105TH CONGRESS
1st Session

HOUSE OF REPRESENTATIVES

REPORT
105–297

MAKING APPROPRIATIONS FOR THE DEPARTMENTS OF VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT, AND FOR SUNDRY INDEPENDENT AGENCIES, COMMISSIONS, CORPORATIONS, AND OFFICES FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1998, AND FOR OTHER PURPOSES

OCTOBER 6, 1997.—Ordered to be printed

Mr. LEWIS of California, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H.R. 2158]

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2158) "making appropriations for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, commissions, corporations, and offices for the fiscal year ending September 30, 1998, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment, insert:

That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, commissions, corporations, and offices for the fiscal year ending September 30, 1998, and for other purposes, namely:

43–570

TITLE I—DEPARTMENT OF VETERANS AFFAIRS

VETERANS BENEFITS ADMINISTRATION

COMPENSATION AND PENSIONS

(INCLUDING TRANSFERS OF FUNDS)

For the payment of compensation benefits to or on behalf of veterans and a pilot program for disability examinations as authorized by law (38 U.S.C. 107, chapters 11, 13, 18, 51, 53, 55, and 61); pension benefits to or on behalf of veterans as authorized by law (38 U.S.C. chapters 15, 51, 53, 55, and 61; 92 Stat. 2508); and burial benefits, emergency and other officers' retirement pay, adjusted-service credits and certificates, payment of premiums due on commercial life insurance policies guaranteed under the provisions of Article IV of the Soldiers' and Sailors' Civil Relief Act of 1940, as amended, and for other benefits as authorized by law (38 U.S.C. 107, 1312, 1977, and 2106, chapters 23, 51, 53, 55, and 61; 50 U.S.C. App. 540–548; 43 Stat. 122, 123; 45 Stat. 735; 76 Stat. 1198); $19,932,997,000, to remain available until expended: Provided, That not to exceed $26,380,000 of the amount appropriated shall be reimbursed to "General operating expenses" and "Medical care" for necessary expenses in implementing those provisions authorized in the Omnibus Budget Reconciliation Act of 1990, and in the Veterans' Benefits Act of 1992 (38 U.S.C. chapters 51, 53, and 55), the funding source for which is specifically provided as the "Compensation and pensions" appropriation: Provided further, That such sums as may be earned on an actual qualifying patient basis, shall be reimbursed to "Medical facilities revolving fund" to augment the funding of individual medical facilities for nursing home care provided to pensioners as authorized by the Veterans' Benefits Act of 1992 (38 U.S.C. chapter 55).

READJUSTMENT BENEFITS

For the payment of readjustment and rehabilitation benefits to or on behalf of veterans as authorized by 38 U.S.C. chapters 21, 30, 31, 34, 35, 36, 39, 51, 53, 55, and 61, $1,366,000,000, to remain available until expended: Provided, That funds shall be available to pay any court order, court award or any compromise settlement arising from litigation involving the vocational training program authorized by section 18 of Public Law 98–77, as amended.

VETERANS INSURANCE AND INDEMNITIES

For military and naval insurance, national service life insurance, servicemen's indemnities, service-disabled veterans insurance, and veterans mortgage life insurance as authorized by 38 U.S.C. chapter 19; 70 Stat. 887; 72 Stat. 487, $51,360,000, to remain available until expended.

VETERANS HOUSING BENEFIT PROGRAM FUND PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

For the cost of direct and guaranteed loans, such sums as may be necessary to carry out the program, as authorized by 38 U.S.C.

chapter 37, as amended: 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 during fiscal year 1998, within the resources available, not to exceed $300,000 in gross obligations for direct loans are authorized for specially adapted housing loans: Provided further, That during 1998 any moneys that would be otherwise deposited into or paid from the Loan Guaranty Revolving Fund, the Guaranty and Indemnity Fund, or the Direct Loan Revolving Fund shall be deposited into or paid from the Veterans Housing Benefit Program Fund: Provided further, That any balances in the Loan Guaranty Revolving Fund, the Guaranty and Indemnity Fund, or the Direct Loan Revolving Fund on the effective date of this Act may be transferred to and merged with the Veterans Housing Benefit Program Fund.

In addition, for administrative expenses to carry out the direct and guaranteed loan programs, $160,437,000, which may be transferred to and merged with the appropriation for "General operating expenses".

EDUCATION LOAN FUND PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

For the cost of direct loans, $1,000, as authorized by 38 U.S.C. 3698, as amended: 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 gross obligations for the principal amount of direct loans not to exceed $3,000.

In addition, for administrative expenses necessary to carry out the direct loan program, $200,000, which may be transferred to and merged with the appropriation for "General operating expenses".

VOCATIONAL REHABILITATION LOANS PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

For the cost of direct loans, $44,000, as authorized by 38 U.S.C. chapter 31, as amended: 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 gross obligations for the principal amount of direct loans not to exceed $2,278,000.

In addition, for administrative expenses necessary to carry out the direct loan program, $388,000, which may be transferred to and merged with the appropriation for "General operating expenses".

NATIVE AMERICAN VETERAN HOUSING LOAN PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

For administrative expenses to carry out the direct loan program authorized by 38 U.S.C. chapter 37, subchapter V, as amended, $515,000, which may be transferred to and merged with the appropriation for "General operating expenses".

VETERANS HEALTH ADMINISTRATION

MEDICAL CARE

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses for the maintenance and operation of hospitals, nursing homes, and domiciliary facilities; for furnishing, as authorized by law, inpatient and outpatient care and treatment to beneficiaries of the Department of Veterans Affairs, including care and treatment in facilities not under the jurisdiction of the Department; and furnishing recreational facilities, supplies, and equipment; funeral, burial, and other expenses incidental thereto for beneficiaries receiving care in the Department; administrative expenses in support of planning, design, project management, real property acquisition and disposition, construction and renovation of any facility under the jurisdiction or for the use of the Department; oversight, engineering and architectural activities not charged to project cost; repairing, altering, improving or providing facilities in the several hospitals and homes under the jurisdiction of the Department, not otherwise provided for, either by contract or by the hire of temporary employees and purchase of materials; uniforms or allowances therefor, as authorized by 5 U.S.C. 5901–5902; aid to State homes as authorized by 38 U.S.C. 1741; administrative and legal expenses of the Department for collecting and recovering amounts owed the Department as authorized under 38 U.S.C. chapter 17, and the Federal Medical Care Recovery Act, 42 U.S.C. 2651 et seq.; and not to exceed $8,000,000 to fund cost comparison studies as referred to in 38 U.S.C. 8110(a)(5); $17,057,396,000, plus reimbursements: Provided, That of the funds made available under this heading, $570,000,000 is for the equipment and land and structures object classifications only, which amount shall not become available for obligation until August 1, 1998, and shall remain available until September 30, 1999: Provided further, That of the amount made available under this heading, not to exceed $5,000,000 shall be for a study on the cost-effectiveness of contracting with local hospitals in East Central Florida for the provision of non-emergent inpatient health care needs of veterans.

In addition, in conformance with Public Law 105–33 establishing the Department of Veterans Affairs Medical Care Collections Fund, such sums as may be deposited to such Fund pursuant to 38 U.S.C. 1729A may be transferred to this account, to remain available until expended for the purposes of this account.

MEDICAL AND PROSTHETIC RESEARCH

For necessary expenses in carrying out programs of medical and prosthetic research and development as authorized by 38 U.S.C. chapter 73, to remain available until September 30, 1999, $272,000,000, plus reimbursements.

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES

For necessary expenses in the administration of the medical, hospital, nursing home, domiciliary, construction, supply, and research activities, as authorized by law; administrative expenses in *support of planning, design, project management, architectural, engineering, real property acquisition and disposition, construction and renovation of any facility under the jurisdiction or for the use of the Department of Veterans Affairs, including site acquisition; engineering and architectural activities not charged to project cost; and research and development in building construction technology; $59,860,000, plus reimbursements.*

GENERAL POST FUND, NATIONAL HOMES

(INCLUDING TRANSFER OF FUNDS)

For the cost of direct loans, $7,000, as authorized by Public Law 102–54, section 8, which shall be transferred from the "General post fund": 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 gross obligations for the principal amount of direct loans not to exceed $70,000.

In addition, for administrative expenses to carry out the direct loan programs, $54,000, which shall be transferred from the "General post fund", as authorized by Public Law 102–54, section 8.

DEPARTMENTAL ADMINISTRATION

GENERAL OPERATING EXPENSES

For necessary operating expenses of the Department of Veterans Affairs, not otherwise provided for, including uniforms or allowances therefor; not to exceed $25,000 for official reception and representation expenses; hire of passenger motor vehicles; and reimbursement of the General Services Administration for security guard services, and the Department of Defense for the cost of overseas employee mail; $786,135,000: Provided, That funds under this heading shall be available to administer the Service Members Occupational Conversion and Training Act: Provided further, That none of the funds made available under this heading may be used for the relocation of the loan guaranty divisions of the Department of Veterans Affairs Regional Office in St. Petersburg, Florida to the Department of Veterans Affairs Regional Office in Atlanta, Georgia.

NATIONAL CEMETERY SYSTEM

For necessary expenses for the maintenance and operation of the National Cemetery System, not otherwise provided for, including uniforms or allowances therefor; cemeterial expenses as authorized by law; purchase of three passenger motor vehicles for use in cemeterial operations; and hire of passenger motor vehicles, $84,183,000.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the Inspector General Act of 1978, as amended, $31,013,000.

CONSTRUCTION, MAJOR PROJECTS

For constructing, altering, extending and improving any of the facilities under the jurisdiction or for the use of the Department of Veterans Affairs, or for any of the purposes set forth in sections 316, 2404, 2406, 8102, 8103, 8106, 8108, 8109, 8110, and 8122 of title 38, United States Code, including planning, architectural and engineering services, maintenance or guarantee period services costs associated with equipment guarantees provided under the project, services of claims analysts, offsite utility and storm drainage system construction costs, and site acquisition, where the estimated cost of a project is $4,000,000 or more or where funds for a project were made available in a previous major project appropriation, $177,900,000, to remain available until expended: Provided, That the $32,100,000 provided under this heading in Public Law 104–204 for the replacement hospital at Travis Air Force Base, Fairfield, CA, shall not be obligated for that purpose but shall be available for any project approved by the Congress in the budgetary process: Provided further, That except for advance planning of projects funded through the advance planning fund and the design of projects funded through the design fund, none of these funds shall be used for any project which has not been considered and approved by the Congress in the budgetary process: Provided further, That funds provided in this appropriation for fiscal year 1998, for each approved project shall be obligated (1) by the awarding of a construction documents contract by September 30, 1998, and (2) by the awarding of a construction contract by September 30, 1999: Provided further, That the Secretary shall promptly report in writing to the Committees on Appropriations any approved major construction project in which obligations are not incurred within the time limitations established above: Provided further, That no funds from any other account except the "Parking revolving fund", may be obligated for constructing, altering, extending, or improving a project which was approved in the budget process and funded in this account until one year after substantial completion and beneficial occupancy by the Department of Veterans Affairs of the project or any part thereof with respect to that part only.

CONSTRUCTION, MINOR PROJECTS

For constructing, altering, extending, and improving any of the facilities under the jurisdiction or for the use of the Department of Veterans Affairs, including planning, architectural and engineering services, maintenance or guarantee period services costs associated with equipment guarantees provided under the project, services of claims analysts, offsite utility and storm drainage system construction costs, and site acquisition, or for any of the purposes set forth in sections 316, 2404, 2406, 8102, 8103, 8106, 8108, 8109, 8110, and 8122 of title 38, United States Code, where the estimated cost of a project is less than $4,000,000; $175,000,000, to remain available until expended, along with unobligated balances of previous "Construction, minor projects" appropriations which are hereby made available for any project where the estimated cost is less than $4,000,000: Provided, That funds in this account shall be available for (1) repairs to any of the nonmedical facilities under the jurisdic-

tion or for the use of the Department which are necessary because of loss or damage caused by any natural disaster or catastrophe, and (2) temporary measures necessary to prevent or to minimize further loss by such causes.

PARKING REVOLVING FUND

For the parking revolving fund as authorized by 38 U.S.C. 8109, income from fees collected, to remain available until expended, which shall be available for all authorized expenses except operations and maintenance costs, which will be funded from "Medical care".

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

For grants to assist States to acquire or construct State nursing home and domiciliary facilities and to remodel, modify or alter existing hospital, nursing home and domiciliary facilities in State homes, for furnishing care to veterans as authorized by 38 U.S.C. 8131–8137, $80,000,000, to remain available until expended.

GRANTS FOR THE CONSTRUCTION OF STATE VETERAN CEMETERIES

For grants to aid States in establishing, expanding, or improving State veteran cemeteries as authorized by 38 U.S.C. 2408, $10,000,000, to remain available until expended.

ADMINISTRATIVE PROVISIONS

(INCLUDING TRANSFER OF FUNDS)

SEC. 101. Any appropriation for fiscal year 1998 for "Compensation and pensions", "Readjustment benefits", and "Veterans insurance and indemnities" may be transferred to any other of the mentioned appropriations.

SEC. 102. Appropriations available to the Department of Veterans Affairs for fiscal year 1998 for salaries and expenses shall be available for services authorized by 5 U.S.C. 3109.

SEC. 103. No appropriations in this Act for the Department of Veterans Affairs (except the appropriations for "Construction, major projects", "Construction, minor projects", and the "Parking revolving fund") shall be available for the purchase of any site for or toward the construction of any new hospital or home.

SEC. 104. No appropriations in this Act for the Department of Veterans Affairs shall be available for hospitalization or examination of any persons (except beneficiaries entitled under the laws bestowing such benefits to veterans, and persons receiving such treatment under 5 U.S.C. 7901–7904 or 42 U.S.C. 5141–5204), unless reimbursement of cost is made to the "Medical care" account at such rates as may be fixed by the Secretary of Veterans Affairs.

SEC. 105. Appropriations available to the Department of Veterans Affairs for fiscal year 1998 for "Compensation and pensions", "Readjustment benefits", and "Veterans insurance and indemnities" shall be available for payment of prior year accrued obligations required to be recorded by law against the corresponding prior year accounts within the last quarter of fiscal year 1997.

SEC. 106. Appropriations accounts available to the Department of Veterans Affairs for fiscal year 1998 shall be available to pay *prior year obligations of corresponding prior year appropriations accounts resulting from title X of the Competitive Equality Banking Act, Public Law 100–86, except that if such obligations are from trust fund accounts they shall be payable from "Compensation and pensions".*

SEC. 107. Notwithstanding any other provision of law, during fiscal year 1998, the Secretary of Veterans Affairs shall, from the National Service Life Insurance Fund (38 U.S.C. 1920), the Veterans' Special Life Insurance Fund (38 U.S.C. 1923), and the United States Government Life Insurance Fund (38 U.S.C. 1955), reimburse the "General operating expenses" account for the cost of administration of the insurance programs financed through those accounts: Provided, That reimbursement shall be made only from the surplus earnings accumulated in an insurance program in fiscal year 1998, that are available for dividends in that program after claims have been paid and actuarially determined reserves have been set aside: Provided further, That if the cost of administration of an insurance program exceeds the amount of surplus earnings accumulated in that program, reimbursement shall be made only to the extent of such surplus earnings: Provided further, That the Secretary shall determine the cost of administration for fiscal year 1998, which is properly allocable to the provision of each insurance program and to the provision of any total disability income insurance included in such insurance program.

SEC. 108. Section 214(l)(1)(D) of the Immigration and Nationality Act (8 U.S.C. 1184(l)(1)(D)) (as added by section 220 of the Immigration and Nationality Technical Corrections Act of 1994 and redesignated as subsection (l) by section 671(a)(3)(A) of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996) is amended by inserting before the period at the end the following: ", except that, in the case of a request by the Department of Veterans Affairs, the alien shall not be required to practice medicine in a geographic area designated by the Secretary".

SEC. 109. In accordance with section 1557 of title 31, United States Code, the following obligated balance shall be exempt from subchapter IV of chapter 15 of such title and shall remain available for expenditure without fiscal year limitation: Funds obligated by the Department of Veterans Affairs for lease number 757–084B–001–91 from funds made available in the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1993 (Public Law 102–389) under the heading "Medical care".

TITLE II—DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PUBLIC AND INDIAN HOUSING

HOUSING CERTIFICATE FUND

(INCLUDING TRANSFERS OF FUNDS)

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 another heading in this Act) or expiration of use restrictions, or other changes in housing assistance arrangements, and for other purposes, $9,373,000,000, to remain available until expended: Provided, That of the total amount provided under this heading, $8,180,000,000 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, for enhanced vouchers as provided under the "Preserving Existing Housing Investment" account in the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997, (Public Law 104–204), and contracts entered into pursuant to section 441 of the Stewart B. McKinney Homeless Assistance Act: Provided further, That the Secretary may determine not to apply section 8(o)(6)(B) of the Act to housing vouchers during fiscal year 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 heading, $343,000,000 shall be for section 8 rental assistance under the United States Housing Act of 1937 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; 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 in the preceding proviso, $40,000,000 shall be made available to nonelderly disabled families affected by the designation of a public housing development under section 7 of such Act, the establishment of preferences in accordance with section 651 of the Housing and Community Development Act of 1992 (42 U.S.C. 1361l), or the restriction of occupancy to elderly families in accordance with section 658 of such Act, and to the extent the Secretary determines that such amount is not needed to fund applications for such affected families, to other nonelderly disabled families: Provided further, That the amount made available under the fifth proviso under the heading "Prevention of Resident Displacement" in title II of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997, Public Law 104–204, shall also be made available to nonelderly disabled families affected by the restriction of occupancy to elderly families in accordance with section 658 of the Housing and Community Development Act of 1992: Provided further, That to the extent the Secretary determines that the amount made available under the fifth proviso under the heading "Prevention of Resident Displacement" in title II of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997, Public Law 104–204, is not needed to fund applications for affected families described in the fifth proviso, or in the preceding proviso under this heading in this Act, the amount not needed shall be made available to other nonelderly disabled families: Provided further, That all balances, as of*

September 30, 1997, remaining in the "Annual Contributions for Assisted Housing" account and the "Prevention of Resident Displacement" account for use in connection with expiring or terminating section 8 subsidy contracts and for amendments to section 8 contracts other than contracts for projects developed under section 202 of the Housing Act of 1959, as amended, shall be transferred to and merged with the amounts provided for those purposes under this heading.

SECTION 8 RESERVE PRESERVATION ACCOUNT

The amounts recaptured during fiscal year 1998 that were heretofore made available to public housing agencies for tenant-based assistance under the section 8 existing housing certificate and housing voucher programs from the Annual Contributions for Assisted Housing account shall be collected in the account under this heading, for use as provided for under this heading, as set forth under the Annual Contributions for Assisted Housing heading in chapter 11 of Public Law 105–18, approved June 12, 1997.

ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING

(INCLUDING RESCISSION AND TRANSFER OF FUNDS)

Notwithstanding any other provision of law, of the amounts recaptured under this heading during fiscal year 1998 and prior years, $550,000,000, heretofore maintained as section 8 reserves made available to housing agencies for tenant-based assistance under the section 8 existing housing certificate and housing voucher programs, are rescinded.

All balances outstanding as of September 30, 1997, in the Preserving Existing Housing Investment Account for the Preservation program shall be transferred to and merged with the amounts previously provided for those purposes under this heading.

PUBLIC HOUSING CAPITAL FUND

(INCLUDING TRANSFERS OF FUNDS)

For the Public Housing Capital Fund Program 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. 1437), $2,500,000,000, to remain available until exended: Provided, That of the total amount, $30,000,000 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 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 housing program and for lease adjustments to section 23 projects: Provided further, That of the amount available under this heading, up to $5,000,000 shall be for the Tenant Opportunity Program: Provided *further, 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.*

PUBLIC HOUSING OPERATING FUND

(INCLUDING TRANSFER 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.

DRUG ELIMINATION GRANTS FOR LOW-INCOME HOUSING

(INCLUDING TRANSFER OF FUNDS)

For grants to public housing agencies and tribally designated housing entities 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 clearinghouse services authorized by 42 U.S.C. 11921–11925, $310,000,000, to remain available until expended, of which $10,000,000 shall be for grants, technical assistance, contracts and other assistance, training, and program assessment and execution for or on behalf of public housing agencies, resident organizations, and Indian Tribes and their tribally designated housing entities (including the cost of necessary travel for participants in such training); $10,000,000 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; $10,000,000 shall be provided to the Office of Inspector General for Operation Safe Home; and $20,000,000 shall be available for a program named the New Approach Anti-Drug program which will provide competitive 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 in order to provide or augment security (including personnel costs), 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 grants for the New Approach Anti-Drug pro-

gram shall be made on a competitive basis as specified in section 102 of the Department of Housing and Urban Development Reform Act of 1989: Provided further, 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.

REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING (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 displaced by the demolition, $550,000,000, to remain available until expended, of which the Secretary may use up to $10,000,000 for technical assistance and contract expertise, 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 of the amount made available under this heading, $26,000,000 shall be made available, including up to $10,000,000 for Heritage House in Kansas City, Missouri, for the demolition of obsolete elderly public housing projects and the replacement, where appropriate, and revitalization of the elderly public housing as new communities for the elderly designed to meet the special needs and physical requirements of the elderly: Provided further, That no funds appropriated under this heading shall be used for any purpose that is not provided for herein, in the United States Housing Act of 1937, in the Appropriations Acts for the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies, for the fiscal years 1993, 1994, 1995, and 1997, and the Omnibus Consolidated Rescissions 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.

NATIVE AMERICAN HOUSING BLOCK GRANTS

(INCLUDING TRANSFERS 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), $600,000,000, 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 *of the amount provided under this heading, $5,000,000 shall be made available for the cost of guaranteed notes and other obligations, as authorized by title VI of the Native American Housing Assistance and Self-Determination Act of 1996: Provided further, That such costs, including the costs of modifying such notes and other obligations, 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 the total principal amount of any notes and other obligations, any part of which is to be guaranteed, not to exceed $217,000,000: Provided further, That the funds made available in the first proviso are for a demonstration on ways to enhance economic growth, to increase access to private capital, and to encourage the investment and participation of traditional financial institutions in tribal and other Native American areas: Provided further, 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 Investment", "HOME Investment Partnerships Program", "Emergency Shelter Grants Program", and "Homeless Assistance Funds", identified for Indian Housing Authorities and other agencies primarily serving Indians or Indian areas, shall be transferred to and merged with amounts made available under this heading.*

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), $5,000,000, 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 $73,800,000.

CAPITAL GRANTS/CAPITAL LOANS PRESERVATION ACCOUNT

At the discretion of the Secretary, to reimburse owners, nonprofits, and tenant groups for which plans of action were submitted with regard to eligible properties under the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (LIHPRHA) or the Emergency Low Income Housing Preservation Act of 1987 (ELIHPA) 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 or any purchase agreement as determined by the Secretary, on terms and conditions to be established by the Secretary, $10,000,000 shall be made available.

COMMUNITY PLANNING AND DEVELOPMENT

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), $204,000,000, to remain available until ex-

pended: Provided, That of the amount made available under this heading for non-formula allocation, the Secretary may designate, on a noncompetitive basis, one or more nonprofit organizations that provide meals delivered to homebound persons with acquired immunodeficiency syndrome or a related disease to receive grants, not exceeding $250,000 for any grant, and the Secretary shall assess the efficacy of providing such assistance to such persons.

COMMUNITY DEVELOPMENT BLOCK GRANTS

(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), $4,675,000,000, to remain available until September 30, 2000: Provided, That $67,000,000 shall be for grants to Indian tribes notwithstanding section 106(a)(1) of such Act; $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; $32,000,000 shall be for grants pursuant to section 107 of such Act; $7,500,000 shall be for the Community Outreach Partnership program; $16,700,000 shall be for grants pursuant to section 11 of the Housing Opportunity Program Extension Act of 1996 (Public Law 104–120): 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.

Of the amount made available under this heading, $15,000,000 shall be made available for "Capacity Building for Community Development and Affordable Housing," as authorized by section 4 of the HUD Demonstration Act of 1993 (Public Law 103–120), as in effect immediately before June 12, 1997, with not less than $5,000,000 of the funding to be used in rural areas, including tribal areas.

Of the amount provided under this heading, the Secretary of Housing and Urban Development may use up to $55,000,000 for a public and assisted housing self-sufficiency program, of which up to $5,000,000 may be used for the Moving to Work Demonstration, and at least $7,000,000 shall be used for grants for service coordinators and congregate services for the elderly and disabled: Provided, That for self-sufficiency activities, the Secretary may make grants to public housing agencies (including Indian tribes and their tribally designated housing entities), 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: Provided further, 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 education, 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 heading 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 (except that this proviso shall not apply to renewal of grants for service coordinators and congregate services for the elderly and disabled).*

Of the amount made available under this heading, notwithstanding any other provision of law, $35,000,000 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. Local YouthBuild programs that demonstrate an ability to leverage private and nonprofit funding shall be given a priority for YouthBuild funding.

Of the amount made available under this heading $25,000,000 shall be available for the Secretary, in consultation with the Secretary of Agriculture, to make grants, not to exceed $4,000,000 each, for rural and tribal areas, including at least one Native American area in Alaska and one rural area in each of the States of Iowa and Missouri, to test comprehensive approaches to developing a job base through economic development, developing affordable low- and moderate-income rental and homeownership housing, and increasing the investment of both private and nonprofit capital.

Of the amount made available under this heading, $138,000,000 shall be available for the Economic Development Initiative (EDI) to finance a variety of efforts, including $100,000,000 for making grants for targeted economic investments in accordance with the terms and conditions specified for such grants in the conference report and the joint explanatory statement of the committee of conference accompanying this Act (H.R. 2158).

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.*

Of the amount made available under this heading, $25,000,000, including $15,000,000 for the County of San Bernardino, California, shall be used for neighborhood initiatives that are utilized to improve the conditions of distressed and blighted areas and neighborhoods, and to determine whether housing benefits can be integrated more effectively with welfare reform initiatives.

For the cost of guaranteed loans, $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 $1,261,000,000, 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, $1,000,000, which shall be transferred to and merged with the appropriation for departmental salaries and expenses.

Of the $500,000,000 made available under the heading "Community Development Block Grants Fund" in the 1997 Emergency Supplemental Appropriations Act for Recovery from Natural Disasters, and for Overseas Peacekeeping Efforts, Including Those in Bosnia (Public Law 105–18), not more than $3,500,000 shall be made available for the non-Federal cost-share for a levee project at Devils Lake, North Dakota: Provided, That the Secretary of Housing and Urban Development shall provide the State of North Dakota with a waiver to allow the use of its annual Community Development Block Grant allocation for use in funding the non-Federal cost-share for a levee project at Devils Lake, North Dakota: Provided further, That notwithstanding any other provision of law, the Secretary is prohibited from providing waivers, other than those provided herein, for funds in excess of $100,000 in emergency Community Development Block Grants funds for the non-Federal cost-share of projects funded by the Secretary of the Army through the Corps of Engineers.

BROWNFIELDS REDEVELOPMENT

For Economic Development Grants, as authorized by section 108(q) of the Housing and Community Development Act of 1974, as amended, for Brownfields redevelopment projects, $25,000,000, to remain available until expended: Provided, That the Secretary of Housing and Urban Development shall make these grants available on a competitive basis as specified in section 102 of the Department of Housing and Urban Development Reform Act of 1989.

EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES

For planning grants, technical assistance, contracts and other assistance, and training in connection with Empowerment Zones and Enterprise Communities, designated by the Secretary of Housing and Urban Development, to continue efforts to stimulate eco-

nomic opportunity in America's distressed communities, $5,000,000, to remain available until expended.

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, $1,500,000,000, to remain available until expended: Provided, That up to $7,000,000 shall be available for the development and operation of integrated community development management information systems: Provided further, That $20,000,000 shall be available for Housing Counseling under section 106 of the Housing and Urban Development Act of 1968: Provided further, That up to $10,000,000 shall be available to carry out a demonstration program in which the Secretary makes grants to up to three organizations exempt from Federal taxation under section 501(c)(3) of the Internal Revenue Code, selected on a competitive basis, to demonstrate methods of expanding homeownership opportunities for low-income borrowers through expanding the secondary market for non-conforming home mortgage loans to low-wealth borrowers: Provided further, That grantees for such demonstration program shall have experience in working with lenders who make non-conforming loans to low-income borrowers, have experience in expanding the secondary market for such loans, have demonstrated success in carrying out such activities including raising non-Federal grants and capital on concessionary terms for the purpose of expanding the secondary market for loans in the previous two years in amounts equal to or exceeding the amount awarded to such organization under this paragraph, and have demonstrated the ability to provide data on the performance of such loans sufficient to allow for future analysis of the investment risk of such loans.

SUPPORTIVE HOUSING PROGRAM

(RESCISSION)

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.

SHELTER PLUS CARE

(RESCISSION)

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.

HOMELESS ASSISTANCE GRANTS

For the emergency shelter grants program (as authorized under subtitle B of title IV of the Stewart B. McKinney Homeless Assistance Act, as amended); the supportive housing program (as author-

ized 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.

HOUSING PROGRAMS

HOUSING FOR SPECIAL POPULATIONS

(INCLUDING TRANSFERS OF FUNDS)

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 (42 U.S.C. 1437), not otherwise provided for, $839,000,000, to remain available until expended: Provided, That of the total amount provided under this heading, $645,000,000 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 the elderly under section 202(c)(2) of the Housing Act of 1959, and for supportive services associated with the housing; and $194,000,000 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, for project rental assistance, for amendments to contracts for project rental assistance, and supportive services associated with the housing for persons with disabilities as authorized by section 811 of such Act: Provided further, That the Secretary may designate up to 25 percent of the amounts earmarked under this paragraph for section 811 of 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 Cranston-Gonzalez 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 all balances, as of September 30, 1997, 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 heading; and, all balances, as of September 30, 1997, 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-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 under section 811 of such Act, shall be transferred to and merged with the amounts for those purposes under this heading.*

OTHER ASSISTED HOUSING PROGRAMS

RENTAL HOUSING ASSISTANCE

(RESCISSION)

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.

FLEXIBLE SUBSIDY FUND

(TRANSFER OF FUNDS)

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.

FEDERAL HOUSING ADMINISTRATION

FHA—MUTUAL MORTGAGE INSURANCE PROGRAM ACCOUNT

(INCLUDING TRANSFERS OF FUNDS)

During fiscal year 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.

During fiscal year 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 the Mutual Mortgage Insurance Fund.

For administrative expenses necessary to carry out the guaranteed and direct loan program, $338,421,000, to be derived from the FHA-mutual mortgage insurance guaranteed loans receipt account, of which not to exceed $326,309,000 shall be transferred to the appropriation for departmental salaries and expenses; and of which *not to exceed $12,112,000 shall be transferred to the appropriation for the Office of Inspector General.*

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), $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 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 formerly 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, $222,305,000, of which $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.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

GUARANTEES OF MORTGAGE-BACKED SECURITIES LOAN GUARANTEE PROGRAM ACCOUNT

(INCLUDING TRANSFER OF FUNDS)

During fiscal year 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 $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 GNMA-guarantees of mortgage-backed securities guaranteed loan receipt account, of which not to exceed $9,383,000 shall be transferred to the appropriation for departmental salaries and expenses.

POLICY DEVELOPMENT AND RESEARCH

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, $36,500,000, to remain available until September 30, 1999.

Of the amount made available under this heading, $500,000 shall be made available for a contract with the National Academy of Public Administration to evaluate the Secretary's efforts to implement needed management systems and processes.

FAIR HOUSING AND EQUAL OPPORTUNITY

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, to remain available until September 30, 1999, of which $15,000,000 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.

MANAGEMENT AND ADMINISTRATION

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, $1,000,826,000, 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 $1,000,000 shall be provided from the "Community Development Grants Program" account.

OFFICE OF INSPECTOR GENERAL

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses of the Office of Inspector General in carrying out the Inspector General Act of 1978, as amended, $66,850,000, of which $16,283,000 shall be provided from the various funds of the Federal Housing Administration and $10,000,000 shall be transferred from the amount earmarked for Operation Safe Home in the "Drug Elimination Grants for Low Income Housing" account.

OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT

SALARIES AND EXPENSES

(INCLUDING TRANSFER OF FUNDS)

For carrying out the Federal Housing Enterprise Financial Safety and Soundness Act of 1992, $16,000,000, to remain available until expended, to be derived from the Federal Housing Enterprise Oversight Fund: Provided, That 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.

ADMINISTRATIVE PROVISIONS

SEC. 201. EXTENDERS. (a) ONE-FOR-ONE REPLACEMENT OF PUBLIC HOUSING.—Section 1002(d) of Public Law 104–19 is amended by striking "1997" and inserting "1998".

(b) 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 years 1996 and 1997" and inserting "fiscal years 1996, 1997, and 1998".

(c) 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"; and

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

(d) PUBLIC AND ASSISTED HOUSING RENTS, INCOME ADJUSTMENTS AND PREFERENCES.—

(1) Section 402(a) of The Balanced Budget Downpayment Act, I is amended by striking "fiscal year 1997" and inserting in lieu thereof "fiscal years 1997 and 1998".

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

SEC. 202. DELAY REISSUANCE OF VOUCHERS AND CERTIFICATES.—Section 403(c) of The Balanced Budget Downpayment Act, I is amended—

(1) by striking "fiscal years 1996 and 1997" and inserting "fiscal years 1996, 1997, and 1998";

(2) by striking "1996 and October" and inserting "1996, October"; and

(3) by inserting before the semicolon the following: "and October 1, 1998 for assistance made available during fiscal year 1998".

SEC. 203. WAIVER.—The part of the HUD 1996 Community Development Block Grant to the State of Illinois which is administered by the State of Illinois Department of Commerce and Community Affairs (grant number B–96–DC–170001) and which, in turn, was granted by the Illinois Department of Commerce and Community

Affairs to the city of Oglesby, Illinois, located in LaSalle County, Illinois (State of Illinois Department of Commerce and Community Affairs grant number 96–24104), for the purpose of providing infrastructure for a warehouse in Oglesby, Illinois, is exempt from the provisions of section 104(g)(2), (g)(3), and (g)(4) of title I of the Housing and Community Development Act of 1974 as amended.

SEC. 204. FINANCING ADJUSTMENT FACTORS.—Fifty percent of the amounts of budget authority, or in lieu thereof 50 percent 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. Notwithstanding the previous sentence, the Secretary may award up to 15 percent of the budget authority or cash recaptured and not rescinded or remitted to the Treasury to provide project owners with incentives to refinance their project at a lower interest rate.

SEC. 205. ANNUAL ADJUSTMENT FACTORS.—Section 8(c)(2)(A) of the United States Housing Act of 1937, as amended by section 201 of this title, is further amended by inserting the following new sentences at the end: "In establishing annual adjustment factors for units in new construction and substantial rehabilitation projects, the Secretary shall take into account the fact that debt service is a fixed expense. The immediately foregoing sentence shall be effective only during fiscal year 1998.".

SEC. 206. COMMUNITY DEVELOPMENT BLOCK GRANT.—Notwithstanding any other provision of law, the $7,100,000 appropriated for an industrial park at 18th Street and Indiana Avenue shall be made available by the Secretary instead to 18th and Vine for rehabilitation and infrastructure development associated with the "Negro Leagues Baseball Museum" and the jazz museum.

