act any otherwise lawful activity engaged in by one or more persons, including the filing or maintaining of a nonfrivolous legal action, that is engaged in solely for the purpose of achieving or preventing action by a government official or entity, or a court of competent jurisdiction.]

[SEC. 218. ACCOUNT TRANSITION.—The amounts of obligated balances in appropriations accounts, as set forth in title II of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 and prior Acts that are recaptured hereafter, to the extent not governed by the specific language in an account or provision in this Act, shall be held in reserve subject to reprogramming, notwithstanding any other provision of law.]

[SEC. 219. TREATMENT OF CERTAIN PROPERTIES.—Notwithstanding any other provision of law, rehabilitation activities undertaken in projects using the Low-Income Housing Tax Credit allocated to developments in the city of New Brunswick, New Jersey, in 1991, are deemed to have met the requirements for rehabilitation in accordance with clause (ii) of the third sentence of section 8(d)(2)(A) of the United States Housing Act of 1937, as in effect before the date of the enactment of this Act.]

[SEC. 220. AMENDMENT RELATING TO COMMUNITY DEVELOPMENT ASSISTANCE.—Section 105(a) of the Housing and Community Development Act of 1974 (42 U.S.C. 5305(a)(8)) is amended by striking "through 1997" and inserting "through 1998".]

[SEC. 221. SECTION 236 PROGRAM AMENDMENTS.—(a) Section 236(f)(1) of the National Housing Act (12 U.S.C. 1715z-1), as amended by section 405(d)(1) of The Balanced Budget Downpayment Act, I, and by section 228(a) of The Balanced Budget Downpayment Act, II, is amended—

(1) in the second sentence, by striking "the lower of (i)";

(2) in the second sentence, by striking "or (ii) the fair market rental established under section 8(c) of the United States Housing Act of 1937 for the market area in which the housing is located, or (iii) the actual rent (as determined by the Secretary) paid for a comparable unit in comparable unassisted housing in the market area in which the housing assisted under this section is located,"; and

(3) by inserting after the second sentence the following: "However, in the case of a project which contains more than 5,000

units, is subject to an interest reduction payments contract, and is financed under a State or local program, the Secretary may reduce the rental charge ceiling, but in no case shall the rent be below basic rent. For plans of action approved for Capital Grants under the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (LIHPRHA) or the Emergency Low Income Housing Preservation Act of 1987 (ELIHPA), the rental charge for each dwelling unit shall be at the basic rental charge or such greater amount, not exceeding the lower of (i) the fair market rental charge determined pursuant to this paragraph, or (ii) the actual rent paid for a comparable unit in comparable unassisted housing in the market area in which the housing assisted under this section is located, as represents 30 percent of the tenant's adjusted income, but in no case shall the rent be below basic rent."

(b) Section 236(f) of the National Housing Act is amended by adding the following new paragraph at the end:

"(7) The Secretary shall determine whether and under what conditions the provisions of this subsection shall apply to mortgages sold by the Secretary on a negotiated basis."

(c) Section 236(g) of the National Housing Act is amended to read as follows:

"The project owner shall, as required by the Secretary, accumulate, safeguard, and periodically pay the Secretary or such other entity as determined by the Secretary and upon such terms and conditions as the Secretary deems appropriate, all rental charges collected on a unit-by-unit basis in excess of the basic rental charges. Unless otherwise directed by the Secretary, such excess charges shall be credited to a reserve fund to be used by the Secretary to make additional assistance payments as provided in paragraph (3) of subsection (f). However, a project owner with a mortgage project use if authorized by the Secretary and upon such terms and conditions insured under this section may retain some or all of such excess charges for project use if authorized by the Secretary and upon such terms and conditions as established by the Secretary."]

SEC. 205. TRANSFERS BETWEEN APPROPRIATIONS.—Not to exceed 2 percent of any appropriation or earmarked amount made available for the current fiscal year in this Act may be transferred between such appropriations or earmarked amounts, but no such appropriations or earmarked amounts shall be increased or decreased by more than 2 percent by any such transfers. (Department of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997.)