SEC. 207. FAIR HOUSING AND FREE SPEECH.—None of the amounts made available under this Act may be used during fiscal year 1998 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. 208. REQUIREMENT FOR HUD TO MAINTAIN PUBLIC NOTICE AND COMMENT RULEMAKING.—Notwithstanding any other provision of law, for fiscal year 1998 and for all fiscal years thereafter, the Secretary of Housing and Urban Development shall maintain all current requirements under part 10 of the Department of Housing and Urban Development 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. 209. BROWNFIELDS AS ELIGIBLE CDBG ACTIVITY.—During fiscal year 1998, States and entitlement communities may use funds allocated under the community development block grants program under title I of the Housing and Community Development Act of 1974 for environmental cleanup and economic development activities related to Brownfields projects in conjunction with the appropriate environmental regulatory agencies, as if such activities were eligible under section 105(a) of such Act.

SEC. 210. PARTIAL PAYMENT OF CLAIMS ON HEALTH CARE FACILITIES.—Section 541(a) of the National Housing Act is amended—

(1) in the section heading, by adding "AND HEALTH CARE FACILITIES" at the end; and

(2) in subsection (a)—

(A) by inserting "or a health care facility (including a nursing home, intermediate care facility, or board and care home (as those terms are defined in section 232 of this Act), a hospital (as that term is defined in section 242 of this Act), or a group practice facility (as that term is defined in section 1106 of this Act))" after "1978"; and

(B) by inserting "or for keeping the health care facility operational to serve community needs," after "character of the project,".

SEC. 211. CALCULATION OF DOWNPAYMENT.—Section 203(b) of the National Housing Act is amended by striking "fiscal year 1997" in paragraph (10)(A) and inserting in lieu thereof "fiscal years 1997 and 1998".

SEC. 212. HOPE VI NOFA.—Notwithstanding any other provision of law, including the July 22, 1996 Notice of Funding Availability (61 Fed. Reg. 38024), the demolition of units at developments funded under the Notice of Funding Availability shall be at the option of the New York City Housing Authority and the assistance awarded shall be allocated by the public housing agency among other eligible activities under the HOPE VI program and without the development costs limitations of the Notice, provided that the public housing agency shall not exceed the total cost limitations for the public housing agency, as provided by the Department of Housing and Urban Development.

SEC. 213. ENHANCED DISPOSITION AUTHORITY.—Section 204 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997, is amended by inserting after "owned by the Secretary" the following: ", including, for fiscal years 1997 and 1998, the provision of grants and loans from the General Insurance Fund (12 U.S.C. 1735c) for the necessary costs of rehabilitation or demolition,".

SEC. 214. HOME PROGRAM FORMULA.—The first sentence of section 217(b)(3) of the Cranston-Gonzalez National Affordable Housing Act is amended by striking "only those jurisdictions that are allocated an amount of $500,000 or greater shall receive an allocation" and inserting in lieu thereof the following: "jurisdictions that are allocated an amount of $500,000 or more, and participating jurisdictions (other than consortia that fail to renew the membership of all of their member jurisdictions) that are allocated an amount less than $500,000, shall receive an allocation".

SEC. 215. HUD RENT REFORM.—Notwithstanding any other provision of law, the Secretary of Housing and Urban Development may provide tenant-based assistance to eligible tenants of a project insured under either sections 221(d)(3) or 236 of the National Housing Act in the same manner as if the owner had prepaid the insured mortgage to the extent necessary to minimize any rent increases or to prevent displacement of low-income tenants in accordance with a transaction approved by the Secretary provided that the rents are no higher than the published section 8 fair market rents, as of the date of enactment, during the tenants' occupancy of the property.

SEC. 216. NURSING HOME LEASE TERMS.—Section 232(b)(4)(B) of the National Housing Act is amended by striking "fifty years from the date the mortgage was executed" and inserting "ten years to run beyond the maturity date of the mortgage".

SEC. 217. HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS GRANTS.—(a) ELIGIBILITY.—Notwithstanding section 854(c)(1)(A) of the AIDS Housing Opportunity Act (42 U.S.C. 12903(c)(1)(A)), from any amounts made available under this title for fiscal year 1998 that are allocated under such section, the Secretary of Housing and Urban Development shall allocate and make a grant, in the amount determined under subsection (b), for any State that—

(1) received an allocation for fiscal year 1997 under clause (ii) of such section;

(2) is not otherwise eligible for an allocation for fiscal year 1998 under such clause (ii) because the State does not have the number of cases of acquired immunodeficiency syndrome required under such clause; and

(3) would meet such requirement if the cases in the metropolitan statistical area for any city within the State, which city was not eligible for an allocation for fiscal year 1997 under clause (i) of such section but is eligible for an allocation for fiscal year 1998 under such clause, were considered to be cases outside of metropolitan statistical areas described in clause (i) of such section.

(b) AMOUNT.—The amount of the allocation and grant for any State described in subsection (a) shall be the amount that is equal to the lesser of—

(1) the difference between—

(A) the total amount allocated for such State under section 854(c)(1)(A)(ii) of the AIDS Housing Opportunity Act for fiscal year 1997; and

(B) the total amount allocated for the city described in subsection (a)(3) of this section under section 854(c)(1)(A)(i) of such Act for fiscal year 1998 (from amounts made available under this title); and

(2) $300,000.

SEC. 218. DEBT FORGIVENESS.—The Secretary of Housing and Urban Development shall cancel the indebtedness of the Village of Robbins, Illinois, relating to loans under the Reconstruction Finance Corporation and refinanced under the Public Facility Loan program (loan numbers ILL–11–RFC–0029 and ILL–11–PFL0111). The Village is hereby relieved of all liability to the Federal government for the outstanding principal balance on such loans, for the *amount of accrued interest on such loans, and for any fees and charges payable in connection with such loans.*

TITLE III—INDEPENDENT AGENCIES

AMERICAN BATTLE MONUMENTS COMMISSION

SALARIES AND EXPENSES

For necessary expenses, not otherwise provided for, of the American Battle Monuments Commission, including the acquisition of land or interest in land in foreign countries; purchases and repair of uniforms for caretakers of national cemeteries and monuments outside of the United States and its territories and possessions; rent of office and garage space in foreign countries; purchase (one for replacement only) and hire of passenger motor vehicles; and insurance of official motor vehicles in foreign countries, when required by law of such countries; $26,897,000, to remain available until expended: Provided, That where station allowance has been authorized by the Department of the Army for officers of the Army serving the Army at certain foreign stations, the same allowance shall be authorized for officers of the Armed Forces assigned to the Commission while serving at the same foreign stations, and this appropriation is hereby made available for the payment of such allowance: Provided further, That when traveling on business of the Commission, officers of the Armed Forces serving as members or as Secretary of the Commission may be reimbursed for expenses as provided for civilian members of the Commission: Provided further, That the Commission shall reimburse other Government agencies, including the Armed Forces, for salary, pay, and allowances of personnel assigned to it.

CHEMICAL SAFETY AND HAZARD INVESTIGATION BOARD

SALARIES AND EXPENSES

For necessary expenses in carrying out activities pursuant to section 112(r)(6) of the Clean Air Act, including hire of passenger vehicles, and for services authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem equivalent to the maximum rate payable for senior level positions under 5 U.S.C. 5376, $4,000,000.

DEPARTMENT OF THE TREASURY

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND PROGRAM ACCOUNT

For grants, loans, and technical assistance to qualifying community development lenders, and administrative expenses of the Fund, including services authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem rate equivalent to the rate for ES–3, $80,000,000, to remain available until September 30, 1999, of which $12,000,000 may be used for the cost of direct loans, and up to $1,000,000 may be used for administrative expenses to *carry out the direct loan program: Provided, That the cost of direct loans, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed $32,000,000: Provided further, That not more than $25,000,000 of the funds made available under this heading may be used for programs and activities authorized in section 114 of the Community Development Banking and Financial Institutions Act of 1994.*

CONSUMER PRODUCT SAFETY COMMISSION

SALARIES AND EXPENSES

For necessary expenses of the Consumer Product Safety Commission, including hire of passenger motor vehicles, services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem rate equivalent to the maximum rate payable under 5 U.S.C. 5376, purchase of nominal awards to recognize non-Federal officials' contributions to Commission activities, and not to exceed $500 for official reception and representation expenses, $45,000,000.

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

NATIONAL AND COMMUNITY SERVICE PROGRAMS

OPERATING EXPENSES

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses for the Corporation for National and Community Service (referred to in the matter under this heading as the "Corporation") in carrying out programs, activities, and initiatives under the National and Community Service Act of 1990 (referred to in the matter under this heading as the "Act") (42 U.S.C. 12501 et seq.), $425,500,000, to remain available until September 30, 1999: Provided, That not more than $27,000,000 shall be available for administrative expenses authorized under section 501(a)(4) of the Act (42 U.S.C. 12671(a)(4)): Provided further, That not more than $2,500 shall be for official reception and representation expenses: Provided further, That not more than $70,000,000, to remain available without fiscal year limitation, shall be transferred to the National Service Trust account for educational awards authorized under subtitle D of title I of the Act (42 U.S.C. 12601 et seq.), of which not to exceed $5,000,000 shall be available for national service scholarships for high school students performing community service: Provided further, That not more than $227,000,000 of the amount provided under this heading shall be available for grants under the National Service Trust program authorized under subtitle C of title I of the Act (42 U.S.C. 12571 et seq.) (relating to activities including the Americorps program), of which not more than $40,000,000 may be used to administer, reimburse, or support any national service program authorized under section 121(d)(2) of such Act (42 U.S.C. 12581(d)(2)): Provided further, That not more than $5,500,000 of the funds made available under this heading shall be made available for the Points of Light Foundation for activities authorized under title III of the Act (42 U.S.C. 12661 et *seq.): Provided further, That no funds shall be available for national service programs run by Federal agencies authorized under section 121(b) of such Act (42 U.S.C. 12571(b)): Provided further, That to the maximum extent feasible, funds appropriated under subtitle C of title I of the Act shall be provided in a manner that is consistent with the recommendations of peer review panels in order to ensure that priority is given to programs that demonstrate quality, innovation, replicability, and sustainability: Provided further, That not more than $18,000,000 of the funds made available under this heading shall be available for the Civilian Community Corps authorized under subtitle E of title I of the Act (42 U.S.C. 12611 et seq.): Provided further, That not more than $43,000,000 shall be available for school-based and community-based service-learning programs authorized under subtitle B of title I of the Act (42 U.S.C. 12521 et seq.): Provided further, That not more than $30,000,000 shall be available for quality and innovation activities authorized under subtitle H of title I of the Act (42 U.S.C. 12853 et seq.): Provided further, That not more than $5,000,000 shall be available for audits and other evaluations authorized under section 179 of the Act (42 U.S.C. 12639): Provided further, That to the maximum extent practicable, the Corporation shall increase significantly the level of matching funds and in-kind contributions provided by the private sector, shall expand significantly the number of educational awards provided under subtitle D of title I, and shall reduce the total Federal costs per participant in all programs.*

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the Inspector General Act of 1978, as amended, $3,000,000.

COURT OF VETERANS APPEALS

SALARIES AND EXPENSES

For necessary expenses for the operation of the United States Court of Veterans Appeals as authorized by 38 U.S.C. sections 7251–7298, $9,319,000, of which $790,000, shall be available for the purpose of providing financial assistance as described, and in accordance with the process and reporting procedures set fourth, under this heading in Public Law 102–229.

DEPARTMENT OF DEFENSE—CIVIL

CEMETERIAL EXPENSES, ARMY

SALARIES AND EXPENSES

For necessary expenses, as authorized by law, for maintenance, operation, and improvement of Arlington National Cemetery and Soldiers' and Airmen's Home National Cemetery, including the purchase of two passenger motor vehicles for replacement only, and not to exceed $1,000 for official reception and representation expenses, $11,815,000, to remain available until expended.

ENVIRONMENTAL PROTECTION AGENCY

SCIENCE AND TECHNOLOGY

(INCLUDING TRANSFER OF FUNDS)

For science and technology, including research and development activities, which shall include research and development activities under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA), as amended; necessary expenses for personnel and related costs and travel expenses, including uniforms, or allowances therefore, as authorized by 5 U.S.C. 5901–5902; services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem rate equivalent to the rate for GS–18; procurement of laboratory equipment and supplies; other operating expenses in support of research and development; construction, alteration, repair, rehabilitation, and renovation of facilities, not to exceed $75,000 per project, $631,000,000, which shall remain available until September 30, 1999: Provided, That $49,600,000 of the funds appropriated under this heading shall be to conduct and administer a comprehensive, peer-reviewed, near- and long-term particulate matter research program in accordance with the terms and conditions set forth for such research program in the conference report and joint explanatory statement of the committee of conference accompanying this Act (H.R. 2158): Provided further, That no later than 30 days following enactment of this Act, the Environmental Protection Agency shall enter into a contract or cooperative agreement with the National Academy of Sciences to develop a comprehensive, prioritized, near- and long-term particulate matter research program and monitoring plan in accordance with the terms and conditions set forth in the conference report and joint explanatory statement of the committee of conference accompanying this Act (H.R. 2158).

ENVIRONMENTAL PROGRAMS AND MANAGEMENT

For environmental programs and management, including necessary expenses, not otherwise provided for, for personnel and related costs and travel expenses, including uniforms, or allowances therefore, as authorized by 5 U.S.C. 5901–5902; services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem rate equivalent to the rate for GS–18; hire of passenger motor vehicles; hire, maintenance, and operation of aircraft; purchase of reprints; library memberships in societies or associations which issue publications to members only or at a price to members lower than to subscribers who are not members; construction, alteration, repair, rehabilitation, and renovation of facilities, not to exceed $75,000 per project; and not to exceed $6,000 for official reception and representation expenses, $1,801,000,000, which shall remain available until September 30, 1999.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the provisions of the Inspector General Act of 1978, as amended, and for construction, alteration, repair, rehabilitation, *and renovation of facilities, not to exceed $75,000 per project, $28,501,000, to remain available until September 30, 1999.*

BUILDINGS AND FACILITIES

For construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities of, or for use by, the Environmental Protection Agency, $109,420,000, to remain available until expended: Provided, That the Environmental Protection Agency is authorized to establish and construct a consolidated research facility at Research Triangle Park, North Carolina, at a maximum total construction cost of $272,700,000, and to obligate such monies as are made available by this Act for this purpose.

HAZARDOUS SUBSTANCE SUPERFUND

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses to carry out the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA), as amended, including sections 111 (c)(3), (c)(5), (c)(6), and (e)(4) (42 U.S.C. 9611), and for construction, alteration, repair, rehabilitation, and renovation of facilities, not to exceed $75,000 per project; not to exceed $2,150,000,000 (of which $100,000,000 shall not become available until September 1, 1998), to remain available until expended, consisting of $1,900,000,000, as authorized by section 517(a) of the Superfund Amendments and Reauthorization Act of 1986 (SARA), as amended by Public Law 101–508, and $250,000,000 as a payment from general revenues to the Hazardous Substance Superfund as authorized by section 517(b) of SARA, as amended by Public Law 101–508: Provided, That funds appropriated under this heading may be allocated to other Federal agencies in accordance with section 111(a) of CERCLA: Provided further, That of the funds appropriated under this heading, $650,000,000 shall not become available for obligation until October 1, 1998, and, further, shall be available for obligation only upon enactment by May 15, 1998, of specific legislation which reauthorizes the Superfund program: Provided further, That $11,641,000 of the funds appropriated under this heading shall be transferred to the "Office of Inspector General" appropriation to remain available until September 30, 1999: Provided further, That notwithstanding section 111(m) of CERCLA or any other provision of law, $74,000,000 of the funds appropriated under this heading shall be available to the Agency for Toxic Substances and Disease Registry to carry out activities described in sections 104(i), 111(c)(4), and 111(c)(14) of CERCLA and section 118(f) of SARA: Provided further, That $35,000,000 of the funds appropriated under this heading shall be transferred to the "Science and Technology" appropriation to remain available until September 30, 1999: Provided further, That none of the funds appropriated under this heading shall be used for Brownfields revolving loan funds unless specifically authorized by subsequent legislation: Provided further, That none of the funds appropriated under this heading shall be available for the Agency for Toxic Substances and Disease Registry to issue in excess of 40 toxicological profiles pursuant to section 104(i) of CERCLA during fiscal year 1998.

LEAKING UNDERGROUND STORAGE TANK PROGRAM

(INCLUDING TRANSFER OF FUNDS)

For necessary expenses to carry out leaking underground storage tank cleanup activities authorized by section 205 of the Superfund Amendments and Reauthorization Act of 1986, and for construction, alteration, repair, rehabilitation, and renovation of facilities, not to exceed $75,000 per project, $65,000,000, to remain available until expended: Provided, That no more than $7,500,000 shall be available for administrative expenses.

OIL SPILL RESPONSE

(INCLUDING TRANSFER OF FUNDS)

For expenses necessary to carry out the Environmental Protection Agency's responsibilities under the Oil Pollution Act of 1990, $15,000,000, to be derived from the Oil Spill Liability trust fund, and to remain available until expended: Provided, That not more than $9,000,000 of these funds shall be available for administrative expenses.

STATE AND TRIBAL ASSISTANCE GRANTS

For environmental programs and infrastructure assistance, including capitalization grants for State revolving funds and performance partnership grants, $3,213,125,000, to remain available until expended, of which $1,350,000,000 shall be for making capitalization grants for the Clean Water State Revolving Funds under title VI of the Federal Water Pollution Control Act, as amended, and $725,000,000 shall be for capitalization grants for the Drinking Water State Revolving Funds under section 1452 of the Safe Drinking Water Act, as amended; $75,000,000 for architectural, engineering, planning, design, construction and related activities in connection with the construction of high priority water and wastewater facilities in the area of the United States-Mexico Border, after consultation with the appropriate border commission; $50,000,000 for grants to the State of Texas which shall be matched by state funds from state resources at 20 percent of the federal appropriation for the purpose of improving water and wastewater treatment for colonias; $15,000,000 for grants to the State of Alaska to address drinking water and wastewater infrastructure needs of rural and Alaska Native Villages as provided by section 303 of Public Law 104–182; $253,125,000 for making grants for the construction of wastewater and water treatment facilities and groundwater protection infrastructure in accordance with the terms and conditions specified for such grants in the conference report and joint explanatory statement of the committee of conference accompanying this Act (H.R. 2158); and $745,000,000 for grants to States, federally recognized tribes, and air pollution control agencies for multi-media or single media pollution prevention, control and abatement and related activities pursuant to the provisions set forth under this heading in Public Law 104–134, provided that eligible recipients of these funds and the funds made available for this purpose since fiscal year 1996 and hereafter include States, federally recognized tribes, interstate agencies, tribal consortia, and air pollution control agen-

cies, as provided in authorizing statutes, subject to such terms and conditions as the Administrator shall establish, and for making grants under section 103 of the Clean Air Act for particulate matter monitoring and data collection activities: Provided, That, consistent with section 1452(g) of the Safe Drinking Water Act (42 U.S.C. 300j–12(g)), section 302 of the Safe Drinking Water Act Amendments of 1996 (Public Law 104–182) and the accompanying joint explanatory statement of the committee on conference (H. Rept. No. 104–741 to accompany S. 1316, the Safe Drinking Water Act Amendments of 1996), and notwithstanding any other provision of law, States may combine the assets of State Revolving Funds (SRFs) established under section 1452 of the Safe Drinking Water Act, as amended, and title VI of the Federal Water Pollution Control Act, as amended, as security for bond issues to enhance the lending capacity of one or both SRFs, but not to acquire the state match for either program, provided that revenues from the bonds are allocated to the purposes of the Safe Drinking Water Act and the Federal Water Pollution Control Act in the same portion as the funds are used as security for the bonds: Provided further, That, hereafter from funds appropriated under this heading, the Administrator is authorized to make grants to federally recognized Indian governments for the development of multi-media environmental programs: Provided further, That, hereafter, the funds available under this heading for grants to States, federally recognized tribes, and air pollution control agencies for multi-media or single media pollution prevention, control and abatement and related activities may also be used for the direct implementation by the Federal Government of a program required by law in the absence of an acceptable State or tribal program: Provided further, That notwithstanding any other provision of law, in the case of a publicly owned treatment works in the District of Columbia, the Federal share of grants awarded under title II of the Federal Water Pollution Control Act, beginning October 1, 1997, and continuing through September 30, 1999, shall be 80 percent of the cost of construction, and all grants made to such publicly owned treatment works in the District of Columbia may include an advance of allowance under section 201(l)(2): Provided further, That, notwithstanding any other provision of law, the Administrator is authorized to make a grant of $4,326,000 under title II of the Federal Water Pollution Control Act, as amended, from funds appropriated in prior years under section 205 of the Act for the State of Florida and available due to deobligation, to the appropriate instrumentality for wastewater treatment works in Monroe County, Florida.

WORKING CAPITAL FUND

Under this heading in Public Law 104–204, delete the following: the phrases, "franchise fund pilot to be known as the"; "as authorized by section 403 of Public Law 103–356,"; and "as provided in such section"; and the final proviso. After the phrase, "to be available", insert "without fiscal year limitation".

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF SCIENCE AND TECHNOLOGY POLICY

For necessary expenses of the Office of Science and Technology Policy, in carrying out the purposes of the National Science and Technology Policy, Organization, and Priorities Act of 1976 (42 U.S.C. 6601 and 6671), hire of passenger motor vehicles, and services as authorized by 5 U.S.C. 3109, not to exceed $2,500 for official reception and representation expenses, and rental of conference rooms in the District of Columbia, $4,932,000.

COUNCIL ON ENVIRONMENTAL QUALITY AND OFFICE OF ENVIRONMENTAL QUALITY

For necessary expenses to continue functions assigned to the Council on Environmental Quality and Office of Environmental Quality pursuant to the National Environmental Policy Act of 1969, the Environmental Quality Improvement Act of 1970, and Reorganization Plan No. 1 of 1977, $2,500,000: Provided, That, notwithstanding any other provision of law, no funds other than those appropriated under this heading, shall be used for or by the Council on Environmental Quality and Office of Environmental Quality: Provided further, That notwithstanding section 202 of the National Environmental Policy Act of 1970, the Council shall consist of one member, appointed by the President, by and with the advice and consent of the Senate, serving as Chairman and exercising all powers, functions, and duties of the Council.

UNANTICIPATED NEEDS

For expenses necessary to enable the President to meet unanticipated needs, in furtherance of the national interest, security, or defense which may arise at home or abroad during the current fiscal year; $1,000,000.

FEDERAL DEPOSIT INSURANCE CORPORATION

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, $34,365,000, to be derived from the Bank Insurance Fund, the Savings Association Insurance Fund, and the FSLIC Resolution Fund.

FEDERAL EMERGENCY MANAGEMENT AGENCY

DISASTER RELIEF

For necessary expenses in carrying out the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.), $320,000,000, and, notwithstanding 42 U.S.C. 5203, to remain available until expended.

DISASTER ASSISTANCE DIRECT LOAN PROGRAM ACCOUNT

For the cost of direct loans, $1,495,000, as authorized by section 319 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act: 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 gross obligations for the principal amount of direct loans not to exceed $25,000,000.

In addition, for administrative expenses to carry out the direct loan program, $341,000.

SALARIES AND EXPENSES

For necessary expenses, not otherwise provided for, including hire and purchase of motor vehicles as authorized by 31 U.S.C. 1343; uniforms, or allowances therefor, as authorized by 5 U.S.C. 5901–5902; services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem rate equivalent to the rate for GS–18; expenses of attendance of cooperating officials and individuals at meetings concerned with the work of emergency preparedness; transportation in connection with the continuity of Government programs to the same extent and in the same manner as permitted the Secretary of a Military Department under 10 U.S.C. 2632; and not to exceed $2,500 for official reception and representation expenses, $171,773,000.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the Inspector General Act of 1978, as amended, $4,803,000.

EMERGENCY MANAGEMENT PLANNING AND ASSISTANCE

For necessary expenses, not otherwise provided for, to carry out activities under the National Flood Insurance Act of 1968, as amended, and the Flood Disaster Protection Act of 1973, as amended (42 U.S.C. 4001 et seq.), the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.), the Earthquake Hazards Reduction Act of 1977, as amended (42 U.S.C. 7701 et seq.), the Federal Fire Prevention and Control Act of 1974, as amended (15 U.S.C. 2201 et seq.), the Defense Production Act of 1950, as amended (50 U.S.C. App. 2061 et seq.), sections 107 and 303 of the National Security Act of 1947, as amended (50 U.S.C. 404–405), and Reorganization Plan No. 3 of 1978, $243,546,000: Provided, That for purposes of pre-disaster mitigation pursuant to 42 U.S.C. 5131 (b) and (c) and 42 U.S.C. 5196 (e) and (i), $30,000,000 of the funds made available under this heading shall be available until expended for project grants: Provided further, That the Director of the Federal Emergency Management Agency shall make a grant for $1,500,000 to resolve issues under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, Public Law 91–646, involving the City of Jackson, Mississippi.

EMERGENCY FOOD AND SHELTER PROGRAM

To carry out an emergency food and shelter program pursuant to title III of Public Law 100–77, as amended, $100,000,000: Provided, That total administrative costs shall not exceed three and one-half percent of the total appropriation.

NATIONAL FLOOD INSURANCE FUND

(INCLUDING TRANSFER OF FUNDS)

For activities under the National Flood Insurance Act of 1968, the Flood Disaster Protection Act of 1973, and the National Flood Insurance Reform Act of 1994, not to exceed $21,610,000 for salaries and expenses associated with flood mitigation and flood insurance operations, and not to exceed $78,464,000 for flood mitigation, including up to $20,000,000 for expenses under section 1366 of the National Flood Insurance Act, which amount shall be available for transfer to the National Flood Mitigation Fund until September 30, 1999. In fiscal year 1998, no funds in excess of (1) $47,000,000 for operating expenses, (2) $375,165,000 for agents' commissions and taxes, and (3) $50,000,000 for interest on Treasury borrowings shall be available from the National Flood Insurance Fund without prior notice to the Committees on Appropriations. For fiscal year 1998, flood insurance rates shall not exceed the level authorized by the National Flood Insurance Reform Act of 1994.

Section 1309(a)(2) of the National Flood Insurance Act (42 U.S.C. 4016(a)(2)), as amended by Public Law 104–208, is further amended by striking the date "1997" and inserting in lieu thereof the date "1998".

Section 1319 of the National Flood Insurance Act of 1968, as amended (42 U.S.C. 4026), is amended by striking "October 23, 1997" and inserting "September 30, 1998".

Section 1336 of the National Flood Insurance Act of 1968, as amended (42 U.S.C. 4056), is amended by striking "October 23, 1997" and inserting "September 30, 1998".

The first sentence of section 1376(c) of the National Flood Insurance Act of 1968, as amended (42 U.S.C. 4127(c)), is amended by striking all after "to be appropriated" and inserting "such sums as may be necessary through September 30, 1998, for studies under this title.".

ADMINISTRATIVE PROVISION

The Director of the Federal Emergency Management Agency shall promulgate through rulemaking a methodology for assessment and collection of fees to be assessed and collected beginning in fiscal year 1998 applicable to persons subject to the Federal Emergency Management Agency's radiological emergency preparedness regulations. The aggregate charges assessed pursuant to this section during fiscal year 1998 shall approximate, but not be less than, 100 per centum of the amounts anticipated by the Federal Emergency Management Agency to be obligated for its radiological emergency preparedness program for such fiscal year. The methodology for assessment and collection of fees shall be fair and equitable, and shall reflect the full amount of costs of providing radiological emergency *planning, preparedness, response and associated services. Such fees shall be assessed in a manner that reflects the use of agency resources for classes of regulated persons and the administrative costs of collecting such fees. Fees received pursuant to this section shall be deposited in the general fund of the Treasury as offsetting receipts. Assessment and collection of such fees are only authorized during fiscal year 1998.*

GENERAL SERVICES ADMINISTRATION

CONSUMER INFORMATION CENTER FUND

For necessary expenses of the Consumer Information Center, including services authorized by 5 U.S.C. 3109, $2,419,000, to be deposited into the Consumer Information Center Fund: Provided, That the appropriations, revenues and collections deposited into the fund shall be available for necessary expenses of Consumer Information Center activities in the aggregate amount of $7,500,000. Appropriations, revenues, and collections accruing to this fund during fiscal year 1998 in excess of $7,500,000 shall remain in the fund and shall not be available for expenditure except as authorized in appropriations Acts: Provided further, That notwithstanding any other provision of law, the Consumer Information Center may accept and deposit to this account, during fiscal year 1998 and hereafter, gifts for the purpose of defraying its costs of printing, publishing, and distributing consumer information and educational materials and undertaking other consumer information activities; may expend those gifts for those purposes, in addition to amounts appropriated or otherwise made available; and the balance shall remain available for expenditure for such purpose.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

HUMAN SPACE FLIGHT

For necessary expenses, not otherwise provided for, in the conduct and support of human space flight research and development activities, including research, development, operations, and services; maintenance; construction of facilities including repair, rehabilitation, and modification of real and personal property, and acquisition or condemnation of real property, as authorized by law; space flight, spacecraft control and communications activities including operations, production, and services; and purchase, lease, charter, maintenance and operation of mission and administrative aircraft, $5,506,500,000, to remain available until September 30, 1999: Provided, That of the $2,351,300,000 made available under this heading for Space Station activities, only $1,500,000,000 shall be available before March 31, 1998.

SCIENCE, AERONAUTICS AND TECHNOLOGY

For necessary expenses, not otherwise provided for, in the conduct and support of science, aeronautics and technology research and development activities, including research, development, operations, and services; maintenance; construction of facilities including repair, rehabilitation, and modification of real and personal property, and acquisition or condemnation of real property, as au-

thorized by law; space flight, spacecraft control and communications activities including operations, production, and services; and purchase, lease, charter, maintenance and operation of mission and administrative aircraft, $5,690,000,000, to remain available until September 30, 1999.

MISSION SUPPORT

For necessary expenses, not otherwise provided for, in carrying out mission support for human space flight programs and science, aeronautical, and technology programs, including research operations and support; space communications activities including operations, production and services; maintenance; construction of facilities including repair, rehabilitation, and modification of facilities, minor construction of new facilities and additions to existing facilities, facility planning and design, environmental compliance and restoration, and acquisition or condemnation of real property, as authorized by law; program management; personnel and related costs, including uniforms or allowances therefor, as authorized by 5 U.S.C. 5901–5902; travel expenses; purchase, lease, charter, maintenance, and operation of mission and administrative aircraft; not to exceed $35,000 for official reception and representation expenses; and purchase (not to exceed 33 for replacement only) and hire of passenger motor vehicles; $2,433,200,000, to remain available until September 30, 1999.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General in carrying out the Inspector General Act of 1978, as amended, $18,300,000.

ADMINISTRATIVE PROVISIONS

Notwithstanding the limitation on the availability of funds appropriated for "Human space flight", "Science, aeronautics and technology", or "Mission support" by this appropriations Act, when any activity has been initiated by the incurrence of obligations for construction of facilities as authorized by law, such amount available for such activity shall remain available until expended. This provision does not apply to the amounts appropriated in "Mission support" pursuant to the authorization for repair, rehabilitation and modification of facilities, minor construction of new facilities and additions to existing facilities, and facility planning and design.

Notwithstanding the limitation on the availability of funds appropriated for "Human space flight", "Science, aeronautics and technology", or "Mission support" by this appropriations Act, the amounts appropriated for construction of facilities shall remain available until September 30, 2000.

Notwithstanding the limitation on the availability of funds appropriated for "Mission support" and "Office of Inspector General", amounts made available by this Act for personnel and related costs and travel expenses of the National Aeronautics and Space Administration shall remain available until September 30, 1998 and may be used to enter into contracts for training, investigations, costs as-

sociated with personnel relocation, and for other services, to be provided during the next fiscal year.

Of the funds provided to the National Aeronautics and Space Administration in this Act, the Administrator shall by November 1, 1998, make available no less than $400,000 for a study by the National Research Council, with an interim report to be completed by June 1, 1998, that evaluates, in terms of the potential impact on the Space Station's assembly schedule, budget, and capabilities, the engineering challenges posed by extravehicular activity (EVA) requirements, United States and non-United States space launch requirements, the potential need to upgrade or replace equipment and components after assembly complete, and the requirement to decommission and disassemble the facility.

NATIONAL CREDIT UNION ADMINISTRATION

CENTRAL LIQUIDITY FACILITY

During fiscal year 1998, gross obligations of the Central Liquidity Facility for the principal amount of new direct loans to member credit unions, as authorized by the National Credit Union Central Liquidity Facility Act (12 U.S.C. 1795), shall not exceed $600,000,000: Provided, That administrative expenses of the Central Liquidity Facility in fiscal year 1998 shall not exceed $203,000: Provided further, That $1,000,000, together with amounts of principal and interest on loans repaid, to be available until expended, is available for loans to community development credit unions.

NATIONAL SCIENCE FOUNDATION

RESEARCH AND RELATED ACTIVITIES

For necessary expenses in carrying out the National Science Foundation Act of 1950, as amended (42 U.S.C. 1861–1875), and the Act to establish a National Medal of Science (42 U.S.C. 1880–1881); services as authorized by 5 U.S.C. 3109; maintenance and operation of aircraft and purchase of flight services for research support; acquisition of aircraft; $2,545,700,000, of which not to exceed $228,530,000 shall remain available until expended for Polar research and operations support, and for reimbursement to other Federal agencies for operational and science support and logistical and other related activities for the United States Antarctic program; the balance to remain available until September 30, 1999: Provided, That receipts for scientific support services and materials furnished by the National Research Centers and other National Science Foundation supported research facilities may be credited to this appropriation: Provided further, That to the extent that the amount appropriated is less than the total amount authorized to be appropriated for included program activities, all amounts, including floors and ceilings, specified in the authorizing Act for those program activities or their subactivities shall be reduced proportionally: Provided further, That $40,000,000 of the funds available under this heading shall be made available for a comprehensive research initiative on plant genomes for economically significant crop.

MAJOR RESEARCH EQUIPMENT

For necessary expenses of major construction projects pursuant to the National Science Foundation Act of 1950, as amended, $109,000,000, to remain available until expended, of which $35,000,000 shall become available on September 30, 1998.

EDUCATION AND HUMAN RESOURCES

For necessary expenses in carrying out science and engineering education and human resources programs and activities pursuant to the National Science Foundation Act of 1950, as amended (42 U.S.C. 1861–1875), including services as authorized by 5 U.S.C. 3109 and rental of conference rooms in the District of Columbia, $632,500,000, to remain available until September 30, 1999: Provided, That to the extent that the amount of this appropriation is less than the total amount authorized to be appropriated for included program activities, all amounts, including floors and ceilings, specified in the authorizing Act for those program activities or their subactivities shall be reduced proportionally.

SALARIES AND EXPENSES

For salaries and expenses necessary in carrying out the National Science Foundation Act of 1950, as amended (42 U.S.C. 1861–1875); services authorized by 5 U.S.C. 3109; hire of passenger motor vehicles; not to exceed $9,000 for official reception and representation expenses; uniforms or allowances therefor, as authorized by 5 U.S.C. 5901–5902; rental of conference rooms in the District of Columbia; reimbursement of the General Services Administration for security guard services and headquarters relocation; $136,950,000: Provided, That contracts may be entered into under "Salaries and expenses" in fiscal year 1998 for maintenance and operation of facilities, and for other services, to be provided during the next fiscal year.

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General as authorized by the Inspector General Act of 1978, as amended, $4,850,000, to remain available until September 30, 1999.

NEIGHBORHOOD REINVESTMENT CORPORATION

PAYMENT TO THE NEIGHBORHOOD REINVESTMENT CORPORATION

For payment to the Neighborhood Reinvestment Corporation for use in neighborhood reinvestment activities, as authorized by the Neighborhood Reinvestment Corporation Act (42 U.S.C. 8101–8107), $60,000,000.

SELECTIVE SERVICE SYSTEM

SALARIES AND EXPENSES

For necessary expenses of the Selective Service System, including expenses of attendance at meetings and of training for uniformed personnel assigned to the Selective Service System, as authorized by 5 U.S.C. 4101–4118 for civilian employees; and not to *exceed $1,000 for official reception and representation expenses; $23,413,000: Provided, That during the current fiscal year, the President may exempt this appropriation from the provisions of 31 U.S.C. 1341, whenever he deems such action to be necessary in the interest of national defense: Provided further, That none of the funds appropriated by this Act may be expended for or in connection with the induction of any person into the Armed Forces of the United States.*

TITLE IV—GENERAL PROVISIONS

SEC. 401. Where appropriations in titles I, II, and III of this Act are expendable for travel expenses and no specific limitation has been placed thereon, the expenditures for such travel expenses may not exceed the amounts set forth therefore in the budget estimates submitted for the appropriations: Provided, That this provision does not apply to accounts that do not contain an object classification for travel: Provided further, That this section shall not apply to travel performed by uncompensated officials of local boards and appeal boards of the Selective Service System; to travel performed directly in connection with care and treatment of medical beneficiaries of the Department of Veterans Affairs; to travel performed in connection with major disasters or emergencies declared or determined by the President under the provisions of the Robert T. Stafford Disaster Relief and Emergency Assistance Act; to travel performed by the Offices of Inspector General in connection with audits and investigations; or to payments to interagency motor pools where separately set forth in the budget schedules: Provided further, That if appropriations in titles I, II, and III exceed the amounts set forth in budget estimates initially submitted for such appropriations, the expenditures for travel may correspondingly exceed the amounts therefore set forth in the estimates in the same proportion.

SEC. 402. Appropriations and funds available for the administrative expenses of the Department of Housing and Urban Development and the Selective Service System shall be available in the current fiscal year for purchase of uniforms, or allowances therefor, as authorized by 5 U.S.C. 5901–5902; hire of passenger motor vehicles; and services as authorized by 5 U.S.C. 3109.

SEC. 403. Funds of the Department of Housing and Urban Development subject to the Government Corporation Control Act or section 402 of the Housing Act of 1950 shall be available, without regard to the limitations on administrative expenses, for legal services on a contract or fee basis, and for utilizing and making payment for services and facilities of Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Financing Bank, Federal Reserve banks or any member thereof, Federal Home Loan banks, and any insured bank within the meaning of the Federal Deposit Insurance Corporation Act, as amended (12 U.S.C. 1811–1831).

SEC. 404. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

SEC. 405. No funds appropriated by this Act may be expended—

(1) pursuant to a certification of an officer or employee of the United States unless—

(A) such certification is accompanied by, or is part of, a voucher or abstract which describes the payee or payees and the items or services for which such expenditure is being made, or

(B) the expenditure of funds pursuant to such certification, and without such a voucher or abstract, is specifically authorized by law; and

(2) unless such expenditure is subject to audit by the General Accounting Office or is specifically exempt by law from such audit.

SEC. 406. None of the funds provided in this Act to any department or agency may be expended for the transportation of any officer or employee of such department or agency between his domicile and his place of employment, with the exception of any officer or employee authorized such transportation under 31 U.S.C. 1344 or 5 U.S.C. 7905.

SEC. 407. None of the funds provided in this Act may be used for payment, through grants or contracts, to recipients that do not share in the cost of conducting research resulting from proposals not specifically solicited by the Government: Provided, That the extent of cost sharing by the recipient shall reflect the mutuality of interest of the grantee or contractor and the Government in the research.

SEC. 408. None of the funds in this Act may be used, directly or through grants, to pay or to provide reimbursement for payment of the salary of a consultant (whether retained by the Federal Government or a grantee) at more than the daily equivalent of the rate paid for level IV of the Executive Schedule, unless specifically authorized by law.

SEC. 409. None of the funds provided in this Act shall be used to pay the expenses of, or otherwise compensate, non-Federal parties intervening in regulatory or adjudicatory proceedings. Nothing herein affects the authority of the Consumer Product Safety Commission pursuant to section 7 of the Consumer Product Safety Act (15 U.S.C. 2056 et seq.).

SEC. 410. Except as otherwise provided under existing law or under an existing Executive Order issued pursuant to an existing law, the obligation or expenditure of any appropriation under this Act for contracts for any consulting service shall be limited to contracts which are (1) a matter of public record and available for public inspection, and (2) thereafter included in a publicly available list of all contracts entered into within twenty-four months prior to the date on which the list is made available to the public and of all contracts on which performance has not been completed by such date. The list required by the preceding sentence shall be updated quarterly and shall include a narrative description of the work to be performed under each such contract.

SEC. 411. Except as otherwise provided by law, no part of any appropriation contained in this Act shall be obligated or expended by any executive agency, as referred to in the Office of Federal Procurement Policy Act (41 U.S.C. 401 et seq.), for a contract for services unless such executive agency (1) has awarded and entered into such contract in full compliance with such Act and the regulations promulgated thereunder, and (2) requires any report prepared pursuant to such contract, including plans, evaluations, studies, analy-

ses and manuals, and any report prepared by the agency which is substantially derived from or substantially includes any report prepared pursuant to such contract, to contain information concerning (A) the contract pursuant to which the report was prepared, and (B) the contractor who prepared the report pursuant to such contract.

SEC. 412. Except as otherwise provided in section 406, none of the funds provided in this Act to any department or agency shall be obligated or expended to provide a personal cook, chauffeur, or other personal servants to any officer or employee of such department or agency.

SEC. 413. None of the funds provided in this Act to any department or agency shall be obligated or expended to procure passenger automobiles as defined in 15 U.S.C. 2001 with an EPA estimated miles per gallon average of less than 22 miles per gallon.

SEC. 414. None of the funds appropriated in title I of this Act shall be used to enter into any new lease of real property if the estimated annual rental is more than $300,000 unless the Secretary submits, in writing, a report to the Committees on Appropriations of the Congress and a period of 30 days has expired following the date on which the report is received by the Committees on Appropriations.

SEC. 415. (a) It is the sense of the Congress that, to the greatest extent practicable, all equipment and products purchased with funds made available in this Act should be American-made.

(b) In providing financial assistance to, or entering into any contract with, any entity using funds made available in this Act, the head of each Federal agency, to the greatest extent practicable, shall provide to such entity a notice describing the statement made in subsection (a) by the Congress.

SEC. 416. None of the funds appropriated in this Act may be used to implement any cap on reimbursements to grantees for indirect costs, except as published in Office of Management and Budget Circular A–21.

SEC. 417. Such sums as may be necessary for fiscal year 1998 pay raises for programs funded by this Act shall be absorbed within the levels appropriated in this Act.

SEC. 418. None of the funds made available in this Act may be used for any program, project, or activity, when it is made known to the Federal entity or official to which the funds are made available that the program, project, or activity is not in compliance with any Federal law relating to risk assessment, the protection of private property rights, or unfunded mandates.

SEC. 419. 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 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.*

SEC. 420. Notwithstanding section 320(g) of the Federal Water Pollution Control Act (33 U.S.C. 1330(g)), funds made available pursuant to authorization under such section for fiscal year 1998 and prior fiscal years may be used for implementing comprehensive conservation and management plans.

SEC. 421. Such funds as may be necessary to carry out the orderly termination of the Office of Consumer Affairs shall be made available from funds appropriated to the Department of Health and Human Services for fiscal year 1998.

SEC. 422. Notwithstanding any other provision of law, the term "qualified student loan" with respect to national service education awards shall mean any loan made directly to a student by the Alaska Commission on Postsecondary Education, in addition to other meanings under section 148(b)(7) of the National and Community Service Act.

TITLE V—HUD MULTIFAMILY HOUSING REFORM

SEC. 501. TABLE OF CONTENTS.

The table of contents for this title is as follows:

SEC. 510. SHORT TITLE.

This title may be cited as the "Multifamily Assisted Housing Reform and Affordability Act of 1997".

Subtitle A—FHA-Insured Multifamily Housing Mortgage and Housing Assistance Restructuring

SEC. 511. FINDINGS AND PURPOSES.

(a) FINDINGS.—Congress finds that—

(1) there exists throughout the Nation a need for decent, safe, and affordable housing;

(2) as of the date of enactment of this Act, it is estimated that—

(A) the insured multifamily housing portfolio of the Federal Housing Administration consists of 14,000 rental properties, with an aggregate unpaid principal mortgage balance of $38,000,000,000; and

(B) approximately 10,000 of these properties contain housing units that are assisted with project-based rental assistance under section 8 of the United States Housing Act of 1937;

(3) FHA-insured multifamily rental properties are a major Federal investment, providing affordable rental housing to an estimated 2,000,000 low- and very low-income families;

(4) approximately 1,600,000 of these families live in dwelling units that are assisted with project-based rental assistance under section 8 of the United States Housing Act of 1937;

(5) a substantial number of housing units receiving project-based assistance have rents that are higher than the rents of comparable, unassisted rental units in the same housing rental market;

(6) many of the contracts for project-based assistance will expire during the several years following the date of enactment of this Act;

(7) it is estimated that—

(A) if no changes in the terms and conditions of the contracts for project-based assistance are made before fiscal

year 2000, the cost of renewing all expiring rental assistance contracts under section 8 of the United States Housing Act of 1937 for both project-based and tenant-based rental assistance will increase from approximately $3,600,000,000 in fiscal year 1997 to over $14,300,000,000 by fiscal year 2000 and some $22,400,000,000 in fiscal year 2006;

(B) of those renewal amounts, the cost of renewing project-based assistance will increase from $1,200,000,000 in fiscal year 1997 to almost $7,400,000,000 by fiscal year 2006; and

(C) without changes in the manner in which project-based rental assistance is provided, renewals of expiring contracts for project-based rental assistance will require an increasingly larger portion of the discretionary budget authority of the Department of Housing and Urban Development in each subsequent fiscal year for the foreseeable future;

(8) absent new budget authority for the renewal of expiring rental contracts for project-based assistance, many of the FHA-insured multifamily housing projects that are assisted with project-based assistance are likely to default on their FHA-insured mortgage payments, resulting in substantial claims to the FHA General Insurance Fund and Special Risk Insurance Fund;

(9) more than 15 percent of federally assisted multifamily housing projects are physically or financially distressed, including a number which suffer from mismanagement;

(10) due to Federal budget constraints, the downsizing of the Department of Housing and Urban Development, and diminished administrative capacity, the Department lacks the ability to ensure the continued economic and physical well-being of the stock of federally insured and assisted multifamily housing projects;

(11) the economic, physical, and management problems facing the stock of federally insured and assisted multifamily housing projects will be best served by reforms that—

(A) reduce the cost of Federal rental assistance, including project-based assistance, to these projects by reducing the debt service and operating costs of these projects while retaining the low-income affordability and availability of this housing;

(B) address physical and economic distress of this housing and the failure of some project managers and owners of projects to comply with management and ownership rules and requirements; and

(C) transfer and share many of the loan and contract administration functions and responsibilities of the Secretary to and with capable State, local, and other entities; and

(12) the authority and duties of the Secretary, not including the control by the Secretary of applicable accounts in the Treasury of the United States, may be delegated to State, local or other entities at the discretion of the Secretary, to the extent the Secretary determines, and for the purpose of carrying out this

Act, so that the Secretary has the discretion to be relieved of processing and approving any document or action required by these reforms.

(b) PURPOSES.—Consistent with the purposes and requirements of the Government Performance and Results Act of 1993, the purposes of this subtitle are—

(1) to preserve low-income rental housing affordability and availability while reducing the long-term costs of project-based assistance;

(2) to reform the design and operation of Federal rental housing assistance programs, administered by the Secretary, to promote greater multifamily housing project operating and cost efficiencies;

(3) to encourage owners of eligible multifamily housing projects to restructure their FHA-insured mortgages and project-based assistance contracts in a manner that is consistent with this subtitle before the year in which the contract expires;

(4) to reduce the cost of insurance claims under the National Housing Act related to mortgages insured by the Secretary and used to finance eligible multifamily housing projects;

(5) to streamline and improve federally insured and assisted multifamily housing project oversight and administration;

(6) to resolve the problems affecting financially and physically troubled federally insured and assisted multifamily housing projects through cooperation with residents, owners, State and local governments, and other interested entities and individuals;

(7) to protect the interest of project owners and managers, because they are partners of the Federal Government in meeting the affordable housing needs of the Nation through the section 8 rental housing assistance program;

(8) to protect the interest of tenants residing in the multifamily housing projects at the time of the restructuring for the housing; and

(9) to grant additional enforcement tools to use against those who violate agreements and program requirements, in order to ensure that the public interest is safeguarded and that Federal multifamily housing programs serve their intended purposes.

SEC. 512. DEFINITIONS.

In this subtitle:

(1) COMPARABLE PROPERTIES.—The term "comparable properties" means properties in the same market areas, where practicable, that—

(A) are similar to the eligible multifamily housing project as to neighborhood (including risk of crime), type of location, access, street appeal, age, property size, apartment mix, physical configuration, property and unit amenities, utilities, and other relevant characteristics; and

(B) are not receiving project-based assistance.

(2) ELIGIBLE MULTIFAMILY HOUSING PROJECT.—The term "eligible multifamily housing project" means a property consisting of more than 4 dwelling units—

(A) with rents that, on an average per unit or per room basis, exceed the rent of comparable properties in the same market area, determined in accordance with guidelines established by the Secretary;

(B) that is covered in whole or in part by a contract for project-based assistance under—

(i) the new construction or substantial rehabilitation program under section 8(b)(2) of the United States Housing Act of 1937 (as in effect before October 1, 1983);

(ii) the property disposition program under section 8(b) of the United States Housing Act of 1937;

(iii) the moderate rehabilitation program under section 8(e)(2) of the United States Housing Act of 1937;

(iv) the loan management assistance program under section 8 of the United States Housing Act of 1937;

(v) section 23 of the United States Housing Act of 1937 (as in effect before January 1, 1975);

(vi) the rent supplement program under section 101 of the Housing and Urban Development Act of 1965; or

(vii) section 8 of the United States Housing Act of 1937, following conversion from assistance under section 101 of the Housing and Urban Development Act of 1965; and

(C) financed by a mortgage insured or held by the Secretary under the National Housing Act.

(3) EXPIRING CONTRACT.—The term "expiring contract" means a project-based assistance contract attached to an eligible multifamily housing project which, under the terms of the contract, will expire.

(4) EXPIRATION DATE.—The term "expiration date" means the date on which an expiring contract expires.

(5) FAIR MARKET RENT.—The term "fair market rent" means the fair market rental established under section 8(c) of the United States Housing Act of 1937.

(6) LOW-INCOME FAMILIES.—The term "low-income families" has the same meaning as provided under section 3(b)(2) of the United States Housing Act of 1937.

(7) MORTGAGE RESTRUCTURING AND RENTAL ASSISTANCE SUFFICIENCY PLAN.—The term "mortgage restructuring and rental assistance sufficiency plan" means the plan as provided under section 514.

(8) NONPROFIT ORGANIZATION.—The term "nonprofit organization" means any private non-profit organization that—

(A) is organized under State or local laws;

(B) has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual; and

(C) has a long-term record of service in providing or financing quality affordable housing for low-income families through relationships with public entities.

(9) PORTFOLIO RESTRUCTURING AGREEMENT.—The term “Portfolio restructuring agreement” means the agreement entered into between the Secretary and a participating administrative entity, as provided under section 513.

(10) PARTICIPATING ADMINISTRATIVE ENTITY.—The term “participating administrative entity” means a public agency (including a State housing finance agency or a local housing agency), a nonprofit organization, or any other entity (including a law firm or an accounting firm) or a combination of such entities, that meets the requirements under section 513(b).

(11) PROJECT-BASED ASSISTANCE.—The term “project-based assistance” means rental assistance described in paragraph (2)(B) of this section that is attached to a multifamily housing project.

(12) RENEWAL.—The term “renewal” means the replacement of an expiring Federal rental contract with a new contract under section 8 of the United States Housing Act of 1937, consistent with the requirements of this subtitle.

(13) SECRETARY.—The term “Secretary” means the Secretary of Housing and Urban Development.

(14) STATE.—The term “State” has the same meaning as in section 104 of the Cranston-Gonzalez National Affordable Housing Act.

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

(16) UNIT OF GENERAL LOCAL GOVERNMENT.—The term “unit of general local government” has the same meaning as in section 104 of the Cranston-Gonzalez National Affordable Housing Act.

(17) VERY LOW-INCOME FAMILY.—The term “very low-income family” has the same meaning as in section 3(b) of the United States Housing Act of 1937.

(18) QUALIFIED MORTGAGEE.—The term “qualified mortgagee” means an entity approved by the Secretary that is capable of servicing, as well as originating, FHA-insured mortgages, and that—

(A) is not suspended or debarred by the Secretary;

(B) is not suspended or on probation imposed by the Mortgagee Review Board; and

(C) is not in default under any Government National Mortgage Association obligation.

SEC. 513. AUTHORITY OF PARTICIPATING ADMINISTRATIVE ENTITIES.

(a) PARTICIPATING ADMINISTRATIVE ENTITIES.—

(1) IN GENERAL.—Subject to subsection (b)(3), the Secretary shall enter into portfolio restructuring agreements with participating administrative entities for the implementation of mortgage restructuring and rental assistance sufficiency plans to restructure multifamily housing mortgages insured or held by the Secretary under the National Housing Act, in order to—

(A) reduce the costs of expiring contracts for assistance under section 8 of the United States Housing Act of 1937;

(B) address financially and physically troubled projects; and

(C) correct management and ownership deficiencies.

(2) PORTFOLIO RESTRUCTURING AGREEMENTS.—Each portfolio restructuring agreement entered into under this subsection shall—

(A) be a cooperative agreement to establish the obligations and requirements between the Secretary and the participating administrative entity;

(B) identify the eligible multifamily housing projects or groups of projects for which the participating administrative entity is responsible for assisting in developing and implementing approved mortgage restructuring and rental assistance sufficiency plans under section 514;

(C) require the participating administrative entity to review and certify to the accuracy and completeness of the evaluation of rehabilitation needs required under section 514(e)(3) for each eligible multifamily housing project included in the portfolio restructuring agreement, in accordance with regulations promulgated by the Secretary;

(D) identify the responsibilities of both the participating administrative entity and the Secretary in implementing a mortgage restructuring and rental assistance sufficiency plan, including any actions proposed to be taken under section 516 or 517;

(E) require each mortgage restructuring and rental assistance sufficiency plan to be prepared in accordance with the requirements of section 514 for each eligible multifamily housing project;

(F) include other requirements established by the Secretary, including a right of the Secretary to terminate the contract immediately for failure of the participating administrative entity to comply with any applicable requirement;

(G) if the participating administrative entity is a State housing finance agency or a local housing agency, indemnify the participating administrative entity against lawsuits and penalties for actions taken pursuant to the agreement, excluding actions involving willful misconduct or negligence;

(H) include compensation for all reasonable expenses incurred by the participating administrative entity necessary to perform its duties under this subtitle; and

(I) include, where appropriate, incentive agreements with the participating administrative entity to reward superior performance in meeting the purposes of this Act.

(b) SELECTION OF PARTICIPATING ADMINISTRATIVE ENTITY.—

(1) SELECTION CRITERIA.—The Secretary shall select a participating administrative entity based on whether, in the determination of the Secretary, the participating administrative entity—

(A) has demonstrated experience in working directly with residents of low-income housing projects and with tenants and other community-based organizations;

(B) has demonstrated experience with and capacity for multifamily restructuring and multifamily financing (which may include risk-sharing arrangements and restruc-

turing eligible multifamily housing properties under the fiscal year 1997 Federal Housing Administration multifamily housing demonstration program);

(C) has a history of stable, financially sound, and responsible administrative performance (which may include the management of affordable low-income rental housing);

(D) has demonstrated financial strength in terms of asset quality, capital adequacy, and liquidity;

(E) has demonstrated that it will carry out the specific transactions and other responsibilities under this part in a timely, efficient, and cost-effective manner; and

(F) meets other criteria, as determined by the Secretary.

(2) SELECTION.—If more than 1 interested entity meets the qualifications and selection criteria for a participating administrative entity, the Secretary may select the entity that demonstrates, as determined by the Secretary, that it will—

(A) provide the most timely, efficient, and cost-effective—

(i) restructuring of the mortgages covered by the portfolio restructuring agreement; and

(ii) administration of the section 8 project-based assistance contract, if applicable; and

(B) protect the public interest (including the long-term provision of decent low-income affordable rental housing and protection of residents, communities, and the American taxpayer).

(3) PARTNERSHIPS.—For the purposes of any participating administrative entity applying under this subsection, participating administrative entities are encouraged to develop partnerships with each other and with nonprofit organizations, if such partnerships will further the participating administrative entity's ability to meet the purposes of this Act.

(4) ALTERNATIVE ADMINISTRATORS.—With respect to any eligible multifamily housing project for which a participating administrative entity is unavailable, or should not be selected to carry out the requirements of this subtitle with respect to that multifamily housing project for reasons relating to the selection criteria under paragraph (1), the Secretary shall—

(A) carry out the requirements of this subtitle with respect to that eligible multifamily housing project; or

(B) contract with other qualified entities that meet the requirements of paragraph (1) to provide the authority to carry out all or a portion of the requirements of this subtitle with respect to that eligible multifamily housing project.

(5) PRIORITY FOR PUBLIC AGENCIES AS PARTICIPATING ADMINISTRATIVE ENTITIES.—The Secretary shall provide a reasonable period during which the Secretary will consider proposals only from State housing finance agencies or local housing agencies, and the Secretary shall select such an agency without considering other applicants if the Secretary determines that the agency is qualified. The period shall be of sufficient duration for the Secretary to determine whether any State housing financing agencies or local housing agencies are interested and

qualified. Not later than the end of the period, the Secretary shall notify the State housing finance agency or the local housing agency regarding the status of the proposal and, if the proposal is rejected, the reasons for the rejection and an opportunity for the applicant to respond.

(6) STATE AND LOCAL PORTFOLIO REQUIREMENTS.—

(A) IN GENERAL.—If the housing finance agency of a State is selected as the participating administrative entity, that agency shall be responsible for such eligible multifamily housing projects in that State as may be agreed upon by the participating administrative entity and the Secretary. If a local housing agency is selected as the participating administrative entity, that agency shall be responsible for such eligible multifamily housing projects in the jurisdiction of the agency as may be agreed upon by the participating administrative entity and the Secretary.

(B) NONDELEGATION.—Except with the prior approval of the Secretary, a participating administrative entity may not delegate or transfer responsibilities and functions under this subtitle to 1 or more entities.

(7) PRIVATE ENTITY REQUIREMENTS.—

(A) IN GENERAL.—If a for-profit entity is selected as the participating administrative entity, that entity shall be required to enter into a partnership with a public purpose entity (including the Department).

(B) PROHIBITION.—No private entity shall share, participate in, or otherwise benefit from any equity created, received, or restructured as a result of the portfolio restructuring agreement.

SEC. 514. MORTGAGE RESTRUCTURING AND RENTAL ASSISTANCE SUFFICIENCY PLAN.

(a) IN GENERAL.—

(1) DEVELOPMENT OF PROCEDURES AND REQUIREMENTS.—The Secretary shall develop procedures and requirements for the submission of a mortgage restructuring and rental assistance sufficiency plan for each eligible multifamily housing project with an expiring contract.

(2) TERMS AND CONDITIONS.—Each mortgage restructuring and rental assistance sufficiency plan submitted under this subsection shall be developed by the participating administrative entity, in cooperation with an owner of an eligible multifamily housing project and any servicer for the mortgage that is a qualified mortgagee, under such terms and conditions as the Secretary shall require.

(3) CONSOLIDATION.—Mortgage restructuring and rental assistance sufficiency plans submitted under this subsection may be consolidated as part of an overall strategy for more than 1 property.

(b) NOTICE REQUIREMENTS.—The Secretary shall establish notice procedures and hearing requirements for tenants and owners concerning the dates for the expiration of project-based assistance contracts for any eligible multifamily housing project.

(c) EXTENSION OF CONTRACT TERM.—Subject to agreement by a project owner, the Secretary may extend the term of any expiring

contract or provide a section 8 contract with rent levels set in accordance with subsection (g) for a period sufficient to facilitate the implementation of a mortgage restructuring and rental assistance sufficiency plan, as determined by the Secretary.

(d) TENANT RENT PROTECTION.—If the owner of a project with an expiring Federal rental assistance contract does not agree to extend the contract, not less than 12 months prior to terminating the contract, the project owner shall provide written notice to the Secretary and the tenants and the Secretary shall make tenant-based assistance available to tenants residing in units assisted under the expiring contract at the time of expiration.

(e) MORTGAGE RESTRUCTURING AND RENTAL ASSISTANCE SUFFICIENCY PLAN.—Each mortgage restructuring and rental assistance sufficiency plan shall—

(1) except as otherwise provided, restructure the project-based assistance rents for the eligible multifamily housing project in a manner consistent with subsection (g), or provide for tenant-based assistance in accordance with section 515;

(2) allow for rent adjustments by applying an operating cost adjustment factor established under guidelines established by the Secretary;

(3) require the owner or purchaser of an eligible multifamily housing project to evaluate the rehabilitation needs of the project, in accordance with regulations of the Secretary, and notify the participating administrative entity of the rehabilitation needs;

(4) require the owner or purchaser of the project to provide or contract for competent management of the project;

(5) require the owner or purchaser of the project to take such actions as may be necessary to rehabilitate, maintain adequate reserves, and to maintain the project in decent and safe condition, based on housing quality standards established by—

(A) the Secretary; or

(B) local housing codes or codes adopted by public housing agencies that—

(i) meet or exceed housing quality standards established by the Secretary; and

(ii) do not severely restrict housing choice;

(6) require the owner or purchaser of the project to maintain affordability and use restrictions in accordance with regulations promulgated by the Secretary, for a term of not less than 30 years which restrictions shall be—

(A) contained in a legally enforceable document recorded in the appropriate records; and

(B) consistent with the long-term physical and financial viability and character of the project as affordable housing;

(7) include a certification by the participating administrative entity that the restructuring meets subsidy layering requirements established by the Secretary by regulation for purposes of this subtitle;

(8) require the owner or purchaser of the project to meet such other requirements as the Secretary determines to be appropriate; and

(9) prohibit the owner from refusing to lease a reasonable number of units to holders of certificates and vouchers under section 8 of the United States Housing Act of 1937 because of the status of the prospective tenants as certificate and voucher holders.

(f) TENANT AND OTHER PARTICIPATION AND CAPACITY BUILDING.—

(1) PROCEDURES.—

(A) IN GENERAL.—The Secretary shall establish procedures to provide an opportunity for tenants of the project, residents of the neighborhood, the local government, and other affected parties to participate effectively and on a timely basis in the restructuring process established by this subtitle.

(B) COVERAGE.—These procedures shall take into account the need to provide tenants of the project, residents of the neighborhood, the local government, and other affected parties timely notice of proposed restructuring actions and appropriate access to relevant information about restructuring activities. To the extent practicable and consistent with the need to accomplish project restructuring in an efficient manner, the procedures shall give all such parties an opportunity to provide comments to the participating administrative entity in writing, in meetings, or in another appropriate manner (which comments shall be taken into consideration by the participating administrative entity).

(2) REQUIRED CONSULTATION.—The procedures developed pursuant to paragraph (1) shall require consultation with tenants of the project, residents of the neighborhood, the local government, and other affected parties, in connection with at least the following:

(A) the mortgage restructuring and rental assistance sufficiency plan;

(B) any proposed transfer of the project; and

(C) the rental assistance assessment plan pursuant to section 515(c).

(3) FUNDING.—

(A) IN GENERAL.—The Secretary may provide not more than $10,000,000 annually in funding from which the Secretary may make obligations to tenant groups, nonprofit organizations, and public entities for building the capacity of tenant organizations, for technical assistance in furthering any of the purposes of this subtitle (including transfer of developments to new owners) and for tenant services, from those amounts made available under appropriations Acts for implementing this subtitle or previously made available for technical assistance in connection with the preservation of affordable rental housing for low-income persons.

(B) MANNER OF PROVIDING.—Notwithstanding any other provision of law restricting the use of preservation technical assistance funds, the Secretary may provide any funds made available under subparagraph (A) through existing technical assistance programs pursuant to any other

Federal law, including the Low-Income Housing Preservation and Resident Homeownership Act of 1990 and the Multifamily Property Disposition Reform Act of 1994, or through any other means that the Secretary considers consistent with the purposes of this subtitle, without regard to any set-aside requirement otherwise applicable to those funds.

(C) PROHIBITION.—None of the funds made available under subparagraph (A) may be used directly or indirectly to pay for any personal service, advertisement, telegram, telephone, letter, printed or written matter, or other device, intended or designed to influence in any manner a Member of Congress, to favor or oppose, by vote or otherwise, any legislation or appropriation by Congress, whether before or after the introduction of any bill or resolution proposing such legislation or appropriation.

(g) RENT LEVELS.—

(1) IN GENERAL.—Except as provided in paragraph (2), each mortgage restructuring and rental assistance sufficiency plan pursuant to the terms, conditions, and requirements of this subtitle shall establish for units assisted with project-based assistance in eligible multifamily housing projects adjusted rent levels that—

(A) are equivalent to rents derived from comparable properties, if—

(i) the participating administrative entity makes the rent determination within a reasonable period of time; and

(ii) the market rent determination is based on not less than 2 comparable properties; or

(B) if those rents cannot be determined, are equal to 90 percent of the fair market rents for the relevant market area.

(2) EXCEPTIONS.—

(A) IN GENERAL.—A contract under this section may include rent levels that exceed the rent level described in paragraph (1) at rent levels that do not exceed 120 percent of the fair market rent for the market area (except that the Secretary may waive this limit for not more than five percent of all units subject to restructured mortgages in any fiscal year, based on a finding of special need), if the participating administrative entity—

(i) determines that the housing needs of the tenants and the community cannot be adequately addressed through implementation of the rent limitation required to be established through a mortgage restructuring and rental assistance sufficiency plan under paragraph (1); and

(ii) follows the procedures under paragraph (3).

(B) EXCEPTION RENTS.—In any fiscal year, a participating administrative entity may approve exception rents on not more than 20 percent of all units covered by the portfolio restructuring agreement with expiring contracts in

that fiscal year, except that the Secretary may waive this ceiling upon a finding of special need.

(3) RENT LEVELS FOR EXCEPTION PROJECTS.—For purposes of this section, a project eligible for an exception rent shall receive a rent calculated based on the actual and projected costs of operating the project, at a level that provides income sufficient to support a budget-based rent that consists of—

(A) the debt service of the project;

(B) the operating expenses of the project, as determined by the participating administrative entity, including—

(i) contributions to adequate reserves;

(ii) the costs of maintenance and necessary rehabilitation; and

(iii) other eligible costs permitted under section 8 of the United States Housing Act of 1937;

(C) an adequate allowance for potential operating losses due to vacancies and failure to collect rents, as determined by the participating administrative entity;

(D) an allowance for a reasonable rate of return to the owner or purchaser of the project, as determined by the participating administrative entity, which may be established to provide incentives for owners or purchasers to meet benchmarks of quality for management and housing quality; and

(E) other expenses determined by the participating administrative entity to be necessary for the operation of the project.

(h) EXEMPTIONS FROM RESTRUCTURING.—The following categories of projects shall not be covered by a mortgage restructuring and rental assistance sufficiency plan if—

(1) the primary financing or mortgage insurance for the multifamily housing project that is covered by that expiring contract was provided by a unit of State government or a unit of general local government (or an agency or instrumentality of a unit of a State government or unit of general local government);

(2) the project is a project financed under section 202 of the Housing Act of 1959 or section 515 of the Housing Act of 1949; or

(3) the project has an expiring contract under section 8 of the United States Housing Act of 1937 entered into pursuant to section 441 of the Stewart B. McKinney Homeless Assistance Act.

SEC. 515. SECTION 8 RENEWALS AND LONG-TERM AFFORDABILITY COMMITMENT BY OWNER OF PROJECT.

(a) SECTION 8 RENEWALS OF RESTRUCTURED PROJECTS.—

(1) PROJECT-BASED ASSISTANCE.—Subject to the availability of amounts provided in advance in appropriations Acts, and to the control of the Secretary of applicable accounts in the Treasury of the United States, with respect to an expiring section 8 contract on an eligible multifamily housing project to be renewed with project-based assistance (based on a determination under subsection (c)), the Secretary shall enter into contracts with participating administrative entities pursuant to

which the participating administrative entity shall offer to renew or extend the contract, or the Secretary shall offer to renew such contract, and the owner of the project shall accept the offer, if the initial renewal is in accordance with the terms and conditions specified in the mortgage restructuring and rental assistance sufficiency plan and the rental assistance assessment plan.

(2) TENANT-BASED ASSISTANCE.—Subject to the availability of amounts provided in advance in appropriations Acts and to the control of the Secretary of applicable accounts in the Treasury of the United States, with respect to an expiring section 8 contract on an eligible multifamily housing project to be renewed with tenant-based assistance (based on a determination under subsection (c)), the Secretary shall enter into contracts with participating administrative entities pursuant to which the participating administrative entity shall provide for the renewal of section 8 assistance on an eligible multifamily housing project with tenant-based assistance, or the Secretary shall provide for such renewal, in accordance with the terms and conditions specified in the mortgage restructuring and rental assistance sufficiency plan and the rental assistance assessment plan.

(b) REQUIRED COMMITMENT.—After the initial renewal of a section 8 contract pursuant to this section, the owner shall accept each offer made pursuant to subsection (a) to renew the contract, for the term of the affordability and use restrictions required by section 514(e)(6), if the offer to renew is on terms and conditions specified in the mortgage restructuring and rental assistance sufficiency plan.

(c) DETERMINATION OF WHETHER TO RENEW WITH PROJECT-BASED OR TENANT-BASED ASSISTANCE.—

(1) MANDATORY RENEWAL OF PROJECT-BASED ASSISTANCE.—Section 8 assistance shall be renewed with project-based assistance, if—

(A) the project is located in an area in which the participating administrative entity determines, based on housing market indicators, such as low vacancy rates or high absorption rates, that there is not adequate available and affordable housing or that the tenants of the project would not be able to locate suitable units or use the tenant-based assistance successfully;

(B) a predominant number of the units in the project are occupied by elderly families, disabled families, or elderly and disabled families;

(C) the project is held by a nonprofit cooperative ownership housing corporation or nonprofit cooperative housing trust.

(2) RENTAL ASSISTANCE ASSESSMENT PLAN.—

(A) IN GENERAL.—With respect to any project that is not described in paragraph (1), the participating administrative entity shall, after consultation with the owner of the project, develop a rental assistance assessment plan to determine whether to renew assistance for the project with tenant-based assistance or project-based assistance.

(B) RENTAL ASSISTANCE ASSESSMENT PLAN REQUIREMENTS.—Each rental assistance assessment plan developed

under this paragraph shall include an assessment of the impact of converting to tenant-based assistance and the impact of extending project-based assistance on—

(i) the ability of the tenants to find adequate, available, decent, comparable, and affordable housing in the local market;

(ii) the types of tenants residing in the project (such as elderly families, disabled families, large families, and cooperative homeowners);

(iii) the local housing needs identified in the comprehensive housing affordability strategy, and local market vacancy trends;

(iv) the cost of providing assistance, comparing the applicable payment standard to the project's adjusted rent levels determined under section 514(g);

(v) the long-term financial stability of the project;

(vi) the ability of residents to make reasonable choices about their individual living situations;

(vii) the quality of the neighborhood in which the tenants would reside; and

(viii) the project's ability to compete in the marketplace.

(C) REPORTS TO DIRECTOR.—Each participating administrative entity shall report regularly to the Director as defined in subtitle D, as the Director shall require, identifying—

(i) each eligible multifamily housing project for which the entity has developed a rental assistance assessment plan under this paragraph that determined that the tenants of the project generally supported renewal of assistance with tenant-based assistance, but under which assistance for the project was renewed with project-based assistance; and

(ii) each project for which the entity has developed such a plan under which the assistance is renewed using tenant-based assistance.

(3) ELIGIBILITY FOR TENANT-BASED ASSISTANCE.—Subject to paragraph (4), with respect to any project that is not described in paragraph (1), if a participating administrative entity approves the use of tenant-based assistance based on a rental assistance assessment plan developed under paragraph (2), tenant-based assistance shall be provided to each assisted family (other than a family already receiving tenant-based assistance) residing in the project at the time the assistance described in section 512(2)(B) terminates.

(4) RENTS FOR FAMILIES RECEIVING TENANT-BASED ASSISTANCE.—

(A) IN GENERAL.—Notwithstanding subsection (c)(1) or (o)(1) of section 8 of the United States Housing Act of 1937, in the case of any family described in paragraph (3) that resides in a project described in section 512(2)(B) in which the reasonable rent (which rent shall include any amount allowed for utilities and shall not exceed comparable market rents for the relevant housing market area) exceeds the

fair market rent limitation or the payment standard, as applicable, the amount of assistance for the family shall be determined in accordance with subparagraph (B).

(B) MAXIMUM MONTHLY RENT; PAYMENT STANDARD.—With respect to the certificate program under section 8(b) of the United States Housing Act of 1937, the maximum monthly rent under the contract (plus any amount allowed for utilities) shall be such reasonable rent for the unit. With respect to the voucher program under section 8(o) of the United States Housing Act of 1937, the payment standard shall be deemed to be such reasonable rent for the unit.

(5) INAPPLICABILITY OF CERTAIN PROVISION.—If a participating administrative entity approves renewal with project-based assistance under this subsection, section 8(d)(2) of the United States Housing Act of 1937 shall not apply.

SEC. 516. PROHIBITION ON RESTRUCTURING.

(a) PROHIBITION ON RESTRUCTURING.—The Secretary may elect not to consider any mortgage restructuring and rental assistance sufficiency plan or request for contract renewal if the Secretary or the participating administrative entity determines that—

(1)(A) the owner or purchaser of the project has engaged in material adverse financial or managerial actions or omissions with regard to such project; or

(B) the owner or purchaser of the project has engaged in material adverse financial or managerial actions or omissions with regard to other projects of such owner or purchaser that are federally-assisted or financed with a loan from, or mortgage insured or guaranteed by, an agency of the Federal government.

(2) Material adverse financial or managerial actions or omissions include—

(A) materially violating any Federal, State, or local law or regulation with regard to this project or any other federally assisted project, after receipt of notice and an opportunity to cure;

(B) materially breaching a contract for assistance under section 8 of the United States Housing Act of 1937, after receipt of notice and an opportunity to cure;

(C) materially violating any applicable regulatory or other agreement with the Secretary or a participating administrative entity, after receipt of notice and an opportunity to cure;

(D) repeatedly and materially violating any Federal, State, or local law or regulation with regard to the project or any other federally assisted project;

(E) repeatedly and materially breaching a contract for assistance under section 8 of the United States Housing Act of 1937;

(F) repeatedly and materially violating any applicable regulatory or other agreement with the Secretary or a participating administrative entity;

(G) repeatedly failing to make mortgage payments at times when project income was sufficient to maintain and operate the property;

(H) materially failing to maintain the property according to housing quality standards after receipt of notice and a reasonable opportunity to cure; or

(I) committing any actions or omissions that would warrant suspension or debarment by the Secretary;

(3) the owner or purchaser of the property materially failed to follow the procedures and requirements of this part, after receipt of notice and an opportunity to cure; or

(4) the poor condition of the project cannot be remedied in a cost effective manner, as determined by the participating administrative entity.

The term "owner" as used in this subsection, in addition to it having the same meaning as in section 8(f) of the United States Housing Act of 1937, also means an affiliate of the owner. The term "purchaser" as used in this subsection means any private person or entity, including a cooperative, an agency of the Federal Government, or a public housing agency, that, upon purchase of the project, would have the legal right to lease or sublease dwelling units in the project, and also means an affiliate of the purchaser. The terms "affiliate of the owner" and "affiliate of the purchaser" means any person or entity (including, but not limited to, a general partner or managing member, or an officer of either) that controls an owner or purchaser, is controlled by an owner or purchaser, or is under common control with the owner or purchaser. The term "control" means the direct or indirect power (under contract, equity ownership, the right to vote or determine a vote, or otherwise) to direct the financial legal, beneficial or other interests of the owner or purchaser.

(b) OPPORTUNITY TO DISPUTE FINDINGS.—

(1) IN GENERAL.—During the 30-day period beginning on the date on which the owner or purchaser of an eligible multifamily housing project receives notice of a rejection under subsection (a) or of a mortgage restructuring and rental assistance sufficiency plan under section 514, the Secretary or participating administrative entity shall provide that owner or purchaser with an opportunity to dispute the basis for the rejection and an opportunity to cure.

(2) AFFIRMATION, MODIFICATION, OR REVERSAL.—

(A) IN GENERAL.—After providing an opportunity to dispute under paragraph (1), the Secretary or the participating administrative entity may affirm, modify, or reverse any rejection under subsection (a) or rejection of a mortgage restructuring and rental assistance sufficiency plan under section 514.

(B) REASONS FOR DECISION.—The Secretary or the participating administrative entity, as applicable, shall identify the reasons for any final decision under this paragraph.

(C) REVIEW PROCESS.—The Secretary shall establish an administrative review process to appeal any final decision under this paragraph.

(c) FINAL DETERMINATION.—Any final determination under this section shall not be subject to judicial review.

(d) DISPLACED TENANTS.—Subject to the availability of amounts provided in advance in appropriations Acts, for any low-

income tenant that is residing in a project or receiving assistance under section 8 of the United States Housing Act of 1937 at the time of rejection under this section, that tenant shall be provided with tenant-based assistance and reasonable moving expenses, as determined by the Secretary.

(e) TRANSFER OF PROPERTY.—For properties disqualified from the consideration of a mortgage restructuring and rental assistance sufficiency plan under this section in accordance with paragraph (1) or (2) of subsection (a) because of actions by an owner or purchaser, the Secretary shall establish procedures to facilitate the voluntary sale or transfer of a property as part of a mortgage restructuring and rental assistance sufficiency plan, 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.

SEC. 517. RESTRUCTURING TOOLS.

(a) MORTGAGE RESTRUCTURING.—

(1) In this part, an approved mortgage restructuring and rental assistance sufficiency plan shall include restructuring mortgages in accordance with this subsection to provide—

(A) a restructured or new first mortgage that is sustainable at rents at levels that are established in section 514(g); and

(B) a second mortgage that is in an amount equal to no more than the difference between the restructured or new first mortgage and the indebtedness under the existing insured mortgage immediately before it is restructured or refinanced, provided that the amount of the second mortgage shall be in an amount that the Secretary or participating administrative entity determines can reasonably be expected to be repaid.

(2) The second mortgage shall bear interest at a rate not to exceed the applicable Federal rate as defined in section 1274(d) of the Internal Revenue Code of 1986. The term of the second mortgage shall be equal to the term of the restructured or new first mortgage.

(3) Payments on the second mortgage shall be deferred when the first mortgage remains outstanding, except to the extent there is excess project income remaining after payment of all reasonable and necessary operating expenses (including deposits in a reserve for replacement), debt service on the first mortgage, and any other expenditures approved by the Secretary. At least 75 percent of any excess project income shall be applied to payments on the second mortgage, and the Secretary or the participating administrative entity may permit up to 25 percent to be paid to the project owner if the Secretary or participating administrative entity determines that the project owner meets benchmarks for management and housing quality.

(4) The full amount of the second mortgage shall be immediately due and payable if—

(A) the first mortgage is terminated or paid in full, except as otherwise provided by the holder of the second mortgage;

(B) the project is purchased and the second mortgage is assumed by any subsequent purchaser in violation of guidelines established by the Secretary; or

(C) the Secretary provides notice to the project owner that such owner has failed to materially comply with any requirements of this section or the United States Housing Act of 1937 as those requirements apply to the project, with a reasonable opportunity for such owner to cure such failure.

(5) The Secretary may modify the terms or forgive all or part of the second mortgage if the Secretary holds the second mortgage and if the project is acquired by a tenant organization or tenant-endorsed community-based nonprofit or public agency, pursuant to guidelines established by the Secretary.

(b) RESTRUCTURING TOOLS.—In addition to the requirements of subsection (a) and to the extent these actions are consistent with this section and with the control of the Secretary of applicable accounts in the Treasury of the United States, an approved mortgage restructuring and rental assistance sufficiency plan under this subtitle may include 1 or more of the following actions:

(1) FULL OR PARTIAL PAYMENT OF CLAIM.—Making a full payment of claim or partial payment of claim under section 541(b) of the National Housing Act, as amended by section 523(b) of this Act. Any payment under this paragraph shall not require the approval of a mortgagee.

(2) REFINANCING OF DEBT.—Refinancing of all or part of the debt on a project. If the refinancing involves a mortgage that will continue to be insured under the National Housing Act, the refinancing shall be documented through amendment of the existing insurance contract and not through a new insurance contract.

(3) MORTGAGE INSURANCE.—Providing FHA multifamily mortgage insurance, reinsurance or other credit enhancement alternatives, including 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 eligible multifamily housing projects. Any credit subsidy costs of providing mortgage insurance shall be paid from the Liquidating Account of the General Insurance Fund or the Special Risk Insurance Fund and shall not be subject to any limitation on appropriations.

(4) CREDIT ENHANCEMENT.—Any additional State or local mortgage credit enhancements and risk-sharing arrangements may be established with State or local housing finance agencies, the Federal Housing Finance Board, the Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation, to a modified or refinanced first mortgage.

(5) COMPENSATION OF THIRD PARTIES.—Consistent with the portfolio restructuring agreement, entering into agreements, incurring costs, or making payments, including incentive agreements designed to reward superior performance in meeting the purposes of this Act, as may be reasonably necessary, to compensate the participation of participating administrative enti-

ties and other parties in undertaking actions authorized by this subtitle. Upon request to the Secretary, participating administrative entities that are qualified under the United States Housing Act of 1937 to serve as contract administrators shall be the contract administrators under section 8 of the United States Housing Act of 1937 for purposes of any contracts entered into as part of an approved mortgage restructuring and rental assistance sufficiency plan. Subject to the availability of amounts provided in advance in appropriations Acts for administrative fees under section 8 of the United States Housing Act of 1937, such amounts may be used to compensate participating administrative entities for compliance monitoring costs incurred under section 519.

(6) USE OF PROJECT ACCOUNTS.—Applying any residual receipts, replacement reserves, and any other project accounts not required for project operations, to maintain the long-term affordability and physical condition of the property or of other eligible multifamily housing projects. The participating administrative entity may expedite the acquisition of residual receipts, replacement reserves, or other such accounts, by entering into agreements with owners of housing covered by an expiring contract to provide an owner with a share of the receipts, not to exceed 10 percent, in accordance with guidelines established by the Secretary.

(7) REHABILITATION NEEDS.—

(A) IN GENERAL.—Assisting in addressing the rehabilitation needs of the project. Rehabilitation may be paid from the residual receipts, replacement reserves, or any other project accounts not required for project operations, or, as provided in appropriations Acts and subject to the control of the Secretary of applicable accounts in the Treasury of the United States, from budget authority provided for increases in the budget authority for assistance contracts under section 8 of the United States Housing Act of 1937, the rehabilitation grant program established under section 236(s) of the National Housing Act, or through the debt restructuring transaction. Rehabilitation under this paragraph shall only be for the purpose of restoring the project to a non-luxury standard adequate for the rental market intended at the original approval of the project-based assistance.

(B) CONTRIBUTION.—Each owner or purchaser of a project to be rehabilitated under an approved mortgage restructuring and rental assistance sufficiency plan shall contribute, from non-project resources, not less than 25 percent of the amount of rehabilitation assistance received, except that the participating administrative entity may provide an exception from the requirement of this subparagraph for housing cooperatives.

(c) ROLE OF FNMA AND FHLMC.—Section 1335 of the Federal Housing Enterprises Financial Safety and Soundness Act of 1992 (12 U.S.C. 4565) is amended—

(1) in paragraph (3), by striking "and" at the end;

(2) paragraph (4), by striking the period at the end and inserting "; and";

(3) by striking "To meet" and inserting the following:

"(a) IN GENERAL.—To meet"; and

(4) by adding at the end the following:

"(5) assist in maintaining the affordability of assisted units in eligible multifamily housing projects with expiring contracts, as defined under the Multifamily Assisted Housing Reform and Affordability Act of 1997.

"(b) AFFORDABLE HOUSING GOALS.—Actions taken under subsection (a)(5) shall constitute part of the contribution of each entity in meeting its affordable housing goals under sections 1332, 1333, and 1334 for any fiscal year, as determined by the Secretary.".

(d) PROHIBITION ON EQUITY SHARING BY THE SECRETARY.—The Secretary is prohibited from participating in any equity agreement or profit-sharing agreement in conjunction with any eligible multifamily housing project.

(e) CONFLICT OF INTEREST GUIDELINES.—The Secretary may establish guidelines to prevent conflicts of interest by a participating administrative entity that provides, directly or through risk-sharing arrangements, any form of credit enhancement or financing pursuant to subsections (b)(3) or (b)(4) or to prevent conflicts of interest by any other person or entity under this subtitle.

SEC. 518. MANAGEMENT STANDARDS.

Each participating administrative entity shall establish management standards, including requirements governing conflicts of interest between owners, managers, contractors with an identity of interest, pursuant to guidelines established by the Secretary and consistent with industry standards.

SEC. 519. MONITORING OF COMPLIANCE.

(a) COMPLIANCE AGREEMENTS.—(1) Pursuant to regulations issued by the Secretary under section 522(a), each participating administrative entity, through binding contractual agreements with owners and otherwise, shall ensure long-term compliance with the provisions of this subtitle. Each agreement shall, at a minimum, provide for—

(A) enforcement of the provisions of this subtitle; and

(B) remedies for the breach of those provisions.

(2) If the participating administrative entity is not qualified under the United States Housing Act of 1937 to be a section 8 contract administrator or fails to perform its duties under the portfolio restructuring agreement, the Secretary shall have the right to enforce the agreement.

(b) PERIODIC MONITORING.—

(1) IN GENERAL.—Not less than annually, each participating administrative entity that is qualified to be the section 8 contract administrator shall review the status of all multifamily housing projects for which a mortgage restructuring and rental assistance sufficiency plan has been implemented.

(2) INSPECTIONS.—Each review under this subsection shall include onsite inspection to determine compliance with housing codes and other requirements as provided in this subtitle and the portfolio restructuring agreements.

(3) ADMINISTRATION.—If the participating administrative entity is not qualified under the United States Housing Act of 1937 to be a section 8 contract administrator, either the Secretary or a qualified State or local housing agency shall be responsible for the review required by this subsection.

(c) AUDIT BY THE SECRETARY.—The Comptroller General of the United States, the Secretary, and the Inspector General of the Department of Housing and Urban Development may conduct an audit at any time of any multifamily housing project for which a mortgage restructuring and rental assistance sufficiency plan has been implemented.

SEC. 520. REPORTS TO CONGRESS.

(a) ANNUAL REVIEW.—In order to ensure compliance with this subtitle, the Secretary shall conduct an annual review and report to the Congress on actions taken under this subtitle and the status of eligible multifamily housing projects.

(b) SEMIANNUAL REVIEW.—Not less than semiannually during the 2-year period beginning on the date of the enactment of this Act and not less than annually thereafter, the Secretary shall submit reports to the Committee on Banking and Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate stating, for such periods, the total number of projects identified by participating administrative entities under each of clauses (i) and (ii) of subparagraph (C).

SEC. 521. GAO AUDIT AND REVIEW.

(a) INITIAL AUDIT.—Not later than 18 months after the effective date of final regulations promulgated under this part, the Comptroller General of the United States shall conduct an audit to evaluate eligible multifamily housing projects and the implementation of mortgage restructuring and rental assistance sufficiency plans.

(b) REPORT.—

(1) IN GENERAL.—Not later than 18 months after the audit conducted under subsection (a), the Comptroller General of the United States shall submit to Congress a report on the status of eligible multifamily housing projects and the implementation of mortgage restructuring and rental assistance sufficiency plans.

(2) CONTENTS.—The report submitted under paragraph (1) shall include—

(A) a description of the initial audit conducted under subsection (a); and

(B) recommendations for any legislative action to increase the financial savings to the Federal Government of the restructuring of eligible multifamily housing projects balanced with the continued availability of the maximum number of affordable low-income housing units.

SEC. 522. REGULATIONS.

(a) RULEMAKING AND IMPLEMENTATION.—

(1) INTERIM REGULATIONS.—The Director shall issue such interim regulations as may be necessary to implement this subtitle and the amendments made by this subtitle with respect to eligible multifamily housing projects covered by contracts described in section 512(2)(B) that expire in fiscal year 1999 or

thereafter. If, before the expiration of such period, the Director has not been appointed, the Secretary shall issue such interim regulations.

(2) FINAL REGULATIONS.—The Director shall issue final regulations necessary to implement this subtitle and the amendments made by this subtitle with respect to eligible multifamily housing projects covered by contracts described in section 512(2)(B) that expire in fiscal year 1999 or thereafter before the later of (A) the expiration of the 12-month period beginning upon the date of the enactment of this Act, and (B) the 3-month period beginning upon the appointment of the Director under subtitle B.

(3) FACTORS FOR CONSIDERATION.—Before the publication of the final regulations under paragraph (2), in addition to public comments invited in connection with publication of the interim rule, the Secretary shall—

(A) seek recommendations on the implementation of sections 513(b) and 515(c)(1) from organizations representing—

(i) State housing finance agencies and local housing agencies;

(ii) other potential participating administering entities;

(iii) tenants;

(iv) owners and managers of eligible multifamily housing projects;

(v) States and units of general local government; and

(vi) qualified mortgagees; and

(B) convene not less than 3 public forums at which the organizations making recommendations under subparagraph (A) may express views concerning the proposed disposition of the recommendations.

(b) TRANSITION PROVISION FOR CONTRACTS EXPIRING IN FISCAL YEAR 1998.—Notwithstanding any other provision of law, the Secretary shall apply all the terms of section 211 and section 212 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997 (except for section 212(h)(1)(G) and the limitation in section 212(k)) contracts for project-based assistance that expire during fiscal year 1998 (in the same manner that such provisions apply to expiring contracts defined in section 212(a)(3) of such Act), except that section 517(a) of the Act shall apply to mortgages on projects subject to such contracts.

SEC. 523. TECHNICAL AND CONFORMING AMENDMENTS.

(a) CALCULATION OF LIMIT ON PROJECT-BASED ASSISTANCE.—Section 8(d) of the United States Housing Act of 1937 (42 U.S.C. 1437f(d)) is amended by adding at the end the following:

“(5) CALCULATION OF LIMIT.—Any contract entered into under section 514 of the Multifamily Assisted Housing Reform and Affordability Act of 1997 shall be excluded in computing the limit on project-based assistance under this subsection.”.

(b) PARTIAL PAYMENT OF CLAIMS ON MULTIFAMILY HOUSING PROJECTS.—Section 541 of the National Housing Act (12 U.S.C. 1735f–19) is amended—

(1) in subsection (a), in the subsection heading, by striking "AUTHORITY" and inserting "DEFAULTED MORTGAGES";

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

(3) by inserting after subsection (a) the following:

"(b) EXISTING MORTGAGES.—Notwithstanding any other provision of law, the Secretary, in connection with a mortgage restructuring under section 514 of the Multifamily Assisted Housing Reform and Affordability Act of 1997, may make a 1 time, nondefault partial payment of the claim under the mortgage insurance contract, which shall include a determination by the Secretary or the participating administrative entity, in accordance with the Multifamily Assisted Housing Reform and Affordability Act of 1997, of the market value of the project and a restructuring of the mortgage, under such terms and conditions as are permitted by section 517(a) of such Act.".

(c) REUSE AND RESCISSION OF CERTAIN RECAPTURED BUDGET AUTHORITY.—Section 8(bb) of the United States Housing Act of 1937 (42 U.S.C. 1437f(bb) is amended—

(1) by inserting after "(bb)" the following: "TRANSFER, REUSE, AND RESCISSION OF BUDGET AUTHORITY.—(1)"; and

(2) by inserting the following new paragraph at the end:

"(2) REUSE AND RESCISSION OF CERTAIN RECAPTURED BUDGET AUTHORITY.—Notwithstanding paragraph (1), if a project-based assistance contract for an eligible multifamily housing project subject to actions authorized under title I is terminated or amended as part of restructuring under section 517 of the Multifamily Assisted Housing Reform and Affordability Act of 1997, the Secretary shall recapture the budget authority not required for the terminated or amended contract and use such amounts as are necessary to provide housing assistance for the same number of families covered by such contract for the remaining term of such contract, under a contract providing for project-based or tenant-based assistance. The amount of budget authority saved as a result of the shift to project-based or tenant-based assistance shall be rescinded.".

(d) SECTION 8 CONTRACT RENEWALS.—Section 405(a) of the Balanced Budget Downpayment Act, I (42 U.S.C. 1437f note) is amended by striking "For" and inserting "Notwithstanding part 24 of title 24 of the Code of Federal Regualtions, for".

(e) RENEWAL UPON REQUEST OF OWNER.—Section 211(b)(3) of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997 (Public Law 104–204; 110 Stat. 2896) is amended—

(1) by striking the paragraph heading and inserting the following:

"(3) EXEMPTION OF CERTAIN OTHER PROJECTS.—"; and

(2) by striking "section 202 projects, section 811 projects and section 515 projects" and inserting "section 202 projects, section 515 projects, projects with contracts entered into pursuant to section 441 of the Stewart B. McKinney Homeless Assistance Act, and projects with rents that exceed 100 percent of fair

market rent for the market area, but that are less than rents for comparable projects".

(f) EXTENSION OF DEMONSTRATION CONTRACT PERIOD.—Section 212(g) of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997 (Public Law 104–204) is amended—

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

(2) by inserting before the period at the end the following: "or in paragraph (2)"; and

(3) by adding at the end the following:

"(2) The Secretary may renew a demonstration contract for an additional period of not to exceed 120 days, if—

"(A) the contract was originally executed before February 1, 1997, and the Secretary determines, in the sole discretion of the Secretary, that the renewal period for the contract needs to exceed 1 year, due to delay of publication of the Secretary's demonstration program guidelines until January 23, 1997 (not to exceed 21 projects); or

"(B) the contract was originally executed before October 1, 1997, in connection with a project that has been identified for restructuring under the joint venture approach described in section VII.B.2. of the Secretary's demonstration program guidelines, and the Secretary determines, in the sole discretion of the Secretary, that the renewal period for the contract needs to exceed 1 year, due to delay in implementation of the joint venture agreement required by the guidelines (not to exceed 25 projects).".

SEC. 524. SECTION 8 CONTRACT RENEWALS.

(a) SECTION 8 CONTRACT RENEWAL AUTHORITY.—

(1) IN GENERAL.—Notwithstanding part 24 of title 24 of the Code of Federal Regulations and subject to section 516 of this subtitle, for fiscal year 1999 and henceforth, the Secretary may use amounts available for the renewal of assistance under section 8 of the United States Housing Act of 1937, upon termination or expiration of a contract for assistance under section 8 (other than a contract for tenant-based assistance and notwithstanding section 8(v) of such Act for loan management assistance), to provide assistance under section 8 of such Act at rent levels that do not exceed comparable market rents for the market area. The assistance shall be provided in accordance with terms and conditions prescribed by the Secretary.

(2) EXCEPTION PROJECTS.—Notwithstanding paragraph (1), upon the request of the owner, the Secretary shall renew an expiring contract in accordance with terms and conditions prescribed by the Secretary at the lesser of (i) existing rents, adjusted by an operating cost, adjustment factor established by the Secretary, (ii) a level that provides income sufficient to support a budget-based rent (including a budget-based rent adjustment if justified by reasonable and expected operating expenses), or (iii) in the case of a contract under the moderate rehabilitation program, other than a moderate rehabilitation contract under section 441 of the Stewart B. McKinney Homeless Assistance Act, the base rent adjusted by an operating cost ad-

justment factor established by the Secretary, for the following categories of multifamily housing projects—

(A) projects for which the primary financing or mortgage insurance was provided by a unit of State government or a unit of general local government (or an agency or instrumentality of either) and is not insured under the National Housing Act;

(B) projects for which the primary financing was provided by a unit of State government or a unit or general local government (or an agency or instrumentality of either) and the financing involves mortgage insurance under the National Housing Act, such that the implementation of a mortgage restructuring and rental assistance sufficiency plan under this Act is in conflict with applicable law or agreements governing such financing;

(C) projects financed under section 202 of the Housing Act of 1959 or section 515 of the Housing Act of 1949;

(D) projects that have an expiring contract under section 8 of the United States Housing Act of 1937 pursuant to section 441 of the Stewart B. McKinney Homeless Assistance Act; and

(E) projects that do not qualify as eligible multifamily housing projects pursuant to section 512(2) of this subtitle.

Subtitle B—Miscellaneous Provisions

SEC. 531. REHABILITATION GRANTS FOR CERTAIN INSURED PROJECTS.

Section 236 of the National Housing Act (12 U.S.C. 1715z–1) is amended by adding at the end the following:

"(s) GRANT AUTHORITY.—

"(1) IN GENERAL.—The Secretary may make grants for the capital costs of rehabilitation to owners of projects that meet the eligibility and other criteria set forth in, and in accordance with, this subsection.

"(2) PROJECT ELIGIBILITY.—A project may be eligible for capital grant assistance under this subsection—

"(A) if—

"(i) the project is or was insured under any provision of title II of the National Housing Act;

"(ii) the project was assisted under section 8 of the United States Housing Act of 1937 on the date of enactment of the Multifamily Assisted Housing Reform and Affordability Act of 1997; and

"(iii) the project mortgage was not held by a State agency as of the date of enactment of the Multifamily Assisted Housing Reform and Affordability Act of 1997;

"(B) if the project owner agrees to maintain the housing quality standards as required by the Secretary;

"(C)(i) if the Secretary determines that the owner or purchaser of the project has not engaged in material adverse financial or managerial actions or omissions with regard to such project; or

"(ii) if the Secretary elects to make such determination, that the owner or purchaser of the project has not engaged in material adverse financial or managerial actions or omissions with regard to other projects of such owner or purchaser that are federally-assisted or financed with a loan from, or mortgage insured or guaranteed by, an agency of the Federal government;

"(iii) material adverse financial or managerial actions or omissions, as the terms are used in this subparagraph, include—

"(I) materially violating any Federal, State, or local law or regulation with regard to this project or any other federally assisted project, after receipt of notice and an opportunity to cure;

"(II) materially breaching a contract for assistance under section 8 of the United States Housing Act of 1937, after receipt of notice and an opportunity to cure;

"(III) materially violating any applicable regulatory or other agreement with the Secretary or a participating administrative entity, after receipt of notice and an opportunity to cure;

"(IV) repeatedly failing to make mortgage payments at times when project income was sufficient to maintain and operate the property;

"(V) materially failing to maintain the property according to housing quality standards after receipt of notice and a reasonable opportunity to cure; or

"(VI) committing any act or omission that would warrant suspension or debarment by the Secretary; and

"(iv) the term 'owner' as used in this subparagraph, in addition to it having the same meaning as in section 8(f) of the United States Housing Act of 1937, also means an affiliate of the owner; the term 'purchaser' as used in this subsection means any private person or entity, including a cooperative, an agency of the Federal Government, or a public housing agency, that, upon purchase of the project, would have the legal right to lease or sublease dwelling units in the project, and also means an affiliate of the purchaser; the terms 'affiliate of the owner' and 'affiliate of the purchaser' means any person or entity (including, but not limited to, a general partner or managing member, or an officer of either) that controls an owner or purchaser, is controlled by an owner or purchaser, or is under common control with the owner or purchaser; the term 'control' means the direct or indirect power (under contract, equity ownership, the right to vote or determine a vote, or otherwise) to direct the financial legal, beneficial or other interests of the owner or purchaser; and

"(D) if the project owner demonstrates to the satisfaction of the Secretary—

"(i) using information in a comprehensive needs assessment, that capital grant assistance is needed for rehabilitation of the project; and

"(ii) that project income is not sufficient to support such rehabilitation.

"(3) ELIGIBLE PURPOSES.—The Secretary may make grants to the owners of eligible projects for the purposes of—

"(A) payment into project replacement reserves;

"(B) debt service payments on non-Federal rehabilitation loans; and

"(C) payment of nonrecurring maintenance and capital improvements, under such terms and conditions as are determined by the Secretary.

"(4) GRANT AGREEMENT.—

"(A) IN GENERAL.—The Secretary shall provide in any grant agreement under this subsection that the grant shall be terminated if the project fails to meet housing quality standards, as applicable on the date of enactment of the Multifamily Assisted Housing Reform and Affordability Act of 1997, or any successor standards for the physical conditions of projects, as are determined by the Secretary.

"(B) AFFORDABILITY AND USE CLAUSES.—The Secretary shall include in a grant agreement under this subsection a requirement for the project owners to maintain such affordability and use restrictions as the Secretary determines to be appropriate.

"(C) OTHER TERMS.—The Secretary may include in a grant agreement under this subsection such other terms and conditions as the Secretary determines to be necessary.

"(5) DELEGATION.—

"(A) IN GENERAL.—In addition to the authorities set forth in subsection (p), the Secretary may delegate to State and local governments the responsibility for the administration of grants under this subsection. Any such government may carry out such delegated responsibilities directly or under contracts.

"(B) ADMINISTRATION COSTS.—In addition to other eligible purposes, amounts of grants under this subsection may be made available for costs of administration under subparagraph (A).

"(6) FUNDING.—

"(A) IN GENERAL.—For purposes of carrying out this subsection, the Secretary may make available amounts that are unobligated amounts for contracts for interest reduction payments—

"(i) that were previously obligated for contracts for interest reduction payments under this section until the insured mortgage under this section was extinguished;

"(ii) that become available as a result of the outstanding principal balance of a mortgage having been written down;

"(iii) that are uncommitted balances within the limitation on maximum payments that may have been, before the date of enactment of the Multifamily Assisted Housing Reform and Affordability Act of 1997, permitted in any fiscal year; or

"(iv) that become available from any other source.

"(B) LIQUIDATION AUTHORITY.—The Secretary may liquidate obligations entered into under this subsection under section 1305(10) of title 31, United States Code.

"(C) CAPITAL GRANTS.—In making capital grants under the terms of this subsection, using the amounts that the Secretary has recaptured from contracts for interest reduction payments, the Secretary shall ensure that the rates and amounts of outlays do not at any time exceed the rates and amounts of outlays that would have been experienced if the insured mortgage had not been extinguished or the principal amount had not been written down, and the interest reduction payments that the Secretary has recaptured had continued in accordance with the terms in effect immediately prior to such extinguishment or write-down.".

SEC. 532. GAO REPORT ON SECTION 8 RENTAL ASSISTANCE FOR MULTIFAMILY HOUSING PROJECTS.

Not later than the expiration of the 18-month period beginning on the date of the enactment of this Act, the Comptroller General of the United States shall submit a report to the Congress analyzing—

(1) the housing projects for which project-based assistance is provided under section 8 of the United States Housing Act of 1937, but which are not subject to a mortgage insured or held by the Secretary under the National Housing Act;

(2) how State and local housing finance agencies have benefited financially from the rental assistance program under section 8 of the United States Housing Act of 1937, including any benefits from fees, bond financings, and mortgage refinancings; and

(3) the extent and effectiveness of State and local housing finance agencies oversight of the physical and financial management and condition of multifamily housing projects for which project-based assistance is provided under section 8 of the United States Housing Act of 1937.

Subtitle C—Enforcement Provisions

SEC. 541. IMPLEMENTATION.

(a) ISSUANCE OF NECESSARY REGULATIONS.—Notwithstanding section 7(o) of the Department of Housing and Urban Development Act or part 10 of title 24, Code of Federal Regulations (as in existence on the date of enactment of this Act), the Secretary shall issue such regulations as the Secretary determines to be necessary to implement this subtitle and the amendments made by this subtitle in accordance with section 552 or 553 of title 5, United States Code, as determined by the Secretary.

(b) USE OF EXISTING REGULATIONS.—In implementing any provision of this subtitle, the Secretary may, in the discretion of the Secretary, provide for the use of existing regulations to the extent appropriate, without rulemaking.

SEC. 542. INCOME VERIFICATION.

(a) REINSTITUTION OF REQUIREMENTS REGARDING HUD ACCESS TO CERTAIN INFORMATION OF STATE AGENCIES.—

(1) IN GENERAL.—Section 303(i) of the Social Security Act is amended by striking paragraph (5).

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to any request for information made after the date of the enactment of this Act.

(b) REPEAL OF TERMINATION REGARDING HOUSING ASSISTANCE PROGRAMS.—Section 6103(l)(7)(D) of the Internal Revenue Code of 1986 is amended by striking the last sentence.

Part 1—FHA Single Family and Multifamily Housing

SEC. 551. AUTHORIZATION TO IMMEDIATELY SUSPEND MORTGAGEES.

Section 202(c)(3)(C) of the National Housing Act (12 U.S.C. 1708(c)(3)(C)) is amended by inserting after the first sentence the following: "Notwithstanding paragraph (4)(A), a suspension shall be effective upon issuance by the Board if the Board determines that there exists adequate evidence that immediate action is required to protect the financial interests of the Department or the public.".

SEC. 552. EXTENSION OF EQUITY SKIMMING TO OTHER SINGLE FAMILY AND MULTIFAMILY HOUSING PROGRAMS.

Section 254 of the National Housing Act (12 U.S.C. 1715z–19) is amended to read as follows:

"SEC. 254. EQUITY SKIMMING PENALTY.

"(a) IN GENERAL.—Whoever, as an owner, agent, or manager, or who is otherwise in custody, control, or possession of a multifamily project or a 1- to 4-family residence that is security for a mortgage note that is described in subsection (b), willfully uses or authorizes the use of any part of the rents, assets, proceeds, income, or other funds derived from property covered by that mortgage note for any purpose other than to meet reasonable and necessary expenses that include expenses approved by the Secretary if such approval is required, in a period during which the mortgage note is in default or the project is in a nonsurplus cash position, as defined by the regulatory agreement covering the property, or the mortgagor has failed to comply with the provisions of such other form of regulatory control imposed by the Secretary, shall be fined not more than $500,000, imprisoned not more than 5 years, or both.

"(b) MORTGAGE NOTES DESCRIBED.—For purposes of subsection (a), a mortgage note is described in this subsection if it—

"(1) is insured, acquired, or held by the Secretary pursuant to this Act;

"(2) is made pursuant to section 202 of the Housing Act of 1959 (including property still subject to section 202 program requirements that existed before the date of enactment of the Cranston-Gonzalez National Affordable Housing Act); or

"(3) is insured or held pursuant to section 542 of the Housing and Community Development Act of 1992, but is not reinsured under section 542 of the Housing and Community Development Act of 1992.".

SEC. 553. CIVIL MONEY PENALTIES AGAINST MORTGAGEES, LENDERS, AND OTHER PARTICIPANTS IN FHA PROGRAMS.

(a) CHANGE TO SECTION TITLE.—Section 536 of the National Housing Act (12 U.S.C. 1735f–14) is amended by striking the section heading and the section designation and inserting the following:

"SEC. 536. CIVIL MONEY PENALTIES AGAINST MORTGAGEES, LENDERS, AND OTHER PARTICIPANTS IN FHA PROGRAMS.".

(b) EXPANSION OF PERSONS ELIGIBLE FOR PENALTY.—Section 536(a) of the National Housing Act (12 U.S.C. 1735f–14(a)) is amended—

(1) in paragraph (1), by striking the first sentence and inserting the following: "If a mortgagee approved under the Act, a lender holding a contract of insurance under title I, or a principal, officer, or employee of such mortgagee or lender, or other person or entity participating in either an insured mortgage or title I loan transaction under this Act or providing assistance to the borrower in connection with any such loan, including sellers of the real estate involved, borrowers, closing agents, title companies, real estate agents, mortgage brokers, appraisers, loan correspondents and dealers, knowingly and materially violates any applicable provision of subsection (b), the Secretary may impose a civil money penalty on the mortgagee or lender, or such other person or entity, in accordance with this section. The penalty under this paragraph shall be in addition to any other available civil remedy or any available criminal penalty, and may be imposed whether or not the Secretary imposes other administrative sanctions."; and

(2) in paragraph (2)—

(A) in the first sentence, by inserting "or such other person or entity" after "lender"; and

(B) in the second sentence, by striking "provision" and inserting "the provisions".

(c) ADDITIONAL VIOLATIONS FOR MORTGAGEES, LENDERS, AND OTHER PARTICIPANTS IN FHA PROGRAMS.—Section 536(b) of the National Housing Act (12 U.S.C. 1735f–14(b)) is amended—

(1) by redesignating paragraph (2) as paragraph (3);

(2) by inserting after paragraph (1) the following:

"(2) The Secretary may impose a civil money penalty under subsection (a) for any knowing and material violation by a principal, officer, or employee of a mortgagee or lender, or other participants in either an insured mortgage or title I loan transaction under this Act or provision of assistance to the borrower in connection with any such loan, including sellers of the real estate involved, borrowers, closing agents, title companies, real estate agents, mortgage brokers, appraisers, loan correspondents, and dealers for—

"(A) submission to the Secretary of information that was false, in connection with any mortgage insured under this Act, or any loan that is covered by a contract of insurance under title I of this Act;

"(B) falsely certifying to the Secretary or submitting to the Secretary a false certification by another person or entity; or

"(C) failure by a loan correspondent or dealer to submit to the Secretary information which is required by regulations or directives in connection with any loan that is covered by a contract of insurance under title I."; and

(3) in paragraph (3), as redesignated, by striking "or paragraph (1)(F)" and inserting "or (F), or paragraph (2) (A), (B), or (C)".

(d) CONFORMING AND TECHNICAL AMENDMENTS.—Section 536 of the National Housing Act (12 U.S.C. 1735f–14) is amended—

(1) in subsection (c)(1)(B), by inserting after "lender" the following: "or such other person or entity";

(2) in subsection (d)(1)—

(A) by inserting "or such other person or entity" after "lender"; and

(B) by striking "part 25" and inserting "parts 24 and 25"; and

(3) in subsection (e), by inserting "or such other person or entity" after "lender" each place that term appears.

Part 2—FHA Multifamily Provisions

SEC. 561. CIVIL MONEY PENALTIES AGAINST GENERAL PARTNERS, OFFICERS, DIRECTORS, AND CERTAIN MANAGING AGENTS OF MULTIFAMILY PROJECTS.

(a) CIVIL MONEY PENALTIES AGAINST MULTIFAMILY MORTGAGORS.—Section 537 of the National Housing Act (12 U.S.C. 1735f–15) is amended—

(1) in subsection (b)(1), by striking "on that mortgagor" and inserting the following: "on that mortgagor, on a general partner of a partnership mortgagor, or on any officer or director of a corporate mortgagor";

(2) in subsection (c)—

(A) by striking the subsection heading and inserting the following:

"(c) OTHER VIOLATIONS.—"; and

(B) in paragraph (1)—

(i) by striking "VIOLATIONS.—The Secretary may" and all that follows through the colon and inserting the following:

"(A) LIABLE PARTIES.—The Secretary may also impose a civil money penalty under this section on—

"(i) any mortgagor of a property that includes 5 or more living units and that has a mortgage insured, coinsured, or held pursuant to this Act;

"(ii) any general partner of a partnership mortgagor of such property;

"(iii) any officer or director of a corporate mortgagor;

"(iv) any agent employed to manage the property that has an identity of interest with the mortgagor, with the general partner of a partnership mortgagor, or with any officer or director of a corporate mortgagor of such property; or

"(v) any member of a limited liability company that is the mortgagor of such property or is the general partner of a limited partnership mortgagor or is a partner of a general partnership mortgagor.

"(B) VIOLATIONS.—A penalty may be imposed under this section upon any liable party under subparagraph (A) that knowingly and materially takes any of the following actions:";

(ii) in subparagraph (B), as designated by clause (i), by redesignating the subparagraph designations (A) through (L) as clauses (i) through (xii), respectively;

(iii) by adding after clause (xii), as redesignated by clause (ii), the following:

"(xiii) Failure to maintain the premises, accommodations, any living unit in the project, and the grounds and equipment appurtenant thereto in good repair and condition in accordance with regulations and requirements of the Secretary, except that nothing in this clause shall have the effect of altering the provisions of an existing regulatory agreement or federally insured mortgage on the property.

"(xiv) Failure, by a mortgagor, a general partner of a partnership mortgagor, or an officer or director of a corporate mortgagor, to provide management for the project that is acceptable to the Secretary pursuant to regulations and requirements of the Secretary.

"(xv) Failure to provide access to the books, records, and accounts related to the operations of the mortgaged property and of the project."; and

(iv) in the last sentence, by deleting "of such agreement" and inserting "of this subsection";

(3) in subsection (d)—

(A) in paragraph (1)(B), by inserting after "mortgagor" the following: ", general partner of a partnership mortgagor, officer or director of a corporate mortgagor, or identity of interest agent employed to manage the property"; and

(B) by adding at the end the following:

"(5) PAYMENT OF PENALTY.—No payment of a civil money penalty levied under this section shall be payable out of project income.";

(4) in subsection (e)(1), by deleting "a mortgagor" and inserting "an entity or person";

(5) in subsection (f), by inserting after "mortgagor" each place such term appears the following: ", general partner of a partnership mortgagor, officer or director of a corporate mortgagor, or identity of interest agent employed to manage the property";

(6) by striking the heading of subsection (f) and inserting the following: "CIVIL MONEY PENALTIES AGAINST MULTIFAMILY MORTGAGORS, GENERAL PARTNERS OF PARTNERSHIP MORTGAGORS, OFFICERS AND DIRECTORS OF CORPORATE MORTGAGORS, AND CERTAIN MANAGING AGENTS"; and

(7) by adding at the end the following:

"(k) IDENTITY OF INTEREST MANAGING AGENT.—In this section, the terms 'agent employed to manage the property that has an identity of interest' and 'identity of interest agent' mean an entity—

"(1) that has management responsibility for a project;

"(2) in which the ownership entity, including its general partner or partners (if applicable) and its officers or directors (if applicable), has an ownership interest; and

"(3) over which the ownership entity exerts effective control.".

(b) IMPLEMENTATION.—

(1) PUBLIC COMMENT.—The Secretary shall implement the amendments made by this section by regulation issued after notice and opportunity for public comment. The notice shall seek comments primarily as to the definitions of the terms "ownership interest in" and "effective control", as those terms are used in the definition of the terms "agent employed to manage the property that has an identity of interest" and "identity of interest agent".

(2) TIMING.—A proposed rule implementing the amendments made by this section shall be published not later than 1 year after the date of enactment of this Act.

(c) APPLICABILITY OF AMENDMENTS.—The amendments made by subsection (a) shall apply only with respect to—

(1) violations that occur on or after the effective date of the final regulations implementing the amendments made by this section; and

(2) in the case of a continuing violation (as determined by the Secretary of Housing and Urban Development), any portion of a violation that occurs on or after that date.

SEC. 562. CIVIL MONEY PENALTIES FOR NONCOMPLIANCE WITH SECTION 8 HAP CONTRACTS.

(a) BASIC AUTHORITY.—Title I of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is amended—

(1) by designating the second section designated as section 27 (as added by section 903(b) of Public Law 104–193 (110 Stat. 2348)) as section 28; and

(2) by adding at the end the following:

"SEC. 29. CIVIL MONEY PENALTIES AGAINST SECTION 8 OWNERS.

"(a) IN GENERAL.—

"(1) EFFECT ON OTHER REMEDIES.—The penalties set forth in this section shall be in addition to any other available civil remedy or any available criminal penalty, and may be imposed regardless of whether the Secretary imposes other administrative sanctions.

"(2) FAILURE OF SECRETARY.—The Secretary may not impose penalties under this section for a violation, if a material cause of the violation is the failure of the Secretary, an agent of the Secretary, or a public housing agency to comply with an existing agreement.

"(b) VIOLATIONS OF HOUSING ASSISTANCE PAYMENT CONTRACTS FOR WHICH PENALTY MAY BE IMPOSED.—

"(1) LIABLE PARTIES.—The Secretary may impose a civil money penalty under this section on—

"(A) any owner of a property receiving project-based assistance under section 8;

"(B) any general partner of a partnership owner of that property; and

"(C) any agent employed to manage the property that has an identity of interest with the owner or the general partner of a partnership owner of the property.

"(2) VIOLATIONS.—A penalty may be imposed under this section for a knowing and material breach of a housing assistance payments contract, including the following—

"(A) failure to provide decent, safe, and sanitary housing pursuant to section 8; or

"(B) knowing or willful submission of false, fictitious, or fraudulent statements or requests for housing assistance payments to the Secretary or to any department or agency of the United States.

"(3) AMOUNT OF PENALTY.—The amount of a penalty imposed for a violation under this subsection, as determined by the Secretary, may not exceed $25,000 per violation.

"(c) AGENCY PROCEDURES.—

"(1) ESTABLISHMENT.—The Secretary shall issue regulations establishing standards and procedures governing the imposition of civil money penalties under subsection (b). These standards and procedures—

"(A) shall provide for the Secretary or other department official to make the determination to impose the penalty;

"(B) shall provide for the imposition of a penalty only after the liable party has received notice and the opportunity for a hearing on the record; and

"(C) may provide for review by the Secretary of any determination or order, or interlocutory ruling, arising from a hearing and judicial review, as provided under subsection (d).

"(2) FINAL ORDERS.—

"(A) IN GENERAL.—If a hearing is not requested before the expiration of the 15-day period beginning on the date on which the notice of opportunity for hearing is received, the imposition of a penalty under subsection (b) shall constitute a final and unappealable determination.

"(B) EFFECT OF REVIEW.—If the Secretary reviews the determination or order, the Secretary may affirm, modify, or reverse that determination or order.

"(C) FAILURE TO REVIEW.—If the Secretary does not review that determination or order before the expiration of the 90-day period beginning on the date on which the determination or order is issued, the determination or order shall be final.

"(3) FACTORS IN DETERMINING AMOUNT OF PENALTY.—In determining the amount of a penalty under subsection (b), the Secretary shall take into consideration—

"(A) the gravity of the offense;

"(B) any history of prior offenses by the violator (including offenses occurring before the enactment of this section);

"(C) the ability of the violator to pay the penalty;

"(D) any injury to tenants;

"(E) any injury to the public;

"(F) any benefits received by the violator as a result of the violation;

"(G) deterrence of future violations; and

"(H) such other factors as the Secretary may establish by regulation.

"(4) PAYMENT OF PENALTY.—No payment of a civil money penalty levied under this section shall be payable out of project income.

"(d) JUDICIAL REVIEW OF AGENCY DETERMINATION.—Judicial review of determinations made under this section shall be carried out in accordance with section 537(e) of the National Housing Act.

"(e) REMEDIES FOR NONCOMPLIANCE.—

"(1) JUDICIAL INTERVENTION.—

"(A) IN GENERAL.—If a person or entity fails to comply with the determination or order of the Secretary imposing a civil money penalty under subsection (b), after the determination or order is no longer subject to review as provided by subsections (c) and (d), the Secretary may request the Attorney General of the United States to bring an action in an appropriate United States district court to obtain a monetary judgment against that person or entity and such other relief as may be available.

"(B) FEES AND EXPENSES.—Any monetary judgment awarded in an action brought under this paragraph may, in the discretion of the court, include the attorney's fees and other expenses incurred by the United States in connection with the action.

"(2) NONREVIEWABILITY OF DETERMINATION OR ORDER.—In an action under this subsection, the validity and appropriateness of the determination or order of the Secretary imposing the penalty shall not be subject to review.

"(f) SETTLEMENT BY SECRETARY.—The Secretary may compromise, modify, or remit any civil money penalty which may be, or has been, imposed under this section.

"(g) DEPOSIT OF PENALTIES.—

"(1) IN GENERAL.—Notwithstanding any other provision of law, if the mortgage covering the property receiving assistance under section 8 is insured or formerly insured by the Secretary, the Secretary shall apply all civil money penalties collected under this section to the appropriate insurance fund or funds established under this Act, as determined by the Secretary.

"(2) EXCEPTION.—Notwithstanding any other provision of law, if the mortgage covering the property receiving assistance under section 8 is neither insured nor formerly insured by the Secretary, the Secretary shall make all civil money penalties collected under this section available for use by the appropriate office within the Department for administrative costs related to enforcement of the requirements of the various programs administered by the Secretary.

"(h) DEFINITIONS.—In this section—

"(1) the term 'agent employed to manage the property that has an identity of interest' means an entity—

"(A) that has management responsibility for a project;

"(B) in which the ownership entity, including its general partner or partners (if applicable), has an ownership interest; and

"(C) over which such ownership entity exerts effective control; and

"(2) the term 'knowing' means having actual knowledge of or acting with deliberate ignorance of or reckless disregard for the prohibitions under this section.".

(b) APPLICABILITY.—The amendments made by subsection (a) shall apply only with respect to—

(1) violations that occur on or after the effective date of final regulations implementing the amendments made by this section; and

(2) in the case of a continuing violation (as determined by the Secretary of Housing and Urban Development), any portion of a violation that occurs on or after such date.

(c) IMPLEMENTATION.—

(1) REGULATIONS.—

(A) IN GENERAL.—The Secretary shall implement the amendments made by this section by regulation issued after notice and opportunity for public comment.

(B) COMMENTS SOUGHT.—The notice under subparagraph (A) shall seek comments as to the definitions of the terms "ownership interest in" and "effective control", as such terms are used in the definition of the term "agent employed to manage such property that has an identity of interest".

(2) TIMING.—A proposed rule implementing the amendments made by this section shall be published not later than 1 year after the date of enactment of this Act.

SEC. 563. EXTENSION OF DOUBLE DAMAGES REMEDY.

Section 421 of the Housing and Community Development Act of 1987 (12 U.S.C. 1715z–4a) is amended—

(1) in subsection (a)(1)—

(A) in the first sentence, by striking "Act; or (B)" and inserting the following: "Act; (B) a regulatory agreement that applies to a multifamily project whose mortgage is insured or held by the Secretary under section 202 of the Housing Act of 1959 (including property subject to section 202 of such Act as it existed before enactment of the Cranston-Gonzalez National Affordable Housing Act of 1990); (C) a regulatory agreement or such other form of regulatory control as may be imposed by the Secretary that applies to mortgages insured or held by the Secretary under section 542 of the Housing and Community Development Act of 1992, but not reinsured under section 542 of the Housing and Community Development Act of 1992; or (D)"; and

(B) in the second sentence, by inserting after "agreement" the following: ", or such other form of regulatory control as may be imposed by the Secretary,";

(2) in subsection (a)(2), by inserting after "Act," the following: "under section 202 of the Housing Act of 1959 (including section 202 of such Act as it existed before enactment of the Cranston-Gonzalez National Affordable Housing Act of 1990) and under section 542 of the Housing and Community Development Act of 1992,";

(3) in subsection (b), by inserting after "agreement" the following: ", or such other form of regulatory control as may be imposed by the Secretary,";

(4) in subsection (c)—

(A) in the first sentence, by inserting after "agreement" the following: ", or such other form of regulatory control as may be imposed by the Secretary,"; and

(B) in the second sentence, by inserting before the period the following: "or, in the case of any project for which the mortgage is held by the Secretary under section 202 of the Housing Act of 1959 (including property subject to section 202 of such Act as it existed before enactment of the Cranston-Gonzalez National Affordable Housing Act of 1990), to the project or to the Department for use by the appropriate office within the Department for administrative costs related to enforcement of the requirements of the various programs administered by the Secretary, as appropriate"; and

(5) in subsection (d), by inserting after "agreement" the following: ", or such other form of regulatory control as may be imposed by the Secretary,".

SEC. 564. OBSTRUCTION OF FEDERAL AUDITS.

Section 1516(a) of title 18, United States Code, is amended by inserting after "under a contract or subcontract," the following: "or relating to any property that is security for a mortgage note that is insured, guaranteed, acquired, or held by the Secretary of Housing and Urban Development pursuant to any Act administered by the Secretary,".

Subtitle D—Office of Multifamily Housing Assistance Restructuring

SEC. 571. ESTABLISHMENT OF OFFICE OF MULTIFAMILY HOUSING ASSISTANCE RESTRUCTURING.

There is hereby established an office within the Department of Housing and Urban Development, which shall be known as the Office of Multifamily Housing Assistance Restructuring.

SEC. 572. DIRECTOR.

(a) APPOINTMENT.—The Office shall be under the management of a Director, who shall be appointed by the President by and with the advice and consent of the Senate, from among individuals who are citizens of the United States and have a demonstrated understanding of financing and mortgage restructuring for affordable multifamily housing. Not later than 60 days after the date of the enactment of this Act, the President shall submit to the Senate a nomination for initial appointment to the position of Director.

(b) VACANCY.—A vacancy in the position of Director shall be filled in the manner in which the original appointment was made under subsection (a).

(c) DEPUTY DIRECTOR.—

(1) IN GENERAL.—The Office shall have a Deputy Director who shall be appointed by the Director from among individuals who are citizens of the United States and have a demonstrated understanding of financing and mortgage restructuring for affordable multifamily housing.

(2) FUNCTIONS.—The Deputy Director shall have such functions, powers, and duties as the Director shall prescribe. In the event of the death, resignation, sickness, or absence of the Director, the Deputy Director shall serve as acting Director until the return of the Director or the appointment of a successor pursuant to subsection (b).

SEC. 573. DUTY AND AUTHORITY OF DIRECTOR.

(a) DUTY.—The Secretary shall, acting through the Director, administer the program of mortgage and rental assistance restructuring for eligible multifamily housing projects under subtitle A. During the period before the Director is appointed, the Secretary may carry out such program.

(b) AUTHORITY.—The Director is authorized to make such determinations, take such actions, issue such regulations, and perform such functions assigned to the Director under law as the Director determines necessary to carry out such functions, subject to the review and approval of the Secretary. The Director shall semiannually submit a report to the Secretary regarding the activities, determinations, and actions of the Director.

(c) DELEGATION OF AUTHORITY.—The Director may delegate to officers and employees of the Office (but not to contractors, subcontractors, or consultants) any of the functions, powers, and duties of the Director, as the Director considers appropriate.

(d) INDEPENDENCE IN PROVIDING INFORMATION TO CONGRESS.—

(1) IN GENERAL.—Notwithstanding subsection (a) or (b), the Director shall not be required to obtain the prior approval, comment, or review of any officer or agency of the United States before submitting to the Congress, or any committee or subcommittee thereof, any reports, recommendations, testimony, or comments if such submissions include a statement indicating that the views expressed therein are those of the Director and do not necessarily represent the views of the Secretary or the President.

(2) REQUIREMENT.—If the Director determines at any time that the Secretary is taking or has taken any action that interferes with the ability of the Director to carry out the duties of the Director under this Act or that affects the administration of the program under subtitle A of this Act in manner that is inconsistent with the purposes of this Act, including any proposed action by the Director, in the discretion of the Director, that is overruled by the Secretary, the Director shall immediately report directly to the Committee on Banking and Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate regarding

such action. Notwithstanding subsection (a) or (b), any determination or report under this paragraph by the Director shall not be subject to prior review or approval of the Secretary.

SEC. 574. PERSONNEL.

(a) OFFICE PERSONNEL.—The Director may appoint and fix the compensation of such officers and employees of the Office as the Director considers necessary to carry out the functions of the Director and the Office. Officers and employees may be paid without regard to the provisions of chapter 51 and subchapter III of chapter 53 of title 5, United States Code, relating to classification and General Schedule pay rates.

(b) COMPARABILITY OF COMPENSATION WITH FEDERAL BANKING AGENCIES.—In fixing and directing compensation under subsection (a), the Director shall consult with, and maintain comparability with compensation of officers and employees of the Federal Deposit Insurance Corporation.

(c) PERSONNEL OF OTHER FEDERAL AGENCIES.—In carrying out the duties of the Office, the Director may use information, services, staff, and facilities of any executive agency, independent agency, or department on a reimbursable basis, with the consent of such agency or department.

(d) OUTSIDE EXPERTS AND CONSULTANTS.—The Director may procure temporary and intermittent services under section 3109(b) of title 5, United States Code.

SEC. 575. BUDGET AND FINANCIAL REPORTS.

(a) FINANCIAL OPERATING PLANS AND FORECASTS.—Before the beginning of each fiscal year, the Secretary shall submit a copy of the financial operating plans and forecasts for the Office to the Director of the Office of Management and Budget.

(b) REPORTS OF OPERATIONS.—As soon as practicable after the end of each fiscal year and each quarter thereof, the Secretary shall submit a copy of the report of the results of the operations of the Office during such period to the Director of the Office of Management and Budget.

(c) INCLUSION IN PRESIDENT'S BUDGET.—The annual plans, forecasts, and reports required under this section shall be included (1) in the Budget of the United States in the appropriate form, and (2) in the congressional justifications of the Department of Housing and Urban Development for each fiscal year in a form determined by the Secretary.

SEC. 576. LIMITATION ON SUBSEQUENT EMPLOYMENT.

Neither the Director nor any former officer or employee of the Office who, while employed by the Office, was compensated at a rate in excess of the lowest rate for a position classified higher than GS–15 of the General Schedule under section 5107 of title 5, United States Code, may, during the 2-year period beginning on the date of separation from employment by the Office, accept compensation from any party (other than a Federal agency) having any financial interest in any mortgage restructuring and rental assistance sufficiency plan under subtitle A or comparable matter in which the Director or such officer or employee had direct participation or supervision.

SEC. 577. AUDITS BY GAO.

The Comptroller General shall audit the operations of the Office in accordance with generally accepted Government auditing standards. All books, records, accounts, reports, files, and property belonging to, or used by, the Office shall be made available to the Comptroller General. Audits under this section shall be conducted annually for the first 2 fiscal years following the date of the enactment of this Act and as appropriate thereafter.

SEC. 578. SUSPENSION OF PROGRAM BECAUSE OF FAILURE TO APPOINT DIRECTOR.

(a) IN GENERAL.—If, upon the expiration of the 12-month period beginning on the date of the enactment of this Act, the initial appointment to the office of Director has not been made, the operation of the program under subtitle A shall immediately be suspended and such provisions shall not have any force or effect during the period that ends upon the making of such appointment.

(b) INTERIM APPLICABILITY OF DEMONSTRATION PROGRAM.—Notwithstanding any other provision of law, during the period referred to in subsection (a), the Secretary shall carry out sections 211 and 212 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1997. For purposes of applying such sections pursuant to the authority under this section, the term "expiring contract" shall have the meaning given in such sections, except that such term shall also include any contract for project-based assistance under section 8 of the United States Housing Act of 1937 that expires during the period that the program is suspended under subsection (a).

SEC. 579. TERMINATION.

(a) REPEAL.—Subtitle A (except for section 524) and subtitle D (except for this section) are repealed effective October 1, 2001.

(b) EXCEPTION.—Notwithstanding the repeal under subsection (a), the provisions of subtitle A (as in effect immediately before such repeal) shall apply with respect to projects and programs for which binding commitments have been entered into under this Act before October 1, 2001.

(c) TERMINATION OF DIRECTOR AND OFFICE.—The Office of Multifamily Housing Assistance Restructuring and the position of Director of such Office shall terminate upon September 30, 2001.

(d) TRANSFER OF AUTHORITY.—Effective upon the termination under subsection (c), any authority and responsibilities assigned to the Director that remain applicable after such date pursuant to subsection (b) are transferred to the Secretary.

This Act may be cited as the "Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1998".

And the Senate agree to the same.

JERRY LEWIS,
TOM DELAY,
JAMES T. WALSH,
DAVE HOBSON,
JOE KNOLLENBERG,
R.P. FRELINGHUYSEN,
ROGER F. WICKER,
BOB LIVINGSTON,

LOUIS STOKES,
ALAN B. MOLLOHAN,
MARCY KAPTUR,
CARRIE P. MEEK,
DAVID E. PRICE,
DAVE OBEY,
Managers on the Part of the House.

CHRISTOPHER S. BOND,
CONRAD BURNS,
TED STEVENS,
RICHARD SHELBY,
BEN NIGHTHORSE CAMPBELL,
LARRY E. CRAIG,
THAD COCHRAN,
BARBARA A. MIKULSKI,
PATRICK J. LEAHY,
FRANK R. LAUTENBERG,
TOM HARKIN,
BARBARA BOXER,
ROBERT C. BYRD,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 2158) making appropriations for the Departments of Veterans Affairs and Housing and Urban Development, and for sundry independent agencies, commissions, corporations, and offices for the fiscal year ending September 30, 1998, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying report.

The language and allocations set forth in House Report 105–175 and Senate Report 105–53 should be complied with unless specifically addressed to the contrary in the conference report and statement of the managers. Report language included by the House which is not changed by the report of the Senate or the conference, and Senate report language which is not changed by the conference is approved by the committee of conference. The statement of the managers, while repeating some report language for emphasis, does not intend to negate the language referred to above unless expressly provided herein. In cases in which the House or Senate have directed the submission of a report, such report is to be submitted to both House and Senate Committees on Appropriations.

TITLE I—DEPARTMENT OF VETERANS AFFAIRS

VETERANS HEALTH ADMINISTRATION

MEDICAL CARE

Appropriates $17,057,396,000 for medical care, instead of $17,006,846,000 as proposed by the House and $17,026,846,000 as proposed by the Senate.

The increase of $98,550,000 consists of the following additions to the budget request:

+$68,000,000 to continue the funding of compensation and pension examinations from the medical care account.

+$30,550,000 as a general increase, subject to approval in the operating plan.

The conferees agree that within the total amount provided, $6,000,000 is to establish the Musculoskeletal Disease Prevention and Treatment Research Center at the Jerry L. Pettis Memorial VA Medical Center in Loma Linda, California. This amount is in addition to the amount that would otherwise be made available to VISN 22.

The conferees wish to emphasize language in the House and Senate reports regarding expanding an outpatient clinic in Williamsport, Pennsylvania; activation costs for construction projects at the medical centers in Wilkes-Barre, Pennsylvania and Phoenix, Arizona; and the demonstration project involving the Clarksburg VA Medical Center and Ruby Memorial Hospital. The VA is urged to establish a community based outpatient clinic in Brookhaven, New York.

Deletes language proposed by the House and stricken by the Senate enabling compensation and pension exams to be directly funded from Veterans Benefits Administration resources. The Administration proposed that the cost of conducting medical examinations with respect to veterans' claims for compensation or pension be reimbursed from the general operating expenses appropriation. The conferees expect the results of a soon to begin pilot program to contract for compensation and pension exams will determine the advisability of this concept.

Delays the availability of $570,000,000 of the medical care appropriation in the equipment and land and structures object classifications until August 1, 1998, instead of delaying the availability of $565,000,000 as proposed by the House and $550,000,000 as proposed by the Senate.

Inserts language as proposed by the House earmarking not to exceed $5,000,000 for a pilot program on the cost-effectiveness of contracting with local hospitals in East Central Florida for the provision of non-emergent inpatient health care needs of veterans. The VA is to submit a report to the Committees on Appropriations on how it plans to conduct the demonstration program prior to implementation.

Inserts modifications to identical language proposed by the House and the Senate making amounts recovered or collected and deposited in the Department of Veterans Affairs Medical Care Collections Fund available for general purposes of the medical care appropriation, including administrative costs associated with collecting such funds. The modifications reflect the authorizing legislation which was enacted subsequent to House and Senate consideration of the appropriations bill. The conference agreement also provides for the availability of any moneys deposited in the Fund due to a shortfall that is in excess of $25,000,000 below the $604,000,000 estimated to be recovered, as authorized in Public Law 105–33, the Balanced Budget Act of 1997. Including this language on shortfalls is scored as costing $15,000,000 in budget authority and $14,000,000 in outlays. The conferees wish to make clear that the $15,000,000 is not the amount that would be made available in the event of a shortfall, rather it is the cost scored for permitting funds deposited by the Secretary of the Treasury to be made available from the Fund to the VA for health care. The actual amount of the funds made available would depend upon the amount of the shortfall. The language proposed by the House in section 108 of the VA administrative provisions dealing with a potential shortfall is deleted due to the enactment of authorizing legislation and language carried under this heading.

The House report contained a request that the General Accounting Office study and report on the effects of Veterans Integrated Service Networks (VISN) and Veterans Equitable Resource Allocation (VERA) processes and their implementation. The report was to be completed in four months. The Secretary was directed, pending receipt of the GAO report, to fund all VISNs at least at the fiscal year 1996 level. The Senate report indicated support for the implementation of VISN and VERA. It also expressed opposition to efforts to thwart VERA. The conference agreement retains the GAO report requirements, modified to direct that the report be completed in nine months. The conference agreement does not direct the VA to fund all VISNs at least at the fiscal year 1996 level.

The conferees support the pilot diabetes project in New England and Hawaii funded through the Department of Defense. The two-year pilot demonstration program shows promise for improved and innovative methods of diabetes detection, prevention, and care.

The conferees encourage VA to examine carefully the work in Detroit associated with the PARMIN, population and resource management information network. The conferees further encourage VA to consider setting aside an appropriate amount for the development and analytical work associated with the PARMIN system, and have the VA report back to the Committees on Appropriations as to the viability of this project within 120 days of enactment of this Act.

MEDICAL AND PROSTHETIC RESEARCH

Appropriates $272,000,000 for medical and prosthetic research, instead of $292,000,000 as proposed by the House and $267,000,000 as proposed by the Senate. The conference agreement includes $10,000,000 for research into Parkinson's disease. The VA is to report to the Committees on Appropriations with detailed plans on how it plans to spend these research funds.

Deletes language proposed by the House and stricken by the Senate earmarking $25,000,000 of the appropriation for medical research relating to Gulf War illnesses afflicting Persian Gulf veterans. The committee of conference is concerned with illnesses reported by some Gulf War veterans. However, the VA indicates that it is not possible to utilize effectively $25,000,000 for such research. The conferees agree that the VA is to utilize $12,500,000 of the appropriation for such purposes, and to submit information with the operating plan on how the funds will be spent. The conferees note that the Federal Government is also spending money on this effort in the Department of Defense, the National Institute of Environmental Health Sciences, and the Centers for Disease Control.

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES

Appropriates $59,860,000 for medical administration and miscellaneous operating expenses, instead of $60,160,000 as proposed by the House and the Senate. The decrease of $300,000 is a general reduction from the budget request, subject to approval in the operating plan. Additional information on the reduction can be found in this report under the general operating expenses account.

Departmental Administration

GENERAL OPERATING EXPENSES

Appropriates $786,135,000 for general operating expenses, instead of $853,385,000 as proposed by the House and $786,385,000 as proposed by the Senate. This amount includes the following changes to the budget request:

−$68,000,000 requested to fund compensation and pension examinations from the general operating expenses appropriation. Funds for these purposes continue to be included in the medical care account.

+$8,000,000, subject to approval in the operating plan, for activities such as higher than anticipated contracting costs to ensure compliance with Year 2000 computer problems, retaining Veterans Benefits Administration staff to improve the timeliness of processing veterans claims, development and implementation of capacities that will enable effective Department-wide strategic planning and management, information technology priorities delineated in the recent National Academy of Public Administration report, and other priorities recommended by NAPA. Consideration should be given to reprogramming funds from activities identified by NAPA as lower priority, such as VETSNET. The VA should consider this a one-time adjustment to address on-going concerns. Future budget requests are to include adequate funds for administrative costs.

−$150,000 from the $3,630,000 requested for the Office of the Secretary.

−$100,000 from the $2,373,000 requested for the Office of the Assistant Secretary for Congressional Affairs.

The conferees are concerned about the responsiveness of the Department of Veterans Affairs to Congressional inquiries regarding the implementation of the VERA system. The committee of conference directs the Department to communicate with Congress on the development of this new allocation system, as well as all other matters of interest, in a timely and informative manner. The conferees are particularly disturbed by the implementation of the VERA system within VISN 4. It is the understanding of the conferees that the VA failed to provide any information regarding the 40 different funding scenarios that were run in VISN 4 before deciding on a final allocation. Further, some hospitals within VISN 4 received allocations above their budget request, while some hospitals were targeted for cuts. The conferees are concerned that no satisfactory justification for this discrepancy has been provided. Additionally, the committee of conference understands that harsh and unfair personnel policies have been implemented in at least one hospital within VISN 4. The conferees emphasize that such activity will not be tolerated.

In an effort to address these issues, the conferees expect the Department to provide a full and detailed report, not later than December 15, 1997, to the Committees on Appropriations. This report should include but not be limited to: a complete explanation of the funding allocation within VISN 4, including all 40 funding scenarios in the Stars and Stripes Health Care Network, the specific methodology used to reach the final allocation within the VISN 4 network, a detailed justification for any funding increases or decreases provided to any hospital within VISN 4 throughout fiscal year 1997, and a detailed evaluation of the formulas and funding methodology used for the allocation of resources during fiscal year 1997.

Finally, the Secretary, the Assistant Secretary for Congressional Affairs, and the Under Secretary for Health are immediately to take appropriate action to ensure that the agency is more responsive to Congressional inquiries, and that responses to requests for information are timely and provide clear, specific, and forthcoming explanations. The committee of conference directs that $3,480,000 will be available for the Office of the Secretary, a reduction of $150,000 below the budget request. An amount of $2,273,000 will be available for the Office of the Assistant Secretary for Congressional Affairs, a $100,000 reduction below the budget request. The conferees direct that none of the reduction is to be applied to the Congressional liaison offices. An amount of $59,860,000 will be made available for the medical and miscellaneous operating expenses account, a decrease of $300,000 below the budget request. The total amount of these savings, $550,000, will be provided as an increase to the medical care account for providing health care to veterans.

Deletes language proposed by the House and stricken by the Senate enabling compensation and pension medical examinations to be directly funded from Veterans Benefits Administration resources. Such exams will continue to be funded from the medical care appropriation.

Inserts language proposed by the House and stricken by the Senate prohibiting the VA from proceeding with the relocation of loan guaranty divisions of the Regional Office in St. Petersburg, Florida to Atlanta, Georgia. The conferees do not believe the VA has adequately justified the proposed relocation. Any future relocation proposal should include a detailed cost-benefit analysis including comparison of savings for the cost of space and personnel.

VETERANS HOUSING BENEFIT PROGRAM FUND PROGRAM ACCOUNT

Adds technical change to the bill language for the Veterans Housing Benefit Program Fund Program Account facilitating the transition during fiscal year 1998 from the previous direct and guaranteed housing loan program accounts to the new appropriation. These provisions have recently been requested by the VA, but were not included in either the House or Senate bills.

CONSTRUCTION, MAJOR PROJECTS

Appropriates $177,900,000 for construction, major projects, instead of $159,600,000 as proposed by the House and $92,800,000 as proposed by the Senate. The conference agreement includes the following changes from the budget estimate:

+$26,300,000 for construction of an ambulatory care addition at the Asheville, North Carolina VA Medical Center.

+$21,100,000 for construction of an ambulatory care addition at the Lyons, New Jersey VA Medical Center.

+$7,700,000 for the ward renovations for patient privacy project at the Omaha, Nebraska VA Medical Center.

+$26,000,000 for the environmental improvements project at the Waco, Texas VA Medical Center.

+$4,000,000 for the columbarium component of the development and improvement project at the National Memorial Cemetery of Arizona. This amount is in addition to the $9,100,000 requested and included in the total for major construction for the development and improvement of this cemetery project.

+$12,400,000 for the patient privacy/environmental improvements project at the Pittsburgh, Pennsylvania VA Medical Center.

+$900,000 for planning of a new national cemetery in Oklahoma City, Oklahoma.

Inserts language proposed by the Senate making $32,100,000 earmarked in the 1997 Appropriations Act for a replacement hospital at Travis Air Force Base available to implement the recommendations contained in the final report entitled "Assessment of Veterans' Health Care Needs in Northern California," modified to make such funds generally available for major construction projects approved in the budgetary process. This $32,100,000 together with $38,700,000 provided in previous Appropriations Acts for the replacement for the hospital at Martinez, makes a total of $70,800,000 available for capital funding for construction projects in northern California. Instead of a replacement hospital to be built at David Grant Medical Center at Travis Air Force Base, the VA recommends capital funding for a project in northern California which consists of the following elements:

$48,000,000 to renovate and add to the existing McClellan Hospital at Mather Field, Sacramento, California, for VA inpatient and outpatient services.

$13,500,000 to construct a new VA outpatient clinic at Travis Air Force Base, Fairfield, California.

$3,100,000 to upgrade the existing outpatient clinic at the former Mare Island Naval Shipyard, Vallejo, California, for a VA outpatient clinic.

$3,200,000 to upgrade the existing VA outpatient clinic at Martinez, California, and

$3,000,000 to develop new VA outpatient clinics at Auburn, Chico, Eureka, and Merced, California.

In addition to these capital plans, the VA has reached agreement with the Department of Defense about the Air Force making available up to 100 beds at David Grant Medical Center to provide inpatient care associated with the VA outpatient clinic to be built there. The conferees understand that the VA will pursue contracting arrangements with community health care facilities in Martinez and Redding, California, to improve access to inpatient services for veterans in those areas.

The conferees agree with the utilization of the $70,800,000 in previously appropriated funds for the construction of facilities in northern California as proposed by the VA and outlined in this statement. The conferees agree with increasing to 100 the number of inpatient beds at Travis, and contracting the community health care facilities in Martinez and Redding for inpatient services. This plan will provide better access to health care services for the veterans in northern California and save funds.

The conferees recognize that the cost estimates are tentative and expect the VA to notify the Committees on Appropriations of any changes in the cost estimates for the individual components of this single project prior to proceeding to construction bid. The conferees also recognize that the majority of the plan requires authorization by the legislative committees, and anticipate that the construction authorization process will proceed in a timely manner so as to benefit veterans in northern California.

Deletes language proposed by the House and the Senate requiring the General Accounting Office to review and report on construction projects where obligations are not incurred within prescribed time limitations. The VA is still required to report all such delays in obligating major construction funds to the Committees on Appropriations.

CONSTRUCTION, MINOR PROJECTS

Appropriates $175,000,000 for construction, minor projects, instead of $176,500,000 as proposed by the House and $166,300,000 as proposed by the Senate. The amount provided includes funds for the following activities:

+$1,500,000 for the expansion of the existing National Cemetery in Mobile, Alabama.

+$1,500,000 to increase the number of niches at the columbarium at the National Memorial Cemetery of the Pacific by 5,000.

The conferees urge the VA to utilize the balance of the addition to increase funding for converting inpatient space to outpatient activities use.

The conferees note the recent request for approval of a reprogramming request of construction, major projects funds to complete the third floor of the Regional Office in Jackson, Mississippi. The proposed reprogramming request of $1,000,000 for the project in Jackson is approved.

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

Appropriates $80,000,000 for grants for construction of State extended care facilities as proposed by the Senate, instead of $54,500,000 as proposed by the House.

ADMINISTRATIVE PROVISIONS

Deletes language proposed by the House and stricken by the Senate in section 108 assuring that, upon enactment of legislation establishing the Medical Collection Fund, $579,000,000 shall be available for veterans medical care if a shortfall in recoveries in excess of $25,000,000 occurs. The enactment of authorizing legislation and language carried under the medical care appropriation provide such assurance. The committee of conference wishes to make clear that the VA is expected to take all actions necessary to meet or exceed the amount of funds projected to be collected.

Inserts language proposed by the Senate in section 108 restoring the authority of the VA to request waivers of the home residency requirement for doctors employed at VA medical facilities on J–1 visas.

Deletes language proposed by the Senate in section 109 limiting the use of the locality pay differential to provide a pay increase to an employee transferred as a result of charges of sexual harassment. The conferees wish to make clear that the VA Secretary is to take all appropriate steps to ensure that a "zero tolerance" policy toward sexual harassment is implemented in all VA facilities and offices, including the strongest possible sanctions against employees engaging in such practices.

Inserts language, section 109, extending the availability of previously appropriated funds for a capital lease. This administrative provision was not included in either the House or Senate bills. Without this language, certain funds for a multi-year capital lease would lapse and the VA would be required to, in effect, pay twice for the lease.

TITLE II—DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PUBLIC AND INDIAN HOUSING

HOUSING CERTIFICATE FUND

Appropriates $9,373,000,000 for the housing certificate fund instead of $10,393,000,000 as proposed by the House and $10,119,000,000 as proposed by the Senate. Of this amount, $8,180,000,000 is provided for expiring or terminated section 8 project-based and tenant-based subsidy contracts instead of $9,200,000,000 as proposed by the House and $8,666,000,000 as proposed by the Senate. Additionally, $850,000,000 is provided for section 8 amendments as proposed by the House instead of $1,110,000,000 as proposed by the Senate. Finally, $40,000,000 is earmarked for section 8 certificates and vouchers necessary to relocate any nonelderly, disabled persons and their families who choose to move from a project designated for elderly persons only, as proposed by the Senate, rather than $50,000,000 as proposed by the House. Language is included to make the requirements for using these funds more flexible. Additional language is included to clarify that eligible residents may receive section 8 enhanced vouchers, also known as "sticky" vouchers, if an owner of the property chooses to prepay the outstanding indebtedness as authorized under the Low-Income Housing Preservation and Resident Homeownership Act of 1990 (Preservation Program or LIHPRHA).

SECTION 8 RESERVE PRESERVATION ACCOUNT

The conferees agree to provide HUD with authority to maintain a section 8 Reserve Preservation Account for the purpose of collecting recaptured excess section 8 reserve funds.

ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING

The conferees agree to rescind $550,000,000 of recaptured section 8 reserve funds.

PUBLIC HOUSING CAPITAL FUND

The Senate proposed language setting aside funds for the Economic Development and Supportive Services (EDSS) program within the Public Housing Capital Fund. The conferees have instead included this language within the Community Development Block Grants (CDBG) account as proposed by the House. Language is added to the Public Housing Capital Fund account to clarify that HUD may spend up to $5,000,000 for the Tenant Opportunity Program as proposed by the Senate.

DRUG ELIMINATION GRANTS FOR LOW-INCOME HOUSING

Appropriates $310,000,000 for the Drug Elimination Grants program, including $20,000,000 for the "New Approach Anti-Drug Program," instead of funding this new program with a $30,000,000 set-aside within the CDBG account, as proposed by the Senate. The House did not appropriate funds for this purpose.

The "New Approach Anti-Drug Program" authorizes HUD to make competitive 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 nonprofits. The funds may be used to provide, augment, or assist in the investigation and/or prosecution of drug-related criminal activity in and around low-income housing, and to provide assistance for capital improvements directly related to security. The conferees note that none of the funds under this account should be used to reduce the local cost of and responsibility for law enforcement activities with Federal funding.

Appropriates $10,000,000 for the Office of Inspector General for Operation Safe Home as proposed by the House instead of $5,000,000 as proposed by the Senate.

REVITALIZATION OF SEVERELY DISTRESSED PUBLIC HOUSING (HOPE VI)

Appropriates $550,000,000 to revitalize severely distressed public housing as proposed by the Senate instead of $524,000,000 as proposed by the House. Of the total amount appropriated, $10,000,000 is provided for technical assistance as proposed by the Senate instead of $5,000,000 as proposed by the House. Additionally, as proposed by the Senate, a new demonstration to demolish obsolete elderly public housing projects is funded at $26,000,000 rather than $50,000,000 as proposed by the Senate, with a specific set-aside of up to $10,000,000 for Heritage House in Kansas City, Missouri.

The conferees direct HUD to provide an evaluation of the current status of the HOPE VI program and report to Congress by June 30, 1998. This report should identify and analyze public housing facilities which are eligible for funding as obsolete public housing under the new demonstration program, and should include recommendations on innovative approaches to revitalizing this housing so it meets the special needs of the elderly and the disabled. Finally, the conferees request HUD to advise the Congress on the current extent, status, and cost of deferred maintenance for the entire public housing stock, and to include recommendations on innovative ways for public housing agencies to address more effectively these maintenance needs through the Public Housing Capital Fund and through other funding sources and approaches.

NATIVE AMERICAN HOUSING BLOCK GRANTS

Appropriate $600,000,000 for Native American Housing Block Grants instead of $650,000,000 as proposed by the House and $485,000,000 as proposed by the Senate.

The conferees agree to provide $5,000,000 for the loan guarantee program authorized under section 601 of the Native American Housing Assistance and Self-Determination Act as proposed by the Senate. The House did not provide funds for this program. Like the Native American Housing Block Grants program, the section 601 program is less than one year old. The program was developed to provide Native Americans the ability to gain access to private investment and capital from financial institutions, builders, and nonprofits. This access is necessary if tribes are to improve their economic conditions and reduce housing shortages. At this time, however, few tribes have the financial expertise to utilize the section 601 program effectively. Therefore, for fiscal year 1998, HUD is directed to provide these funds on a demonstration basis to tribes that have experience with complex financial transactions and to study carefully their use so that lessons learned may be incorporated into regulations regarding implementation of this program throughout Indian areas.

INDIAN HOUSING LOAN GUARANTEE FUND PROGRAM ACCOUNT

Appropriates $5,000,000 for the cost of guaranteed loans instead of $3,000,000 as proposed by the House and $6,000,000 as proposed by the Senate. This amount will subsidize total loan principal not to exceed $73,800,000.

CAPITAL GRANTS/CAPITAL LOANS PRESERVATION ACCOUNT

Appropriates $10,000,000 for Capital Grants/Capital Loans Preservation, instead of no funds, as proposed by the House. The Senate proposed to fund prepayments with any excess interest reduction payment funds and included additional reforms to the existing program.

To compensate organizations that incurred costs of appraisals and preparing plans of action, the conferees agree to provide $10,000,000. However, the conferees do not intend to imply that any costs associated with this program constitute an obligation of HUD. The award of close-out costs are to be determined in the sole discretion of the Secretary.

In addition, the conferees emphasize that adequate funding is provided under the section 8 contract renewal account to provide enhanced vouchers to eligible low- or moderate-income families residing in a federally-assisted project eligible for the Preservation program on the date of the prepayment of voluntary termination.

COMMUNITY PLANNING AND DEVELOPMENT

HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS

Includes language authorizing HUD to provide grants, of no more than $250,000, to nonprofit organizations that deliver meals to homebound persons who suffer from acquired immunodeficiency syndrome, as proposed by the House. The Senate did not include this provision.

COMMUNITY DEVELOPMENT BLOCK GRANTS

Appropriates $4,675,000,000 for the Community Development Block Grants program, instead of $4,600,000,000 as proposed by the House and Senate, to avert decreases in funding allocations that may be caused by the increased number of set-asides. For the Economic Development and Supportive Services Program, $55,000,000 is provided, including a set-aside of up to $5,000,000 for the Moving to Work program. Within the $55,000,000 provided for economic development and supportive services, the conferees have specified that no less than $7,000,000 shall be used for grants for service coordinators and congregate services for the elderly and disabled. The conferees understand this amount to be sufficient to renew all service coordinator and congregate services grants expiring in fiscal year 1998, and intend that all such grants be renewed except in cases where HUD has a specific reason (such as poor performance by the grantee or lack of continuing need) not to renew a particular grant. The conferees emphasize that the $7,000,000 is not a ceiling or target for spending on service coordinators and congregate services, but rather simply an absolute floor to ensure that sufficient funding is reserved for renewals before other allocations are made. The conferees consider service coordinators and other supportive services to be valuable tools for promoting self-sufficiency and improving the quality of life of elderly and disabled residents of public and assisted housing.

For grants pursuant to section 107, the conferees provide $32,000,000 instead of $25,100,000 as proposed by the House and $30,000,000 as proposed by the Senate, and $7,500,000 for the Community Outreach Partnership Program instead of $11,500,000 as proposed by the House and $12,500,000 as proposed by the Senate. Targeted set-asides within these accounts are moved to the Economic Development Initiative program.

Additionally, the conferees agree to appropriate $16,700,000 for grants to self-help housing provided pursuant to section 11 of the Housing Opportunity Program Extension Act of 1996, as proposed by the House; $35,000,000 for YouthBuild as proposed by the Senate rather than $30,000,000 as proposed by the House; and $15,000,000 for Capacity Building for Community Development and Affordable Housing, as authorized under section 4 of the HUD Demonstration Act of 1993, rather than $30,000,000 as proposed by the Senate. The House did not provide funds for this program. Language was included to limit these funds to the original grantees under section 4.

In providing $35,000,000 for YouthBuild, the conferees have demonstrated that they support the maintenance and expansion of the YouthBuild program. However, in order to promote a comprehensive approach for supporting and expanding YouthBuild, the Secretary is directed to coordinate with the Secretaries of Labor, Health and Human Services, and Education, and the Attorney General, as well as the Directors of School-to-Work Opportunities, the Corporation for National and Community Service, and the Job Corps, in conjunction with YouthBuild USA, in the development and implementation of a plan for expansion of YouthBuild. Youth Build is a comprehensive program that has relevance for all of these agencies.

Appropriates $138,000,000 for the Economic Development Initiative instead of $50,000,000 as proposed by the Senate and $40,000,000 as proposed by the House. Targeted grants are provided for the following special projects:

—$3,000,000 to the City of Highland, California, to redevelop the Fifth Street Bridge;

—$50,000 to the Cheltenham Township in Cheltenham, Pennsylvania, to restore the Cheltenham Park;

—$250,000 to the City of Jacksonville, Florida, for the Tallyrand Redevelopment Project;

—$15,000 to the Arab Police Department in Arab, Illinois, for the Multidepartmental Training Complex;

—$1,250,000 to the Stevens Institute of Business Technology in Hoboken, New Jersey, for the construction of the Laboratory for Business Innovation;

—$250,000 to the County of Inyo, California, to plan and design the Lower Owens River project;

—$50,000 to Springfield Township, Pennsylvania, for the purpose of Springfield's park restoration;

—$400,000 for the National Center for Appropriate Technology in Butte, Montana, for the purpose of making improvements in the energy efficiency of low-income housing;

—$200,000 to Ohio Wesleyan University in Delaware, Ohio, for the purpose of renovating Edgar Hall;

—$1,000,000 to the Garden State Cancer Center in Belleville, New Jersey, for the purpose of diagnosis, detection, and treatment of cancer utilizing such radioimmunodetection and radioimmunotherapy technology;

—$250,000 to the County of San Bernardino, California, for economic development at Norton Air Force Base;

—$50,000 to the City of Norristown Borough in Norristown, Pennsylvania, for recreational park development and open space preservation;

—$500,000 to Olive Crest Homes and Services for Abused Children in Perris, California;

—$50,000 to Landsdale Borough in Landsdale, Pennsylvania, for recreational parks development and open space preservation;

—$200,000 to the National Afro-American Museum in Wilberforce, Ohio, for an educational training program;

—$150,000 to the City of San Diego, California, for the Beach Area Low Flow Storm Diversion program and safety needs;

—$1,000,000 to the World Congress on Information Technology in Fairfax, Virginia;

—$600,000 to the City of Kendleton, Fort Bend County, Texas, for the upgrading of the sewer and water system;

—$2,000,000 to the Long Island Jewish Medical Center in New Hyde Park, New York;

—$1,500,000 to the Southeastern Pennsylvania Consortium for Higher Education for the purpose of data collection applicable to social public policy;

—$50,000 to the Roslyn Boys and Girls Club in Roslyn, Pennsylvania, for the completion of renovations;

—$500,000 to the Clark County Heritage Center in Springfield, Ohio, for the purpose of acquiring, remodeling, and equipping the Old Marketplace;

—$1,350,000 to Buena Vista University in Buena Vista County, Iowa, for the Distance Learning Center for Community Outreach and Development;

—$1,000,000 to the City of Mandeville, Louisiana, to develop a trailhead along the Tammany Trace Rails-to-Trails;

—$2,000,000 to Goodwill Industries of Northeast Pennsylvania in Scranton, Pennsylvania, to renovate and convert the North Scranton Intermediate School into low-income elderly housing;

—$900,000 to the Museum of Science and Industry in Chicago, Illinois, for the purpose of restoring a U505 submarine;

—$1,750,000 to the Alliance Community Hospital in Alliance, Ohio, for the purpose of developing the Eldercare Complex;

—$250,000 to the Boys and Girls Club of Greater Washington, D.C., for the purpose of creating a Capitol Hill Youth Anti-Crime program;

—$450,000 to Rural Enterprises in the City of Durant, Oklahoma, for the purpose of assisting businesses in economically distressed rural areas;

—$350,000 to the Esperanza Community Housing Corporation, $250,000 to the Central American Resource Center, and $150,000 to the Little Tokyo Service Center in Los Angeles, California, for the purpose of implementing job training, career development, and affordable housing programs;

—$350,000 to the Plymouth Renewal Center in Louisville, Kentucky, for renovating and providing tutoring, counseling and training programs for at-risk youths;

—$500,000 to the City of Baldwinville, New York, for the purpose of participating in and revitalizing areas around the Canal Corridor Initiative;

—$1,000,000 for Pennsylvania Education and Telecommunications Exchange Network (PETE NET), for the purpose of developing a resource-sharing network;

—$2,000,000 to the Kentucky Highlands Investment Corporation in London, Laurel County, Kentucky, for the purpose of assisting start-up and expanding enterprises;

—$500,000 for Onondaga Community College, in Onondaga County, New York, for the Applied Technology Center;

—$1,500,000 to the Geyserville Visitors Center in Sonoma County, California, for the purpose of a visitors and intermodal transportation center;

—$1,135,000 to the Canaan Community Development Corporation in Louisville, Kentucky, for the purpose of promoting entrepreneurial opportunities in economically deprived areas;

—$500,000 for the Syracuse Community Health Center in Syracuse, New York, for the purpose of establishing accessible health care centers;

—$3,220,000 for enlarging and updating the Scarborough Library at Shepherd College in Shepherdstown, WV;

—$2,000,000 for the State of Maryland for brownfields activities in the Baltimore, MD metropolitan region;

—$2,000,000 for Ogden Utah, for the economic redevelopment of downtown Ogden, UT;

—$2,000,000 for the renovation of the Albright-Knox Art Gallery in Buffalo, NY;

—$400,000 for the completion of a regional landfill in Charles Mix County, SD;

—$2,500,000 for the construction of a building related to the Bushnell Theater in Hartford, CT;

—$2,500,000 for exhibit and program development at Discovery Place in Charlotte, NC;

—$600,000 for the development of the West Maui Community Resource Center in West Maui, HI;

—$1,350,000 for the renovation of the Paramount Theater in Rutland, VT;

—$250,000 for the Vermont Science Center in St. Albans, VT;

—$900,000 for the Lake Champlain Science Center in Burlington, VT;

—$350,000 for Rutland County Community Land Trust to restore low-income housing throughout the Rutland City, Vermont, area;

—$2,000,000 for the renovation of the Tapley Street Operations Center in Springfield, MA;

—$2,000,000 to develop abandoned industrial sites in the city of Perth Amboy, NJ;

—$2,500,000 to the New Mexico Office of Cultural Affairs for the New Mexico Hispanic Cultural Center;

—$400,000 for the Riverbend Research and Training Park in Post Falls, ID;

—$2,500,000 in total funding to the University of Missouri including $2,000,000 for the plant genetics research unit and $500,000 for the Delta Research Telecommunications Resource Center;

—$2,000,000 for the Cleveland Avenue YMCA in Montgomery, AL, to build a cultural arts center;

—$1,000,000 for Covenant House in Anchorage, AK;

—$80,000 to complete construction of the senior center in the city of East Providence, Rhode Island;

—$350,000 for Kids Bridge/New Jersey's Learning Museum to renovate a site in Red Bank, Monmouth County, New Jersey;

—$650,000 for the East Los Angeles Community Union (TELACU) to revitalize the economy of East Los Angeles, California;

—$1,000,000 to the Journey Museum in Rapid City, SD, for Native American and minority outreach program;

—$500,000 for infrastructure development in Puna, HI;

—$500,000 for a washeteria and related water facilities for Sheldon Point, Alaska;

—$1,500,000 for training facilities and equipment for Alaska One;

—$500,000 to Southwest Economic Development Community Development Corporation of Seattle, WA, for Rainer Valley Square;

—$500,000 for the completion of The CORE Center in Chicago, IL, a free-standing, specialized, outpatient, HIV and Infectious Disease Center;

—$1,000,000 for training facilities and equipment in the City of Jackson, Mississippi for a downtown multimodal transit center (phase II);

—$1,000,000 for the Carter County Chamber of Commerce for trade and development activities for Carter County, Montana;

—$500,000 for expansion of the community health center in Allendale, SC;

—$600,000 to University of New Orleans in New Orleans, LA, for Revitalization of Central Cities;

—$1,000,000 for Morgan State University in Baltimore, MD, for studies related to fields of science and mathematics;

—$2,000,000 for the expansion and start-up costs associated with the expansion of Hofstra University's Business Development Center;

—$1,000,000 for community development activities at LeClede Town in St. Louis, MO;

—$1,500,000 for the University of Colorado for its Health Sciences Center;

—$2,000,000 to the City of Compton, California, for revitalizing distressed areas;

—$700,000 for the Philadelphia Development Partnership for economic development in Philadelphia, PA;

—$700,000 for Lehigh Valley, PA, for the development of an aquatic and fitness center;

—$1,850,000 to Coastal Enterprises, Inc. of Wiscasset, Maine, for its economic development and rural housing programs;

—$550,000 to the Town of Easthampton, Massachusetts, for the purchase and refurbishment of a new senior center facility;

—$950,000 to Memorial Health Care, Inc. for establishment of the Community Health Care Center of Central Massachusetts in Worcester, Massachusetts;

—$950,000 to the Regional Center for Economic, Community, and Professional Development of the University of North Carolina at Pembroke, for construction of a centralized facility;

—$950,000 to the Turtle Mountain Community College in North Dakota, for completion of the Turtle Mountain Economic Development and Education Complex;

—$950,000 to the Ruskin Tropical Aquaculture Laboratory in Ruskin, Florida, for construction and equipment for a hatchery, nutrition laboratory and water quality laboratory;

—$500,000 to the to the City of Murfreesboro, Tennessee, for renovation work at the Bradley Academy;

—$450,000 to the City of Hobart, Indiana, for water and sewer line installation in the Green Acres subdivision;

—$2,400,000 to the Metropolitan Miami Action Plan to initiate the revitalization of the Overtown section of Miami, Florida;

—$1,400,000 to the City of Toledo, Ohio, for the continued revitalization of the downtown, near downtown corridor, and community service centers;

—$150,000 to "Friends of George C. Marshall" of Uniontown, Pennsylvania, for development of the George C. Marshall Memorial Plaza in Uniontown;

—$400,000 to the Eureka Coal Heritage Foundation, Inc. of Windber, Pennsylvania, for renovation of the Arcadia Theater;

—$200,000 to Barnesboro Borough, Pennsylvania, for construction of the West Branch Timber Pedestrian Bridge;

—$550,000 to the Indiana Free Library, Inc. of Indiana, Pennsylvania, to upgrade and renovate the Indiana Free Library;

—$1,200,000 to the Pacific Science Center in Seattle, Washington, for refurbishment and expansion;

—$500,000 to the California Science Museum Foundation in Los Angeles for planning and design of the Pacific Environmental Interactive Center;

—$400,000 to Chicanos Por La Causa for construction of a small business incubator facility in Phoenix, Arizona;

—$100,000 to the Urban League of Metropolitan St. Louis, Missouri, for purchase and renovation of a building to house its Community Outreach Center;

—$50,000 to the Harambee Institute of St. Louis, Missouri, for purchase and renovation of an arts education facility;

—$100,000 to the St. Louis Black Repertory Company of St. Louis, Missouri, for purchase, expansion and renovation of a facility;

—$100,000 to Better Family Life, Inc. of St. Louis, Missouri, for construction of a new facility to expand existing school-based programs and cultural programs;

—$50,000 to the Portfolio Gallery and Educational Center of St. Louis, Missouri, for renovation and expansion of its cultural arts training and education facility;

—$50,000 to the City of Wellston, Missouri, for revitalization of its city hall;

—$50,000 to the City of Kinloch, Missouri, to assist with the city's housing revitalization efforts;

—$400,000 to Columbia University in New York City for its Audubon Research Park;

—$100,000 to the Hebrew Academy for Special Children for its school in Rockland County, New York;

—$500,000 to Community Build, Inc. of Los Angeles, for development of a business incubator and technology center;

—$500,000 to Children's Hospital of Oakland, California, for construction of research and laboratory facilities as part of the Martin Luther King, Jr. Plaza project;

—$500,000 to Nazareth College of Rochester, New York, for library renovation, expansion and equipment;

—$500,000 to the Center for International Business Education at the University of San Francisco for a model program for training in international commerce, environmental management and business ethics;

—$500,000 for the Urban League of Greater Cleveland, Ohio, for programs in the area of employment, job training, education, housing, and/or elderly services;

—$500,000 for the Harvard Community Services Center of Cleveland, Ohio, to expand the intergenerational program involving youth and senior citizens;

—$300,000 to the Helen S. Brown Senior Citizens Center of East Cleveland, Ohio, to complete the renovation of the Center and for expansion of elderly services;

—$500,000 to Project East, Inc., DBA East Cleveland Straight Talk, of Shaker Heights, Ohio, for substance abuse counseling and prevention services;

—$500,000 to the Health and Education Institute of the Olivet Housing and Community Development Corporation of Cleveland, Ohio, for health and education initiatives and services;

—$600,000 to the City of Grafton, West Virginia, for economic development, community revitalization and housing-related activities;

—$350,000 to Preston County, West Virginia, to be distributed as follows: $175,000 for Arthurdale Heritage, Inc. and $175,000 for the Kingwood MainStreet program to pursue economic development, downtown revitalization, and historic preservation initiatives;

—$450,000 to the City of Parkersburg, West Virginia, for economic development and community revitalization efforts;

—$800,000 to the City of Lorain, Ohio, for health care conversion initiative at the site of the former St. Joseph's Hospital;

—$200,000 to the Hampton University Aviation Maintenance Training Learning Center of Hampton, Virginia, to continue the development of courseware central to the curriculum;

—$100,000 to the Diabetes Institute of Hampton, Virginia, to assist in the development of diagnostic and treatment protocols;

—$50,000 to the Hampton City Schools Achievable Dream Program in Hampton, Virginia; and

—$500,000 for the Callaway, Florida, Waste Water Expansion Program, to assist with the city's water separation and expansion plans.

Language is included providing that cleanup and redevelopment of areas deemed to be Brownfields are eligible activities under CDBG as proposed by the Senate, and to exempt a grant for Oglesby, Illinois, from the public comment waiting period for an environmental assessment as proposed by the House.

Language is included to create a new rural economic development program funded at $25,000,000 instead of $42,000,000 as proposed by the Senate. HUD is required to target up to $4,000,000 each to areas in Alaska, Missouri, and Iowa.

Additionally, $25,000,000 is included for a Neighborhood Initiative program to test whether housing benefits can be integrated more effectively with welfare reform initiatives. Of the amount made available, $15,000,000 is provided to the County of San Bernardino, California, to implement its neighborhood initiative program. The County of San Bernardino should work with the cities of San Bernardino, Highland, and Redlands in designing its initiative.

The conferees encourage HUD, when awarding the Neighborhood Initiative funds, to consider the following factors: 1) economic development strategies that utilize local community-based partnerships between businesses, non-profits and the public sector; 2) neighborhood revitalization efforts that integrate sustainable community and building design processes; 3) input by residents and other stakeholders; 4) creation of homeownership opportunities; 5) links between housing programs and welfare reform initiatives in the neighborhood; and 6) links between workforce development strategies and economic development strategies.

Finally, a new provision is included that limits the use of the $500,000,000 made available under the Community Development Block Grants account in the 1997 Emergency Supplemental Appropriations Act to not more than $3,500,000 for the non-Federal cost-share of a levee project at Devils Lake, North Dakota. The conferees direct that the remaining emergency CDBG funds originally allocated by HUD for this project be made available to the State of North Dakota for other emergency activities consistent with the intent of the Supplemental Appropriations and Rescissions Act of 1997 (Public Law 105–18). In addition, HUD is directed to provide the State of North Dakota with a waiver allowing it to use its annual CDBG allocation for any remaining portion of the non-Federal cost-share of this project. Finally, language is included that prohibits HUD from providing any additional waivers in excess of $100,000 in emergency CDBG funds for the non-Federal cost-share of projects funded by the Secretary of the Army through the Corps of Engineers.

This provision was added recognizing the serious risk of flooding facing the community of Devils Lake while addressing serious concerns that emergency CDBG funding has become an unregulated fund of Federal dollars which are allocated without regard to standard requirements or adequate oversight. The conferees are very concerned that the unregulated use of CDBG funds will lead to uses which are unintended and bear little relation to the broad requirements of the traditional CDBG program. The growth of costs and the increasingly broad uses for emergency activities associated with both the CDBG program and the Federal Emergency Management Agency programs are troubling to the conferees, especially because these costs threaten the ability of the VA/HUD Appropriations Subcommittees to fund adequately the other programs within their jurisdiction.

BROWNFIELDS REDEVELOPMENT

The conferees have included $25,000,000 to fund HUD's contribution to resolving Brownfields problems. This funding is to be used for activities eligible under the CDBG program. The conferees direct HUD to coordinate activities with other agencies responsible for environmental clean up activities and to provide the committees of jurisdiction with semi-annual reports describing coordinated efforts and an explanation of how this program, which has no specific authorization, will be implemented.

EMPOWERMENT ZONES AND ENTERPRISE COMMUNITIES

Appropriates $5,000,000 for empowerment zones and enterprise communities for planning purposes. The Senate proposed to fund the program at $25,000,000 and the House did not include funds for this purpose. The conferees expect HUD to develop guidelines for implementing this program.

Furthermore, HUD is directed to ensure that the ongoing evaluation by Abt Associates evaluates the performance of existing EZ/ECs. The study shall measure the success of existing EZ/ECs in meeting such objectives as job creation, reducing resident unemployment in the EZ/EC, and enhancing public safety. The study should provide recommendations for improving existing EZ/EC performance and crafting more effective guidelines for strategic plans for any possible future EZ/ECs.

HOME INVESTMENT PARTNERSHIPS PROGRAM

Appropriates $1,500,000,000 for the HOME program, as proposed by the House rather than $1,400,000,000 as proposed by the Senate. Of this amount, $20,000,000 is included for Housing Counseling as proposed by the Senate rather than $15,000,000 as proposed by the House, and $10,000,000 is included for a program to demonstrate ways to expand the secondary market for non-conforming loans as proposed by the House. The conferees underscore their intention that this demonstration focus solely on strategies to expand the secondary market for affordable home mortgage credit from private lenders. The conferees agree that participants in the demonstration should be selected on a competitive basis based on the criteria in the statute and contained in the House report. It is expected that the credibility and impact of the demonstration will be maximized to the extent that the Secretary awards priority in the selection process to organizations which have the following characteristics: 1) statewide or multi-state service areas; 2) sophisticated existing data collection capabilities, including adequate loan portfolio monitoring and analysis systems; 3) a demonstrated strong track record of leveraging public-sector funds for secondary market activities, and willingness to match funds awarded under this section with non-Federal funds; and 4) a mix between rural and urban loans.

HOMELESS ASSISTANCE GRANTS

Deletes language proposed by the Senate which allows HUD to transfer and merge any unobligated balances from Homeless programs into a consolidated account. This issue will be addressed when a consolidated homeless assistance program is authorized and enacted.

Housing Programs

housing programs for special populations

Includes language authorizing HUD to utilize amounts appropriated to these programs to provide supportive services as proposed by the Senate. The House did not include such language. The conferees believe it is appropriate that supportive services provided for persons who live in buildings financed with these funds should be paid for from these accounts rather than decreasing the scarce supportive services funds provided for families residing in public and assisted housing.

The conferees reaffirm report language contained in both House and Senate committee reports regarding the Office of Manufactured Housing, but have decided against providing a separate account for that program office.

Federal Housing Administration

fha-mutual mortgage insurance program account

Transfers not more than $12,112,000 from amounts derived from the FHA-MMI fund to the Office of Inspector General as proposed by the Senate instead of transferring $7,112,000 as proposed by the House.

Policy Development and Research

research and technology

Appropriates $36,500,000 for research and technology related to housing issues instead of $39,000,000 as proposed by the House and $34,000,000 as proposed by the Senate.

The conferees have provided a set-aside of $500,000 from the Department's Research and Technology account for the National Academy of Public Administration (NAPA) to evaluate HUD's efforts to implement needed management systems and processes. Systems to be evaluated include contracting procedures, basic administrative organization, development of personnel requirements based on meaningful measures, and HUD's compliance with the Government Performance and Results Act. This set-aside augments $1,000,000 appropriated under the 1997 Emergency Supplemental Appropriations Act.

Currently, the General Accounting Office (GAO) and the HUD Inspector General (IG) are reviewing HUD's contracting requirements and implementation procedures; therefore, the conferees do not intend for NAPA to duplicate the GAO's and/or the IG's work. It is intended, however, that NAPA's study will complement the other reviews.

Fair Housing and Equal Opportunity

FAIR HOUSING ACTIVITIES

Appropriates $30,000,000 for fair housing activities, $15,000,000 of which is for activities under the Fair Housing Initiatives Program (FHIP) as proposed by the House instead of $10,000,000 for FHIP as proposed by the Senate.

Management and Administration

SALARIES AND EXPENSES

Appropriates $1,000,826,000 for salaries and expenses instead of $1,005,826,000 as proposed by the House and $954,826,000 as proposed by the Senate. This modest decrease from the budget request is included to encourage the Secretary to be more forthcoming about providing information to Congress when it is requested.

HUD is undergoing Department-wide reorganization to improve delivery of services, management, and performance. The conferees agree that HUD must reorganize the manner in which it operates if it is to survive into the next century. It is the strongly held belief of the conferees that HUD must be in a position, both programmatically and operationally, to provide the highest level of opportunity for Americans to live in decent, safe and affordable homes.

The reorganization plan suggested by HUD involves consolidating offices and program functions. Additionally, the plan implements Congressional direction to decrease staff levels. Because these actions will change the manner in which HUD's services are provided, and where they are provided, Congress must be kept well-informed about how they are to be implemented, how they will impact Congressionally-mandated programs, and how they will affect services at a local level. Accordingly, the conferees direct HUD to provide the information listed below:

Submission Date:

January 15, 1998—1. Cost-benefit analysis of the newly created offices, including the Assessment Center, the Section 8 Center, and the Enforcement Center;

January 15, 1998—2. Schedule of events—rough estimate of dates for plan implementation, including when HUD will undertake and complete significant actions (i.e., new offices, staff moves);

Upon submission of President's Budget Request—3. Annualized funding projections needed to carry out the management plan;

January 15, 1998—4. Explanation of modernization and integration of financial/management information systems and how the systems will develop internal controls and improve HUD's ability to monitor and measure program performance;

January 15, 1998—5. Explanation of the resources (financial, information, staff) needed to effectively manage and operate HUD's core programs; and

Enactment of VA/HUD Appropriations Measure—6. Legal analysis of Dole Amendment applicability to HUD's reorganization plan.

The conferees support the emphasis and function of the Department's proposed Enforcement, Assessment, and Section 8 Centers and do not want to impede these much needed reforms. However, as the Management 2020 plan involves location decisions, including moving staff from Headquarters, until Congress is provided with the information listed above, and the committees of jurisdiction have had a reasonable opportunity to review and to comment upon this information, HUD is directed to take no significant actions that involve geographically relocating staff or entering into binding commitments for office space, as related to the three new proposed center locations: Namely, the Assessment Center, the Enforcement Center, and the Section 8 Center.

OFFICE OF INSPECTOR GENERAL

Appropriates $66,850,000 for the Office of Inspector General as proposed by the House instead of $57,850,000 as proposed by the Senate. Of this amount, $16,283,000 is transferred from various FHA funds as proposed by the Senate instead of $11,283,000 as proposed by the House and $10,000,000 is provided for Operation Safe Home as proposed by the House instead of $5,000,000 as proposed by the Senate.

OFFICE OF FEDERAL HOUSING ENTERPRISE OVERSIGHT

SALARIES AND EXPENSES

Appropriates $16,000,000 for the Office of Federal Housing Enterprise Oversight (OFHEO) rather than $16,312,000 as proposed by the House and $15,500,000 as proposed by the Senate. The conferees are concerned about OFHEO's growth as a bureaucracy instead of as an efficient regulatory office.

Additionally, the conferees encourage OFHEO to meet its primary statutory mission of establishing a balanced and effective risk-based capital standard for the Government Sponsored Enterprises (GSEs), as required under the Housing and Community Development Act of 1992.

ADMINISTRATIVE PROVISIONS

Several provisions included in either the House or Senate bills were not adopted by the conferees. Section numbers have been redesignated accordingly.

Section 201. Extends certain public and assisted housing reforms for this fiscal year, as proposed by the Senate. The House included language regarding minimum rents.

Section 203. Waives the requirement that the City of Oglesby, Illinois, have public hearings concerning an environmental assessment, under the Housing and Community Development Act of 1974, as proposed by the House.

Section 204. Extends a provision that provides an incentive for refinancing projects with FAF bonds to lower the cost of section 8 assistance, as proposed by the Senate.

Section 206. Reprograms $7,100,000 from an industrial park to be used for a Negro Leagues Baseball Museum and jazz museum, as proposed by the Senate.

Section 207. Prohibits prosecution of persons under the Fair Housing Act if the person is engaged in lawful activity, as proposed by the Senate.

Section 208. Requires HUD to maintain public notice and comment rulemaking, as proposed by the Senate.

Section 209. Authorizes cleanup and economic development of Brownfields as an eligible activity under the CDBG program, as proposed by the Senate.

Section 210. Permits partial payment of claims on hospital and health care facilities, as proposed by the Senate.

Section 211. Extends for one year the FHA single family streamlined downpayment program for Alaska and Hawaii as proposed by the Senate. In addition, the conferees direct HUD to study the proposal to streamline the FHA downpayment formula and to explain its impact on the continental United States. The study should examine how the proposed downpayment formula would favorably or adversely affect each State, how it would impact the FHA insurance fund, whether it would improve homeownership opportunities for low- and moderate-income families, and whether it would cause inappropriate competition by the FHA with mortgage insurance companies. The study should be completed by March 1, 1998.

Section 212. Includes language to provide flexibility for a HOPE VI project in New York, as proposed by the Senate.

Section 213. Includes language to provide HUD with flexibility to make rehabilitation grants and loans in disposing of HUD-owned and HUD-held properties, as proposed by the Senate.

Section 215. Includes language to provide financing alternatives to enhanced vouchers in certain section 236 projects.

Section 216. Includes language making a technical correction to the nursing home insurance program.

Section 217. Includes language to preserve funding for existing HOPWA grantees in the State of Wisconsin to correct an anomaly in the formula which can result in the loss of funds for a state when incidence of AIDS in a large city increases. The conferees reaffirm the direction included in the House report for HUD to examine all problems caused by the existing HOPWA formula and recommend improvements.

Section 218. Includes language to cancel the principal and interest due on HUD-guaranteed water and sewer bonds issued by the Village of Robbins, Illinois.

TITLE III—INDEPENDENT AGENCIES

American Battle Monuments Commission

salaries and expenses

Appropriates $26,897,000 for salaries and expenses as proposed by the House, instead of $23,897,000 as proposed by the Senate.

Chemical Safety and Hazard Investigation Board

SALARIES AND EXPENSES

Appropriates $4,000,000 for the Chemical Safety and Hazard Investigation Board as proposed by the Senate. The House had provided no funding for the Board.

The funding provided for fiscal year 1998 will permit the Board to begin start-up operations, including the hiring of up to 20 employees through the fiscal year. While the conferees have agreed to provide funding for the Board, they nevertheless remain concerned that the operational costs not become excessive over the next few years. Rather, the conferees expect the Board to make careful, deliberate decisions with respect to the growth and expansion of both operations and staff. The conferees anticipate that a substantial increase in appropriations in the next few years will not be feasible.

Department of the Treasury

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS FUND PROGRAM ACCOUNT

Appropriates $80,000,000 for the Community Development Financial Institutions Fund, instead of $125,000,000 as proposed by the House. The Senate did not provide an appropriation for this account. The conferees have also included in the bill, language restricting the rate of consultants hired by the Fund.

The conferees are aware of and share concerns raised regarding implementation of the program. The conferees recognize and commend the Department of the Treasury for taking significant steps in recent months to improve systems, procedures, and policies. The conferees agree that action should be taken to ensure, among other things, that: (a) appropriate and timely documentation is provided for the awards process and the evaluation and selection of applicants to receive assistance; (b) all successful applicants are selected pursuant to uniform standards using an objective evaluation system; (c) no individual involved in the evaluation and selection of applicants has a conflict or apparent conflict of interest; (d) none of the funds provided for this program are used for contracts for management or policy consulting services, except for contracts entered into in accordance with federal acquisition regulations with firms having recognized management or policy consulting expertise, or with individuals or firms having recognized expertise in community development lending or investing or services related to review of applications for grants and other awards from the Fund; and (e) ensure sound and impartial administration. The conferees urge the Department to remain diligent in working on systems to ensure proper accountability and management of the Fund's programs.

In place of the General Accounting Office report requested by the Senate, the conferees agree that the GAO should conduct a review of the CDFI program and report to the Congress on the implementation and effectiveness of the program in achieving its goals and objectives.

CONSUMER PRODUCT SAFETY COMMISSION

SALARIES AND EXPENSES

Appropriates $45,000,000 for the Consumer Product Safety Commission as proposed by the Senate instead of $44,000,000 as proposed by the House.

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

NATIONAL AND COMMUNITY SERVICE PROGRAMS OPERATING EXPENSES

Appropriates $425,500,000 for national and community service programs operating expenses, instead of $200,500,000 as proposed by the House and $420,500,000 as proposed by the Senate.

Limits funds for administrative expenses to not more than $27,000,000, instead of $29,000,000 as proposed by the House and $25,000,000 as proposed by the Senate. This amount includes funds necessary to administer the National Service Trust.

Limits funds for educational awards to not more than $70,000,000, of which not to exceed $5,000,000 shall be available for national service scholarships for high school students performing community service, instead of $69,000,000 and $10,000,000, respectively, as proposed by the House and $59,000,000 and zero, respectively, as proposed by the Senate. The amount for educational awards is higher than the amount in either the House or Senate bill and results from the increase in funding for AmeriCorps grants. The conferees request that the Corporation provide to the Committees on Appropriations a report by June 30, 1998, on the feasibility of privatizing the National Service Trust, including the costs of privatization and recommendations on how privatization could be implemented.

Limits funds for AmeriCorps grants to not more than $227,000,000, instead of $201,000,000 as proposed by the House and $215,000,000 as proposed by the Senate.

Inserts language limiting funds for national direct programs to not more than $40,000,000 as proposed by the Senate. The House did not propose a limitation on national direct programs.

Deletes language proposed by the Senate earmarking $20,000,000 of the appropriation for the America Reads Initiative. The House did not propose such an earmarking. The conference agreement includes $25,000,000 for literacy and mentoring activities.

Deletes language proposed by the Senate restricting other funds available to the Corporation from being used for personnel compensation and other administrative expenses of certain offices. The House did not propose such language. While the conferees are providing this additional flexibility, the Corporation is expected to provide a detailed explanation in the operating plan on how it plans to coordinate the use of administrative funds from any other agency, office or source to administer its operations.

OFFICE OF INSPECTOR GENERAL

Appropriates $3,000,000 for the office of Inspector General as proposed by the Senate, instead of $2,000,000 as proposed by the House.

Court of Veterans Appeals

SALARIES AND EXPENSES

Appropriates $9,319,000 for salaries and expenses as proposed by the House, instead of $9,320,000 as proposed by the Senate.

Environmental Protection Agency

Appropriates $7,363,046,000 for the Environmental Protection Agency for fiscal year 1998 instead of $7,205,077,000 as proposed by the House and $6,975,920,000 as proposed by the Senate. The conferees note that the budget agreement between the Congress and the Administration called for the "operating programs" of the Agency to be funded at a level totaling just over $3,400,000,000. The funding provided for these operating programs in this agreement totals nearly $3,350,000,000, thus meeting the spirit of this agreement.

As in past years, the conferees agree that the Agency must limit transfers of funds between programs and activities to not more than $500,000, except that for the Environmental Programs and Management account only, the Agency may transfer funds of not more than $500,000 between programs and activities without prior notice to the Committees, and of not more than $1,000,000 without prior approval of the Committees. No changes may be made to any account or program element, except as approved by the House and Senate Committees on Appropriations, if it is construed to be policy or a change in policy. Any activity or program cited in the joint explanatory statement of the committee of conference shall be construed as the position of the conferees and should not be subject to reduction or reprogramming without prior approval. It is the intent of the conferees that all carryover funds in the various appropriations accounts are subject to normal reprogramming requirements as defined herein.

SCIENCE AND TECHNOLOGY

Appropriates $631,000,000 for science and technology instead of $629,223,000 as provided by the House and $600,000,000 as provided by the Senate. The conferees have included new bill language which provides $49,600,000 for a particulate matter research program in lieu of language contained in the House bill.

The conferees have agreed to the following increases to the budget request:

1. $1,250,000 for continuation of the California Regional PM 10 & 2.5 air quality study.
2. $2,500,000 for EPSCoR.
3. $500,000 for continuation of a study of livestock and agricultural pollution abatement at Tarleton State University.
4. $3,000,000 for the Water Environment Research Foundation.
5. $2,000,000 for continued research on urban waste management at the University of New Orleans.
6. $1,300,000 for continued oil spill remediation research at the Louisiana Environmental Research Center at McNeese State University.

7. $2,000,000 for the Mickey Leland National Urban Air Toxics Research Center. The conferees recognize the value of the air toxics research supported by the Mickey Leland National Urban Air Toxics Research Center in Houston, Texas. However, the conferees are aware that the Center has developed its own method to fill vacancies on the Board of Directors. Because the appointment of the Board of Directors provides for Congressional oversight and assures the continued success of the Center and its undertakings, it is the intent of the conferees that the Leland Center immediately revise its method of appointment of Directors consistent with law and with the original Congressional intent regarding appointment of Directors.

8. $4,000,000 for the American Water Works Association Research Foundation, including $1,000,000 for continued research on arsenic.

9. $3,000,000 for the National Decentralized Water Resource Capacity Development Project, in coordination with EPA, for continued training and research and development.

10. $1,500,000 for the Integrated Petroleum Environmental Consortium project, to be cost-shared.

11. $1,750,000 for continued research at the Environmental Lung Center of the National Jewish Medical and Research Center in Denver.

12. $6,000,000 for continued research of the Salton Sea, including $1,000,000 to the University of Redlands and $5,000,000 for the Salton Sea Authority.

13. $2,000,000 for research on treatment technologies relating to perchlorate within the Crafton-Redlands Plume, to be conducted through the East Valley Water District, California.

14. $2,000,000 for the Lovelace Respiratory Institute to establish a National Environmental Respiratory Center to coordinate research and information transfer.

15. $1,000,000 for the Center for Air Toxic Metals at the Energy and Environmental Research Center.

16. $1,000,000 for the Texas Regional Institute for Environmental Studies to identify and test new cost-effective environmental restoration technologies.

17. $1,000,000 for the Institute for Environmental and Industrial Science to develop new technologies for controlling radioactive waste, solid waste, and other emissions.

18. $500,000 for the clean air status and trends network.

19. $1,500,000 for Johns Hopkins University's School of Hygiene and Public Health to establish a National Center for Environmental Toxicology and Epidemiology.

20. $1,000,000 to establish the Center for Estuarine and Coastal Ocean Environmental Research to coordinate and further ongoing coastal and environmental research being conducted at the University of South Alabama.

21. $2,000,000 for continuation of an initiative to transfer technology developed in the federal laboratories to meet the environmental needs of small companies in the Great Lakes region, to be accomplished through a NASA-sponsored Midwest regional technology center working in collaboration with an HBCU from the region.

22. $6,000,000 for the Mine Waste Technology Evaluation Program and Berkeley pit integrated demonstration activities through the National Waste Technology Testing and Evaluation Center.

23. $1,500,000 to support external research on Pfiesteria. The conferees are concerned about the recent rash of fish killings and human sickness due to a marine biotoxic outbreak labeled Pfiesteria, in east coast waterways. In complementing current local and state efforts, the conferees direct a national research program that would evaluate competitive, peer-reviewed proposals to understand the causes, mechanisms, and health and environmental effects of Pfiesteria. Additional funding is appropriated in the environmental programs and management account.

The conferees have agreed to the following reductions from the budget request:

1. $5,078,000 from the Climate Change program.
2. $6,218,000 from the Global Change program.
3. $2,000,000 from the Advanced Measurement Initiative.
4. $8,000,000 from the new Environmental Monitoring for Public Access and Community Tracking program.
5. $5,000,000 from graduate academic fellowships.
6. $7,000,000 from advanced funding of a planned fiscal year 1998 lease requirement and savings due to a rate recalculation for the Working Capital Fund.
7. $21,273,400 as a general reduction.

The conferees are aware that orimulsion, a mixture of bitumen and water, is being considered for generating electricity in the United States. While orimulsion has been used in several countries including Japan, China, Italy and Canada's maritime provinces, it has not been utilized within the United States. Because little is known about the risks associated with the introduction of this new product, the conferees direct EPA to initiate a research activity to provide better scientific data on the qualities and characteristics of this product and the potential environmental impact of its introduction.

In addition to the funds specifically provided for perchlorate research within the Crafton-Redlands Plume, the conferees direct the Agency to work with the Department of Defense, the National Institute of Environmental Health Sciences, and other appropriate federal and state agencies to, (1) assess the state of the science on the health effects of perchlorates on humans and the environment and the extent of perchlorate contamination of our nation's drinking water supplies, and, (2) make recommendations to the House and Senate Committees on Appropriations within six months of enactment of this Act on how this emerging problem might be addressed.

The conferees note the important ongoing research activities at EPA to develop a comprehensive view of the air quality impacts resulting from swine confinement operations. The EPA is directed to coordinate these research activities working in conjunction with those efforts currently underway at the Agricultural Research Service and with other public and private research efforts.

Following consultation with the Environmental Protection Agency, the National Academy of Sciences, and numerous scientific and research and stakeholder groups, the conferees have developed a mechanism which, when implemented, will go far toward increasing the breadth of knowledge and filling research gaps regarding the potential health effects of fine particulate matter (PM). The recommendation of the conferees is meant to build on the research which has already been planned, is underway, or has been completed by EPA, NIEHS, NAS, HEI, and numerous other public and private entities, and its success will rely on the hard work and continued good will of all interested parties.

Although EPA recently issued a revised standard for PM, the Agency also indicated the standard will have no regulatory impact until after the next National Ambient Air Quality Standards (NAAQS) review, currently planned for 2002. The conferees believe a unique opportunity now exists to put into place the mechanism to establish a comprehensive, peer-reviewed, near- and long-term research program which will benefit both the Legislative and Executive branches in decision-making activities regarding PM in the coming years.

To this end, the conferees have included bill language which specifically provides $49,600,000 for particulate matter research, and further provides that within 30 days of enactment of this Act, EPA shall enter into a contract or cooperative agreement with the National Academy of Sciences (NAS) to develop a comprehensive, prioritized, near- and long-term particulate matter research program, as well as a plan to monitor how this research program is being carried out by all participants in the research effort. The conferees intend the NAS to develop a near-term research plan within four months of execution of the contract with EPA, and expect a long-term plan to be completed within twelve months of execution of the contract. Both plans should be developed on as close to a consensus basis as is practicable following consultation and comprehensive discussions with, but not limited to, representatives of the EPA, the National Institute of Environmental Health Sciences (NIEHS), the Department of Energy (DOE), and the National Oceanic and Atmospheric Administration (NOAA), as well as representatives from such organizations as the Health Effects Institute (HEI), the North American Research Strategy for Tropospheric Ozone (NARSTO), the Chemical Industry Institute of Technology (CIIT), the Lovelace Inhalation Toxicology Research Institute, the American Lung Association, the Electric Power Research Institute (EPRI), EPA's Science Advisory Board and Clean Air Scientific Advisory Committee, and other qualified personnel representing government, industry, and the environmental community. Upon completion of the research plans, the NAS shall simultaneously provide copies to the Congress, to EPA, and to all participating parties.

It is the intention of the conferees that the plan is to be the principal guideline for the Agency's particulate matter research program over the next several years. The conferees expect the Agency to implement the plan, including the conduct of appropriate peer review and the distribution of intramural and extramural funds, in a manner which assures that research as determined in the plan will proceed in an orderly and timely fashion, and according to the priority basis outlined by NAS. The conferees also expect the NAS to monitor the implementation of the research plan and periodically report to the Congress as to the progress of the NAS plan. Should EPA, after its own analysis, disagree with any research topic or priority ranking as determined in the plan, or with any other aspect of the plan, the conferees direct the Agency to provide the Congress with a detailed analysis of such a disagreement, as well as with a description of what the Agency proposes in lieu thereof. EPA is expected to move forward immediately with its PM research program as outlined in the fiscal year 1998 budget submission. Upon delivery of the NAS research plan, however, the conferees expect the Agency and other federal entities as listed above to review their ongoing particulate matter research activities and, where appropriate, re-focus such activities so as to be consistent with the NAS research plan. The funds provided above the budget request should be targeted to filling research gaps outlined by NAS and not already planned for fiscal year 1998.

In administering the research plan, the conferees expect the Agency to be responsible for the timely announcement of all requests for research proposals, for the thorough review of such proposals, and for the granting and auditing of all funds to conduct such research proposals. Given the importance of developing and publishing as much new research as possible prior to the next NAAQS review planned for PM, the Agency should take every step possible to expedite the delivery of available research funds for both intramural and extramural recipients. Moreover, in the making of specific grants or, in the case of other governmental agencies, a cooperative research agreement pursuant to the research plan, the Agency should be mindful of the various talents and expertise of each of the aforementioned organizations or other research grant applicants may have so as to maximize to the greatest extent possible the quality of the research that is to be conducted.

The conferees understand that the most immediate, or "near-term" PM research needs include, but are not limited to, topics such as toxicological and biological mechanisms, source apportionment, human exposure assessment and monitoring, ambient measurement methods, and epidemiology. NAS is thus expected to focus on these as well as other high priority topics as part of its near-term research plan.

In addition, up to $8,000,000 of the funds provided herein are to be used to create up to five university-based research centers focused on PM-related environmental and health effects. EPA will select these centers through a competitive peer review process and will ensure consistency with the final research plan formulated by the process outlined above. The centers program is intended to help address the most pressing unanswered questions involved in the air particulate field. A governing criterion for the selection of the proposed centers should be their ability to bring together bio-medical and public health scientists, engineers, environmental scientists, economists, and policy analysts as part of a coordinated and comprehensive data analysis and research effort.

The conferees direct that, prior to completion of the research plan, adequate funds be made available to support on ongoing effort to conduct a thorough inventory of all federal and non-federal research on particulate matter, to initiate key term research, and to conduct a thorough reanalysis of all key long-term studies relating to particulate matter. Priority in the award of grants as outlined in the preceding sentence should be given to organizations which are established independent research institutes funded in partnership with EPA.

Finally, the conferees expect that all research data resulting from this funding will become available to the public, with proper safeguards for researchers' first right of publication, for scientific integrity, for individuals participating in studies, for proprietary commercial interests, and to prevent scientific fraud and misconduct.

The issue of the new particulate matter standards as outlined by EPA in July of this year, and the potential regulations that may result from these new standards, has resulted in an emotional and politically charged debate principally on the potential economic impacts of regulations based on the new standard. What has unfortunately been diminished in these debates is the almost universal recognition that considerable scientific questions relative to particulate matter remain to be answered. The conferees recognize that while reasonable people may differ as to the interpretation of the facts and that different policy judgments may be arrived at, sufficient facts are not yet available to proceed with future regulations for a new particulate standard. The conferees note that this may be the only realistic opportunity to enlist the support of both the public and private sectors to maximize the use of science so as to better determine the answers that will some day guide future regulatory actions regarding particulate matter.

ENVIRONMENTAL PROGRAMS AND MANAGEMENT

Appropriates $1,801,000,000 for environmental programs and management as proposed by the Senate instead of $1,763,352,000 as proposed by the House.

The conferees have agreed to the following increases to the budget request:

1. $2,500,000 for the Michigan Biotechnology Institute for continued development of viable cleanup technologies.

2. $900,000 for the Lake Wallenpaupack, Pennsylvania environmental restoration project.

3. $372,000 for the Saint Vincent watershed environmental restoration project.

4. $500,000 for continued activities of the Small Business Pollution Prevention Center at the University of Northern Iowa.

5. $1,000,000 for the National Estuary Program, including $400,000 for Barnegat Bay. In addition, the conferees note their support for the full budget request for the Agency's South Florida/Everglades initiative, including funding for the EPA office in South Florida.

6. $2,372,000 for the Great Lakes Program. Included in the total program level is $14,700,000 for the Great Lakes National Program Office.

7. $250,000 for design for a non-indigenous species dispersal barrier in the Chicago shipping and sanitary canal pursuant to Sec. 1202 of the National Invasive Species Act, to be cost-shared.

8. $500,000 for continued work on the Ohio River watershed pollutant reduction program, including a study of dioxin levels in the Basin, to be cost-shared.

9. $2,000,000 for continuation of the Sacramento River Toxic Pollution Control Project, to be cost-shared.

10. $2,500,000 for a water reuse demonstration project in Yucca Valley ($800,000) and a groundwater treatment demonstration project in 29 Palms ($1,700,000), California.

11. $700,000 for ongoing activities at the Canaan Valley Institute.

12. $3,000,000 for the Southwest Center for Environmental Research and Policy (SCERP).

13. $4,000,000 for the National Institute for Environmental Renewal to establish a regional environmental data center, and to develop an integrated, automated water quality monitoring and information system for watersheds impacting the Chesapeake Bay.

14. $500,000 for continuation of the Small Water Systems Institute at Montana State University.

15. $5,325,000 for rural water technical assistance activities and groundwater protection bringing the total program to $13,325,000 with distribution as follows: $8,200,000 for the National Rural Water Association; $2,100,000 for Rural Community Assistance Program; $400,000 for the Groundwater Protection Council; $1,550,000 for Small Flows Clearinghouse; $1,000,000 for the National Environmental Training Center; and $75,000 for the National Groundwater Foundation.

16. $2,000,000 for an environmental education center in Highland, California.

17. $3,000,000 for continuation of the New York and New Jersey dredge decontamination project.

18. $1,000,000 for continued work on the water quality management plan for the Skaneatles, Otisco and Owasco Lake watersheds.

19. $400,000 for continued work on the Cortland County, New York aquifer protection plan.

20. $300,000 for the NAS to conduct a study of the effectiveness of EPA's inspection and maintenance programs.

21. $400,000 for a non-profit organization to implement an action plan to accelerate the international phase-out of leaded gasoline.

22. $2,000,000 for the creation of five small public water system technology assistance centers pursuant to section 1420(f) of the Safe Drinking Water Act, as amended.

23. $500,000 for a waste water reuse study in the Victorville, California area.

24. $3,400,000 for Lake Weequahic cleanup efforts ($3,000,000) and water quality initiatives at Lake Hopatcong ($400,000), New Jersey.

25. $1,000,000 ($500,000 each) for small public water system technology centers at the University of Missouri-Columbia and at Western Kentucky University.

26. $3,000,000 to continue the demonstration project involving leaking fuel tanks in rural Alaska villages.

27. $250,000 for the Nature Conservancy of Alaska for protection of the Kenai River watershed.

28. $1,250,000 to continue the onsite wastewater treatment demonstration program through the Small Flows Clearinghouse, including efforts initiated last year in flood-ravaged areas.

29. $2,000,000 for the New York City watershed protection program.

30. $500,000 for the Treasure Valley hydrologic project.

31. $2,500,000 for the King County, Washington molten carbonate fuel cell demonstration project at the Renton wastewater treatment plant.

32. $$800,000 for the National Center for Vehicle Emissions Control and Safety to establish an On-Board Diagnostic Research Center.

33. $500,000 to continue the Compliance Assistance Center for Painting and Coating Technology.

34. $200,000 to complete the cleanup of Five Island Lake.

35. $500,000 for the Ala Wai Canal watershed improvement project.

36. $400,000 for the Maui algal bloom project.

37. $100,000 for the Design for the Environment for Farmers Program to address the unique environmental concerns of the American Pacific area and the need to develop and adopt sustainable agricultural practices for these fragile tropical ecosystems.

38. $1,500,000 for the Lake Champlain management plan.

39. $600,000 for the final year of funding for the solar aquatic wastewater treatment demonstration in Burlington, Vermont, to be cost-shared.

40. $1,000,000 for the Alabama Department of Environmental Management to coordinate a model water/wastewater operating training program.

41. $150,000 to establish a regional training center at the Kentucky Onsite Wastewater Center.

42. $550,000 for the Idaho water initiative.

43. $1,750,000 for the Three Rivers watershed protection demonstration project, to develop an overall master plan to eliminate more than 40 separate sanitary sewer overflows in the Three Rivers area of Allegheny County, Pennsylvania.

44. $750,000 to continue the Resource and Agricultural Policy Systems program.

45. $1,250,000 for the design of an innovative granular activated carbon water treatment project in Oahu.

46. $2,000,000 for the Food and Agricultural Policy Research Institute's Missouri Watershed Initiative project to link economic and environmental data with ambient water quality.

47. $1,500,000 for the National Alternative Fuels Training program.

48. $300,000 for the California Urban Environmental Research and Education Center.

49. $1,000,000 to continue the implementation of a wetlands-based potable water reuse program for the City of West Palm Beach.

50. $700,000 for the Long Island Sound office.

51. $2,000,000 for the University of Missouri Agroforestry Center to support the agroforestry floodplain initiative on a partnership basis.

52. $300,000 for the Northeast States for coordinated air use management.

53. $750,000 for the Chesapeake Bay Program to initiate a small watershed grants program for the implementation of cooperative tributary basic strategies that address the Bay's water quality and living resource needs.

54. $1,300,000 for environmental justice small community grants, bringing the total program to $2,000,000.

55. $240,000 for the water quality testing program along the New Jersey and New York shorelines.

56. $1,000,000 for the Soil Aquifer Treatment research program for indirect potable reuse of highly treated domestic wastewater being conducted in Arizona and California.

57. $1,500,000 for wastewater training grants under section 104(g) of the Clean Water Act.

58. $2,000,000 for the National Academy of Public Administration to design and manage a series of independent evaluations of recent EPA initiatives to improve the effectiveness and efficiency of EPA activities. These studies shall also assess how lessons learned can be built into ongoing agency programs. The conferees note that EPA has yet to develop a program evaluation capacity, a critical element of meeting the requirements of the Government Performance and Results Act and ensuring the most effective allocation of resources. EPA is to enter into an agreement with NAPA within 90 days, so that the reports may be made available to the Congress within two years.

59. $1,500,000 to support response and monitoring efforts, public information functions, and cross-Agency coordination and analysis to address the causes, mechanisms, and health and environmental effects of Pfiesteria, as described in the Science and Technology account.

60. $400,000 to continue efforts to ensure smooth implementation of notification of lead-based paint hazards during real estate transactions through the Alliance to End Childhood Lead Poisoning.

The conferees have agreed to the following decreases from the budget request:

1. $693,000 from managerial support within the Office of the Administrator.

2. $1,000,000 from GLOBE.

3. $9,000,000 from the Montreal Protocol Multilateral Fund.

4. $54,000,000 from Climate change action plan programs.

5. $5,500,000 from Office of Enforcement and Compliance Assurance programs. No reduction is to be applied to compliance assistance activities.

6. $1,734,000 from the Office of International Activities global and regulatory environmental risk reduction program.

7. $10,000,000 from the new environmental monitoring for public access and community tracking program.

8. $10,107,000 from specific reinvention programs.

9. $3,900,000 from the new Urban Livability program.

10. $10,000,000 from the increase requested for sustainable development challenge grants.

11. $2,000,000 from rental costs.

12. $55,115,900 as a general reduction.

The conferees note that full funding has been provided for the Chesapeake Bay Program including $833,000 for atmospheric deposition research activities.

The conferees are concerned with the Agency's perceived inflexibility regarding the implementation of the enhanced vehicle emissions and inspection programs in a number of states. Despite passage of the National Highway System Designation Act of 1995 which included language stating that, "the Administration shall not require adoption or implementation by a state of a test-only I/M 240 enhanced vehicle inspection and maintenance program," EPA has until very recently required that states using equipment other than I/M 240 perform mass emission transient testing (METT) on 0.1% of their affected vehicles, yet has only approved I/M 240 equipment to conduct the METT. It was the intent of Congress to prohibit the mandating of I/M 240 for any purpose, whether for emission testing or evaluation testing. Therefore, it is expected that the Agency will resolve this issue with the affected states and develop a non-METT test consistent with Congressional intent. The Agency is urged to develop alternatives which, as required by the Clean Air Act, are based on data collected during inspection and repair of vehicles. The alternatives also should be seamless to the customer and not result in increased costs to the customer or service station owner, and also not result in a direct or indirect penalty to the state that is not using METT. In the event that the Agency does not develop a non-METT evaluation method, the conferees would expect to address this issue in legislation.

The conferees continue to note their serious concerns regarding the new National Pollutant Discharge Elimination System (NPDES) general permit recently proposed by EPA's Region IV. This issue was raised in the House Report accompanying H.R. 2158, and it appears the Agency has done little to address the concerns raised in that document. The conferees therefore direct EPA's Region IV to adopt an NPDES general permit for offshore oil and gas extraction which is substantially similar in its terms and conditions to that adopted and used successfully by EPA's Region VI.

The conferees are aware that recent testing conducted at Lake Tahoe has shown abnormal amounts of volatile compounds, including benzene, toluene, and xylene. The conferees recommend that EPA consider conducting an analysis and produce a report detailing the actual levels of contaminants, sources, and recommendations to protect this resource.

The conferees urge that EPA's recently announced stakeholder process for the section 313 program be expeditiously undertaken and that the recommendations be adopted prior to the filing of any reports required under the recent expansion of the program. EPA should dedicate the necessary resources to ensure this process can develop materials and procedures that will simplify the reporting burden, especially for small businesses, while also improving the ability to communicate information to the public.

The conferees direct the EPA Administrator to consider for funding the NUI proposal for a large-scale demonstration pilot project in correlation with the dredging contamination technology effort currently underway at Brookhaven National Laboratory.

OFFICE OF INSPECTOR GENERAL

Appropriates $28,501,000 for the office of inspector general as proposed by the House instead of $28,500,000 as proposed by the Senate.

BUILDINGS AND FACILITIES

Appropriates $109,420,000 for buildings and facilities instead of $182,120,000 as proposed by the House and $19,420,000 as proposed by the Senate.

For the new, consolidated research facility at Research Triangle Park, North Carolina, the conferees have agreed to an additional funding component for fiscal year 1998 of $90,000,000. The Agency has indicated this level of funding is sufficient to continue ongoing planning and construction as scheduled throughout the fiscal year. The conferees have also included bill language which raises the authorized construction cost ceiling for this project to $272,700,000. This level of authorization is necessary to permit the construction of the building—including the high bay facility, the computer center, and the child care center—as originally designed. Prior to the expenditure of funds relative to these three facilities, however, the Agency is directed to provide a cost/benefit analysis which justifies their inclusion as proposed in the original construction plan.

HAZARDOUS SUBSTANCE SUPERFUND

Appropriates $2,150,000,000 for hazardous substance superfund instead of $1,500,699,000 as proposed by the House and $1,400,000,000 as proposed by the Senate.

The conferees have agreed to the following fiscal year 1998 program levels:

$990,500,000 for the superfund response/cleanup program, including the full budget request for the Brownfields program.

$174,000,000 for the enforcement program.

$129,000,000 for management and support, including $11,641,000 for transfer to the Office of Inspector General.

$35,000,000 for research and development activities, to be transferred to the Science and Technology account.

$58,000,000 for the National Institute of Environmental Health Sciences, including $23,000,000 for worker training and $35,000,000 for research activities.

$74,000,000 for the Agency for Toxic Substances and Disease Registry. The amount provided is intended to enable ATSDR to reduce significantly the backlog of more than 200 hazardous waste sites requiring public health activities and to conduct a child health initiative. Within 30 days of enactment of this Act, ATSDR is to provide a detailed operating plan to the Committees on Appropriations. In addition, ATSDR periodically is to keep the Committees apprised of progress in reducing the backlog, efforts related to the child health initiative, and proposed new activities. Within the funds provided herein, $4,000,000 is for minority health professions, $2,500,000 is for continuation of a health effects study on the consumption of Great Lakes fish, and $2,000,000 is for continued work on the Toms River, New Jersey cancer evaluation and research project.

$39,500,000 for interagency activities.

The conferees note that $100,000,000 of the funds provided herein shall not become available for obligation until September 1, 1998. Further, $650,000,000 of the funds provided herein shall not become available until October 1, 1998, and shall be available for obligation only if specific reauthorization of the Superfund program occurs by May 15, 1998.

While the conferees have provided the full budget request for the Brownfields program, concerns remain regarding the Agency's legal authority to utilize Superfund dollars to establish revolving funds which in turn would be used to clean up sites which are neither emergency in nature nor eligible for NPL listing. Bill language has therefore been included which prohibits the use of funds under this heading for revolving loan funds unless specifically authorized in subsequent legislation.

Again this year, the conferees direct that all fiscal year 1997 carryover funds be used for additional response action/cleanup efforts. In addition, in order to enhance the fiscal year 1998 response action/cleanup program, the conferees direct the Agency to move expeditiously to deobligate and recapture as much unspent prior-year cleanup funds as possible.

The conferees reiterate the position of the House that strongly encourages the Agency to implement a fixed-price, at-risk contracting proposal for the clean-up of the Carolina Transformer Site in North Carolina.

With regard to the Agriculture Street Landfill Superfund site in New Orleans, the conferees are aware of the potential health risks associated with remediating the undeveloped property without permanent or temporary relocation of the nearby residents, or some other responsible mitigation effort. The conferees thus strongly urge the Agency to stay the remediation of the site, pursuant to its Record of Decision of September 2, 1997, until this matter can be satisfactorily resolved.

The conferees also reiterate the concern as expressed in the House Report accompanying H.R. 2158 regarding the EPA's response to certain "emergencies." Questions of both legal authority and the excessive expenditure of funds outside the scope of the Agency's operating plan remain very troubling. The conferees therefore direct the EPA to notify the Committees on Appropriations within 72 hours of the Agency's undertaking an emergency response at non-NPL sites that is expected to exceed $5,000,000 in total cost.

Last year, the conferees included language directing the EPA Administrator to begin construction immediately at the Pepe Field Superfund site in Boonton, New Jersey. Due to a change in the remedy by the EPA, the construction has again been delayed. The conferees are concerned with this delay and direct the Administrator to begin construction immediately.

LEAKING UNDERGROUND STORAGE TANK PROGRAM

Appropriates $65,000,000 for the leaking underground storage tank program as proposed by the Senate instead of $60,000,000 as proposed by the House. Language is also included which provides a maximum of $7,500,000 for the program's administrative costs as proposed by the Senate instead of $9,100,000 as proposed by the House.

The conferees direct that not less than 85 percent of the funds provided be allocated to the States.

OIL SPILL RESPONSE

Appropriates $15,000,000 for oil spill response as proposed by the House and the Senate. Bill language is also included which provides a maximum of $9,000,000 for the program's administrative costs as proposed by the House instead of $8,500,000 as proposed by the Senate.

STATE AND TRIBAL ASSISTANCE GRANTS

Appropriates $3,213,125,000 for state and tribal assistance grants instead of $3,026,182,000 as proposed by the House and $3,047,000,000 as proposed by the Senate.

Bill language provides the following program levels:

$1,350,000,000 for Clean Water Capitalization Grants.

$725,000,000 for Safe Drinking Water Capitalization Grants. The conferees note that amounts provided for drinking water state revolving funds are available for national set-asides outlined in section 1452; however, health effects research is funded in the Science and Technology account as proposed by the Administration.

$75,000,000 for the United States-Mexico Border Program.

$50,000,000 for colonias in Texas, including bill language which provides a 20% match for these funds. The match requirement may be fulfilled through the commitment of state funds for either loans or grants for construction of wastewater or water systems serving colonias and the match may also consist of payment on bond interest associated with loans or grants for construction of wastewater and water systems. With respect to prior appropriated funds for colonias, the match requirement may be fulfilled through the commitment of state funds for either loans or grants for construction of wastewater systems serving colonias and may also consist of payment on bond interest associated with loans or grants for construction of wastewater systems.

$15,000,000 for Alaska rural and Native Villages, to be cost-shared.

$745,000,000 for state and tribal categorical grants, including increases above the budget request of $24,743,000 for particulate matter monitoring and data collection and $5,000,000 for section 319 non-point source pollution grants. Language is included to direct that the PM monitoring and data collection grants be issued pursuant to section 103 of the Clean Air Act so as not to require a state, tribal, or local cost share. The conferees agree that performance partnership grants and statutorily authorized transfers between state revolving funds are both exempt from the Congressional reprogramming limitations. Finally, language is included which clarifies that, as provided in the authorizing statutes for the various program grants, eligible recipients have included since fiscal year 1996 interstate agencies, tribal consortia, and air pollution control agencies, as well as States and tribes.

$253,125,000 for grants for construction of "special needs" wastewater, water treatment and drinking water facilities, and for groundwater protection infrastructure.

Bill language has been included which: (1) authorizes cross collateralization of clean water and safe drinking water state revolving funds as security for bond issues; (2) authorizes the Administrator to make grants to federally recognized Indian governments for the development of multi-media environmental programs; (3) makes it possible for EPA to use funds under this account for specific programs and purposes in state and tribal areas when such state or tribe does not have an acceptable program in place; and (4) authorizes the Administrator to make a grant of deobligated FWPCA section 205 funds for wastewater treatment facilities in Monroe County, Florida.

Finally, bill language has been included which provides for an 80/20 cost share for the use of capitalization funds for the District of Columbia. The provision, which is intended to permit the District to move aggressively in making necessary repairs and upgrades in its wastewater treatment facilities, will sunset in two years.

The conferees agree that the special needs funds are provided as follows:

1. $50,000,000 for Boston Harbor wastewater needs.
2. $3,000,000 for continued wastewater needs in Bristol County, Massachusetts.
3. $8,000,000 for New Orleans wastewater needs.
4. $5,000,000 to implement drinking water facility improvements under Title IV and to implement combined sewer overflow (CSO) projects in Richmond ($2,500,000) and Lynchburg ($2,500,000), Virginia.
5. $14,000,000 for continuation of the Rouge River National Wet Weather Demonstration project.
6. $5,000,000 for wastewater and water system needs of the Omnalinda Water Association ($500,000); the Jenner Township Sewer Authority ($2,600,000), and the North Fayette County Municipal Authority ($1,900,000), Pennsylvania.
7. $13,000,000 for the Millcreek Tube Sewer upgrade/combined sewer overflow project.
8. $3,000,000 for phase one of Sacramento's wastewater treatment facility upgrade.
9. $10,000,000 for planning and implementation of a storm water abatement system in the Doan Brook Watershed Area, Ohio.
10. $6,900,000 for wastewater infrastructure needs for Kenner ($5,000,000) and Baton Rouge ($1,900,000), Louisiana.
11. $2,250,000 for Ogden, Utah's sanitary storm sewer and drinking water distribution systems.
12. $2,500,000 to assist the Bad Axe, Michigan water crisis.
13. $10,000,000 to complete the wastewater improvement program at the Clear Lake Sanitary District, Iowa.

14. $7,000,000 for combined sewer overflow requirements in Lycoming County ($4,000,000) and for wastewater needs of the Pocono/Jackson Township Joint Authority ($1,500,000) and Smithfield Township in Monroe County ($1,500,000), Pennsylvania.

15. $1,200,000 for phase two of the Geysers Effluent Project in Northern California.

16. $14,000,000 for continued clean water improvements of Onondaga Lake.

17. $5,000,000 for wastewater and drinking water system needs in Clearfield, Mifflin, Snyder and Fulton Counties ($1,250,000); Decatur Township ($150,000); Lawrenceville Township ($300,000); Lyleville ($300,000); Lewistown ($1,000,000); McVeytown ($500,000); Adams Township and Port Trevorton ($500,000); Middleburg ($500,000); and McConnellsburg ($500,000), Pennsylvania.

18. $10,000,000 for water supply and wastewater needs for the City of Burnside ($2,000,000); the City of Williamsburg ($3,000,000); the City of Wayland ($1,500,000); the City of Hyden ($1,500,000); and the Morgan County Water District ($2,000,000), Kentucky.

19. $1,275,000 for wastewater needs for East Mesa ($700,000), West Mesa ($500,000), and Lordsburg ($75,000), New Mexico.

20. $4,000,000 for an alternative water supply system in Jackson County, Mississippi.

21. $2,000,000 for wastewater facilities and improvements in Essex County, Massachusetts.

22. $2,000,000 for the Milwaukee Metropolitan Sewerage District urban watershed restoration project (Lincoln Creek).

23. $7,150,000 for export pipeline replacement to protect Lake Tahoe.

24. $7,000,000 for wastewater facility and sanitary system improvements in Burlington, Iowa.

25. $7,000,000 for the Ashley Valley, Utah sewer management board for wastewater improvements.

26. $5,000,000 for water systems improvements in the Virgin Valley Water District, Nevada.

27. $2,000,000 for the town of Epping, New Hampshire, for wastewater treatment upgrades.

28. $4,300,000 for wastewater improvements in Queen Anne's County, Maryland, ($2,300,000); and biological nutrient removal of sewage on the Pocomoke River, Maryland ($2,000,000).

29. $6,000,000 for water/wastewater improvements in the Moreland/Riverside area of Bingham County ($3,000,000); the City of Rupert ($2,000,000); and the Rosewell and Homedale areas ($1,000,000) of Idaho.

30. $5,000,000 for Missoula, Montana sewer system improvements.

31. $3,000,000 for the Milton, Vermont wastewater treatment plant project.

32. $5,000,000 for sewage infrastructure improvements for Connellsville and Bullskin Townships in Fayette, Pennsylvania ($2,500,000) and Fallowfield Township, Pennsylvania ($2,500,000).

33. $6,300,000 for wastewater treatment improvements in Pulaski County ($5,000,000) and Kingdom City ($1,300.000), Missouri.

34. $8,000,000 for the Upper Savannah Council of Governments for wastewater facility improvements for the Savannah Valley regional sewer project in Abbeville, McCormick, and Edgefield Counties, South Carolina.

35. $3,300,000 for water system improvements in Jackson County ($800,000), Washington County ($2,000,000), and Cleburne County ($500,000), Alabama.

36. $1,800,000 for water treatment improvements in the Joshua Basin Water District.

37. $100,000 for wastewater infrastructure improvements in Ascension Parish, Louisiana.

38. $50,000 for water and sewer improvements in the City of Kinloch, Missouri.

39. $3,000,000 for alternative source projects in the St. Johns River, South Florida, and Southwest Florida Water Management Districts.

The conferees recognize the acute need for additional water treatment capacity in San Diego County, California. While limited funds prevent the conferees from providing fiscal year 1998 funds for the development of the Olivenhain Water Treatment Project, the conferees recognize the project's potential to demonstrate the environmental and health benefits associated with microfiltration technology. Also, with regard to San Diego's South Bay Water Reclamation Facility, the conferees are aware of the City's application for grant assistance through the United States-Mexico border projects program and that EPA and the NADBank have not rendered final judgment on the application. The conferees urge the Agency and the NADBank to review carefully this matter so as to provide any appropriate support. Should the application of the City be declined, the Agency is to provide a report to the Committees on Appropriations within 30 days of such action which explains in detail the decision of the Agencies.

Finally, the conferees note their support for construction of the Jonathan Rogers plant in El Paso, Texas and encourage the Agency to provide an appropriate amount from the border infrastructure fund to support the federal share of this project.

EXECUTIVE OFFICE OF THE PRESIDENT

COUNCIL ON ENVIRONMENTAL QUALITY AND OFFICE OF ENVIRONMENTAL QUALITY

Appropriates $2,500,000 for the Council on Environmental Quality and Office of Environmental Quality instead of $2,506,000 as proposed by the House and $2,436,000 as proposed by the Senate.

The conferees have agreed to bill language proposed by the House which stipulates that, notwithstanding the provisions of the National Environmental Policy Act (NEPA), there will for fiscal year 1998 be just one member of the Council on Environmental Quality (instead of three), and that individual shall act as chairman.

The conferees have also agreed to language proposed by the Senate which prohibits CEQ from using funds other than those appropriated directly to CEQ under this heading. This language is intended to prevent CEQ from augmenting its staff through the use of employees detailed from other federal agencies. It is not intended to prevent CEQ from conducting activities authorized under NEPA, including the coordination of activities of federal agencies relative to environmental policy issues. Further, the language is not intended to bar the formation of interagency task forces or prevent requests for information from other federal agencies.

UNANTICIPATED NEEDS

Appropriates $1,000,000 for unanticipated needs within the Executive Office of the President. The conferees note that this funding was included in this legislation at the request of the Administration because it was excluded from another appropriation measure. The conferees do not anticipate funding this program in this Act in subsequent fiscal years.

FEDERAL DEPOSIT INSURANCE CORPORATION

OFFICE OF INSPECTOR GENERAL

Appropriates $34,365,000 for the Office of Inspector General as proposed by the House instead of $34,265,000 as proposed by the Senate. Funds for this account are derived from the Bank Insurance Fund, the Savings and Loan Association Insurance Fund, and the FSLIC Resolution Fund, and are therefore not reflected in either the budget authority or budget outlay totals.

FEDERAL EMERGENCY MANAGEMENT AGENCY

DISASTER RELIEF

Appropriates $320,000,000 for disaster relief as proposed by the Senate instead of $500,000,000 as proposed by the House.

The conferees are supportive of FEMA's initiative to establish a Federal Coordinating Officer cadre staffed by full-time employees and funded by the Disaster Relief Fund to support ongoing field operations. The Agency is expected to keep the Committees on Appropriations informed of its progress as it proceeds with its plans to enroll the 25 member cadre. If the Agency moves forward on this initiative, the fiscal year 1998 operating plan should reflect this activity.

While the conferees have not included language proposed by the Senate prohibiting the use of disaster relief funds in certain instances, the conferees support efforts to rein in disaster relief expenditures, which have grown exorbitantly in recent years. The conferees acknowledge that under current law, disaster relief payments have been made for such lower priority activities as refurbishing golf courses in certain high income communities. To offset the cost of growing disaster relief requirements, a series of supplemental appropriations bills in the past few years have included large rescissions of funds from other agencies' programs, principally low income housing. Earlier this year, FEMA proposed amendments to the Stafford Act which represent a modest first step in curbing disaster relief expenditures. The conferees strongly urge the committees of jurisdiction to take swift action to consider the proposed Stafford Act amendments, including holding hearings at the earliest possible time.

EMERGENCY MANAGEMENT PLANNING AND ASSISTANCE

Appropriates $243,546,000 for emergency management planning and assistance instead of $261,646,000 as proposed by the House and $207,146,000 as proposed by the Senate. Bill language is included which provides $30,000,000 for pre-disaster mitigation activities instead of $50,000,000 as proposed by the House and $5,000,000 as proposed by the Senate for pre-disaster mitigation grants to state and local governments.

The conferees have provided the following increases to the budget request:

$500,000 for the completion of a comprehensive analysis and plan of all evacuation alternatives for the New Orleans metropolitan area.

$5,000,000 for FEMA to continue the replacement and upgrade of emergency equipment and vehicles. The conferees expect to be informed in the operating plan as to how these funds are expected to be spent.

$3,000,000 for State and local assistance through comprehensive cooperative agreements.

$2,900,000 for the Dam Safety program, including $1,000,000 for research in dam safety; $1,000,000 for incentive grants to States to upgrade their dam safety program; $500,000 for training programs for State dam safety inspectors; and $400,000 for administration of the program.

The conferees have included bill language providing for a grant of $1,500,000 to resolve issues under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, Public Law 91–646, involving the City of Jackson, Mississippi. These issues were identified in a January 30, 1989 report of the United States Department of Housing and Urban Development.

Acknowledging the importance of pre-disaster mitigation in reducing the loss of human life, the costs and disruption caused by severe property damage, and the ever-growing cost to all taxpayers of government-backed disaster relief efforts, the conferees have provided $30,000,000 for program planning and implementation of pre-disaster mitigation efforts. The conferees acknowledge the potential value of various alternatives that have been suggested to achieve pre-disaster mitigation, including grants to state and local governments to conduct pilot demonstration projects as proposed by the Agency in their fiscal year 1998 budget submission, the HomeSaver Project proposed by The Partnership for Natural Disaster Reduction, the rapid deployment-technologies concept proposed by the Centers for Protection Against Natural Disasters (CPAND), and other research and applied engineering activities, particularly those jointly funded by the public and private sectors.

The conferees agree that up to $5,000,000 of the amount provided for pre-disaster mitigation is available immediately to fund up to seven pilot projects approved by the Director of FEMA. Prior to the expenditure of the remaining funds for any specific pre-disaster mitigation program or project, the conferees direct that the appropriate level of funding be used by the Agency to conduct a formal needs-based analysis and cost/benefit study of all of the various mitigation alternatives. The results of these analyses and studies, along with any relevant information learned from the aforementioned seven pilot projects, shall be incorporated into a comprehensive, long-term National Pre-disaster Mitigation Plan. The plan should be developed, independently peer-reviewed, and submitted to the Committees on Appropriations not later than March 31, 1998. FEMA is directed to involve in this planning effort participants which shall include, but are not limited to, representatives of FEMA and other federal agencies, state and local governments, industry, universities, professional societies, the National Academy of Sciences, The Partnership for Natural Disaster Reduction, and CPAND. The conferees intend that none of the remaining funds provided herein be obligated until the plan has been completed and submitted as outlined above. The conferees note that this approach is intended to be the foundation for providing the best and most cost-effective solution to reduce the tremendous human and financial costs associated with natural disasters.

The conferees believe that attention is warranted to minimize losses to existing steel frame structures during and following major earthquakes. Although many steel frame structures were designed and constructed in accordance with building codes in effect at the time of construction, experience in the 1994 Northridge, California earthquake and the 1995 Kobe, Japan earthquake suggests a heightened vulnerability of these structures. Accordingly, the conferees urge FEMA to consider a pilot pre-disaster mitigation project that would incorporate the greater use of new steel frame manufacturing and retrofitting technologies as a method to reduce disaster response costs.

The conferees are aware of proposals by the International Hurricane Center at Florida International University to apply advanced high-accuracy satellite laser altimeter surveying techniques to coastal and flood plain modeling and post natural disaster damage assessments. FEMA is urged to consider funding such proposals from discretionary funds to improve its modeling, mapping, damage assessment, and pre-disaster mitigation efforts.

The conferees understand that many scientists studying climate change have predicted a large-scale El Nino phenomenon this year. Many such experts who have monitored this phenomenon for decades project that this El Nino may cause extreme weather events far worse than others associated with El Nino events of past years. While it is impossible to prevent these extreme weather events, the conferees recognize that recently developed El Nino prediction capabilities can be utilized to mitigate loss of life, human dislocation, and property damages which may occur. The conferees encourage FEMA to work with other federal agencies, including NOAA, NASA, USDA, the Army Corps of Engineers, and the Department of the Interior to utilize El Nino prediction data for disaster planning and mitigation during fiscal year 1998 and explore opportunities to expand the use of this new predictive capability for long-term mitigation planning.

The conferees note that Pointe Coupee Parish, Louisiana faces the potential threat of multiple disasters, which include the fixed site storage and transportation of volatile chemicals, a nuclear power generating facility, and such weather related threats as hurricanes, floods, and tornadoes. Disaster mitigation and response requires rapid response by civil agencies, but this is not possible without a communications system with the capability to coordinate immediately the activities of all disaster response teams. The conferees urge FEMA to work closely with the Parish and provide appropriate support for the installation and testing of a prototype communications system. Disaster response officials from Pointe Coupee Parish are expected to work closely with FEMA to make available the results of the demonstration project to other local governments and law enforcement agencies.

NATIONAL FLOOD INSURANCE FUND

Bill language which extends the borrowing authority for the flood insurance program of $1,500,000,000 for fiscal year 1998 as proposed by the House has been included.

The conferees have also included new bill language which authorizes the National Flood Insurance Program for fiscal year 1998. Without this authorization, new flood insurance policies could not be written throughout the fiscal year.

Finally, language which permits the continuation of flood mapping activities of FEMA has been included.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

The conferees note that the United States space launch industry has identified underutilized infrastructure at the Stennis Space Center for potential use in launch vehicle development activities. The conferees consider such proposed use of this infrastructure to be compatible with the Center's propulsion test programs and consistent with other efforts to optimize taxpayer investments while fostering U.S. competitiveness and commercial use of space. The conferees urge NASA to pursue an appropriate method for making the underutilized Stennis infrastructure available under suitable terms and conditions, if so requested by industry, and to notify the Committees on Appropriations of the House and Senate if existing NASA authority is insufficient for this purpose.

HUMAN SPACE FLIGHT

Appropriates $5,506,500,000 for human space flight instead of $5,426,500,000 as proposed by the House and $5,326,500,000 as proposed by the Senate. Within this amount, the appropriation for space shuttle is $2,927,800,000, the appropriation for payload and utilization is $227,400,000, and the appropriation for space station and related activities is $2,351,300,000.

The conferees agree that the agency may provide $1,000,000 for the Neutral Buoyancy Simulator program, as was provided in the Senate bill. In addition, before providing funding for the program, the conferees request that NASA report on the potential viability of commercialization of the Neutral Buoyancy Simulator.

The conferees have agreed to an appropriation of $2,351,300,000 for Space Station activities in fiscal year 1998, including $80,000,000 from funds in the mission support account identified by the agency ($25,000,000 from TDRS, $20,000,000 from environmental programs, $30,000,000 from Research Operations Support, and $5,000,000 from facilities), $100,000,000 in addition to the agency's request, and $50,000,000 by reallocation from within the amounts requested in the Human Space Flight account.

Of the amount provided for space station activities, no more than $1,500,000,000 shall be available before March 31, 1998, as stated in the bill.

The conferees are troubled by the problems with the space station which include projected development cost overruns of $600,000,000–$800,000,000, the inability to hold critical hardware delivery and launch dates despite receiving the post re-design funding profile requested by the Administration, and failure to reduce the contractor team's development workforce in keeping with budget projections submitted with the 1997 and 1998 budgets.

Therefore, the conferees have agreed to provide only part of the funding and none of the transfer authority that NASA has identified as necessary for the program in fiscal year 1998, $230,000,000 above the Administration's budget request, rather than $430,000,000. In addition, the conferees have withheld about a third of the total space station funds, pending receipt of certain documents and information listed below. This gives NASA and the space station contractor the opportunity to reexamine the funding profile, schedule, content, and efficiency of the program.

The remaining $851,300,000 will be made available after March 31, 1998, if the Committees on Appropriations receive the Administration's fiscal year 1999 budget for NASA, including the annual run-out budget for the Station program through assembly complete, and also outyear projections for other NASA enterprises that retains funding levels for fiscal year 1999–2002 at levels no less than those assumed in the fiscal year 1998 budget. The conferees expect the outyear projections to reflect a balance among NASA's programs.

In addition to the requirement about the fiscal year 1999 NASA budget and bill language limiting the use of a portion of space station funds until March 31, 1998, the remaining $851,300,000 remains fenced until and unless NASA provides the following items to the Committees on Appropriations of the House and Senate, and the Committees subsequently approve the release of these funds:

1. A detailed plan, agreed jointly to by NASA and the prime contractor, for the contractor's monthly staffing levels through completion of development, and evidence that the contractor has held to the agreed-upon destaffing plan through the first four months of fiscal year 1998;

2. A detailed schedule, agreed jointly to by NASA and the prime contractor, for delivery of hardware, and NASA's plans for launching the hardware;

3. A detailed report on the status of negotiations between NASA and the prime contractor for changes to the contract for sustaining engineering and spares, with the expectation that NASA adhere to the self-imposed annual cap of $1,300,000,000 for operations after construction is complete; and

4. A detailed analysis by a qualified independent third party of the cost and schedule projections required in 1), 2),

and 3) above, either verifying NASA's data or explaining reasons for lack of verification.

Given how severe the program's budget problems are, the conferees are also mindful that future NASA budgets must be funded within discretionary spending caps in the five-year balanced budget agreement, meaning that budget outlays in fiscal year 1999 for all discretionary spending will grow by just one percent. As a result, the conferees are concerned that future NASA budgets not force reductions in the current outyear projections for space science, earth science, aeronautics, and advanced space transportation because of the need to accommodate overruns in the space station budget.

SCIENCE AERONAUTICS AND TECHNOLOGY

Appropriates $5,690,000,000 for science, aeronautics and technology as proposed by the House instead of $5,642,000,000 as proposed by the Senate.

The conference agreement reflects the following changes from the budget request:

1. A general reduction of $66,000,000.
2. An increase of $1,000,000 for Multiple Sclerosis cooling therapy research.
3. An increase of $5,500,000 for the space radiation health program.
4. An increase of $1,000,000 for eye tracking technology miniaturization.
5. An increase of $10,000,000 for additional optical astronomy test beds as proposed in the Senate report (105–53). This amount represents the total NASA contribution to the capital costs for these efforts and operating costs are to be covered by the host activity.
6. An increase of $1,000,000 for the United States/Mexico Foundation for Science.
7. An increase of $5,000,000 for the lightning mapper sensor.
8. An increase of $450,000 for use of satellite imagery in urban planning and agricultural applications.
9. An increase of $15,000,000 for funding up to five consortia to develop regional application with the use of EOS data.
10. An increase of $5,800,000 for Commercial Technology Programs.
11. An increase of $6,000,000 for telecommunications technology infrastructure for K–12 schools.
12. An increase of $1,900,000 for the National Technology Transfer Center.
13. An increase of $1,750,000 for the Midwest Regional Technology Transfer Center.
14. An increase of $5,000,000 for a NASA business incubator program which is designed to foster partnerships between educational institutions and small high-technology businesses. The program is to be a nation-wide competitive program with successful applicants demonstrating at least 50 percent of total funds will be derived from non-federal sources.
15. An increase of $1,500,000 to restructure the Software Optimization and Reuse Technology program. The conferees are concerned that this program has not delivered expected results; the

conferees expect NASA to restructure its current funding mechanism to allow for greater oversight and improved results. The conferees expect this funding to be expended over a two year period.

16. The conferees agree to provide an additional $20,000,000 only for post-cycle I activity on the Low Cost Booster Technology Demonstration. NASA is to proceed with cycle I awards, but no funds may be used for market analysis or development of business plans. In addition, the conferees agree that prior to any contract awards beyond cycle I, NASA, with the Marshall Space Flight Center as the lead center, is to convene a conference of all interested parties to determine the best program structure to achieve the goal of a space launch platform for a 150 kg payload to attain a 200 nautical mile, sun-synchronous orbit, in the range of less than $2,000,000 in recurring cost. Furthermore, the conferees agree that said conference shall conclude prior to the end of cycle I and that recommended changes to the program that materialize shall be presented to Congress prior to implementation by NASA.

17. An increase of $1,500,000 for MSE-Technology Applications, Western Environmental Technology Office.

18. A decrease of $1,000,000 for a joint program with the Department of Defense.

19. An increase of $3,300,000 for replication of the SEMAA program.

20. An increase of $2,500,000 for a science learning center in Kenai, Alaska.

21. An increase of $1,000,000 for the Discover Science Center, Santa Ana, California.

22. An increase of $9,000,000 for expansion of the Partnership Awards program.

23. An increase of $2,000,000 for Daily Living Science Center in Kenner, Louisiana.

24. An increase of $5,800,000 for the Space Grant College and Fellowship program.

25. An increase of $1,500,000 for the Pennsylvania Educational Telecommunications Exchange Network.

26. An increase of $1,500,000 for academic and infrastructure needs at the Apple Valley, California science and technology center.

27. An increase of $3,000,000 for Solar-B.

28. An increase of $3,000,000 for solar stereo.

The conferees also agree that NASA should continue with its efforts to purchase Earth science data from private industry to the extent it is appropriate.

The conferees concur with the intent of the language in Senate report 105–53 with regard to the Earth Observing System Data Information System (EOSDIS). The conferees wish to make clear, however, that NASA should make any evaluation of the future of the ECS based not only upon delivery, but also successful performance demonstrated in the initial post-launch operational capabilities of EOSDIS as it relates to both the AM–1 and Landsat–7 spacecraft. Further, the conferees believe that NASA should proceed carefully with the federation of mission to planet earth, but ensure the earth science community should not in any way be prevented from participating in this endeavor. Therefore, issuance of any conflict of interest guidelines should be construed narrowly to apply only to immediate ESSAC members, and pertain simply to future eligibility for any cooperative agreement notices related exclusively to federated management funding, which is to be capped in fiscal year 1998 at $10,000,000.

The conferees concur with the direction of the Senate to promote competition in the award of advanced technology development (ATD) funds. To achieve this end, commencing with fiscal year 1998 and continuing in each year thereafter, NASA should consolidate all space science ATD activities into an easily accessible consolidated budget line item and award not less than 75 percent of these funds through broadly distributed announcements of opportunity that solicit proposals from all categories of organizations, including educational institutions, industry, nonprofit institutions, NASA Centers, the Jet Propulsion Laboratory, and other Government agencies, and that allow partnerships among any combination of these entities, with evaluation, prioritization, and recommendations made by external peer review panels, consistent with the recommendations contained in the 1995 National Academy of Sciences report on managing the space sciences. In awarding ATD funds in this manner, the conferees wish to make clear that final selection of all proposals rests with NASA officials consistent with Office of Procurement Policy guidelines; and that setting technology requirements that are the foundation of the AO's rests with NASA program managers, consistent with guidance provided by advisory bodies of the at-large science community. In this fashion, NASA's technology investments will be managed in a manner parallel to that traditionally employed in implementing the agency's science program.

MISSION SUPPORT

Appropriates $2,433,200,000 for mission support instead of $2,513,200,000 as proposed by the House and $2,503,200,000 as proposed by the Senate. The conference agreement includes transfer of $80,000,000 from this appropriation to the Human Space Flight appropriation for the space station effort. The specific reductions to this appropriation are delineated in an earlier section of this statement. In addition, the conferees agree that $5,000,000 is to be provided for facilities enhancements at the Stennis Space Center.

The conferees concur with the direction of the Senate with respect to the NASA Wallops flight facility. The conferees wish to make clear that none of the funds appropriated or otherwise made available to the National Aeronautics and Space Administration by this Act, or any other Act enacted before the date of enactment of this Act, may be used by the Administrator of the National Aeronautics and Space Administration to relocate aircraft of the National Aeronautics and Space Administration based east of the Mississippi River to the Dryden Flight Research Center in California.

ADMINISTRATIVE PROVISIONS

The conferees have included an administrative provision as proposed by the Senate which directs NASA to use $400,000 for a study by the National Research Council which evaluates the engineering challenges posed by extravehicular activity requirements of space station construction/assembly.

The conferees have not included the administrative provision proposed by the House and stricken by the Senate which would have provided $150,000,000 of transfer authority.

National Credit Union Administration

central liquidity facility

Appropriates $1,000,000 for the National Credit Union Administration for the Community Development Revolving Loan Program for credit unions as authorized by Public Law 103–325.

National Science Foundation

research and related activities

Appropriates $2,545,700,000 for research and related activities, instead of $2,537,526,000 as proposed by the House and $2,524,700,000 as proposed by the Senate.

The conferees are in receipt of the Foundation's explanation of the programmatic areas of Knowledge and Distributed Intelligence in the Information Age and Life and Earth's Environment. The Foundation has not yet provided appropriate milestones and guideposts, to be accomplished in fiscal year 1998, and against which the agency can be measured in determining funding for fiscal year 1999. The conferees expect to receive such milestones and guideposts before the Foundation obligates any further funding for these programmatic areas.

Through a cooperative agreement, the National Science Foundation has authorized the collection of fees for the registration of internet domain names. Under the terms of that agreement, a fund for the intellectual infrastructure of the internet has been established. For purposes of justifying the Foundation's requests for appropriations, the Foundation has included networking activities, such as the domain name registration activity, within its research facilities portfolio. The conferees concur that these activities should be considered research facilities.

Accordingly, the conferees direct the Foundation to credit up to $23,000,000 of the funds collected in the "intellectual infrastructure" fund to the Foundation's Research and Related Activities account for Next Generation Internet activities, pursuant to the authority to credit "receipts for scientific support services and material furnished by National Science Foundation supported research facilities."

The conferees are in agreement with the report of the Senate regarding participation by EPSCoR states in development of the Next Generation Internet. The conferees expect to receive the report by March 31, 1998.

At its March 1997 meeting, the National Science Board evaluated proposals for Partnerships with Advanced Computational Infrastructure (PACI). At that meeting, two partnership proposals from two existing supercomputing centers were not selected. The Board provided for the phase-out over a period of up to two years of the two centers not selected. This phase-out was designed to recognize the substantial investment made by the United States in these two centers and to keep their resources available to the user community during a period of transition to the new partnership structure.

The conferees are concerned that funding for the orderly phase-out of the two existing supercomputing centers, and the seamless transition of the user community to the new PACI program, be fully and fairly achieved in an expeditious and truly cooperative manner. Rather than providing additional funds for that purpose at this time, the conferees direct the Foundation to provide a report to the Committees on Appropriations of the House and Senate which details both the progress of the PACI program to date, and its further plans for the orderly phase-out and seamless transition of the Foundation's supercomputing program. This report should be submitted with the fiscal year 1999 budget and should focus particularly on how "high-end" users of the IBM SP supercomputing system will be fully serviced by the new partnerships, or, if necessary, by the new partnerships in close collaboration with the centers being phased-down.

The conferees have agreed to provide $40,000,000 in addition to the budget request for a competitive, peer-reviewed plant genome research program. The conferees are in agreement that the program established by the National Science Foundation should be accomplished after consultation with the National Science and Technology Council's Interagency Working Group on plant genome research.

The conferees have also agreed to provide $1,000,000 for the United States/Mexico Foundation for Science as proposed by the House.

Finally, the conferees encourage the National Science Foundation to study how it would establish and operate a National Institute for the Environment.

MAJOR RESEARCH EQUIPMENT

Appropriates $109,000,000 for major research equipment instead of $175,000,000 as proposed by the House and $85,000,000 as proposed by the Senate.

The conferees agree to provide $4,000,000 for technical enhancements to the Gemini telescope project and $70,000,000 for upgrades to Antarctic facilities. The amount provided for Antarctic facilities includes $35,000,000 to be made available immediately and the remaining $35,000,000 to be available on September 30, 1998. The conferees have not provided the budget request of $25,000,000 for the Polar Cap Observatory. The conferees direct the National Science Foundation to provide the Committees on Appropriations of the House and Senate an analysis of alternative sites for location of the observatory and a report on the scientific justification for the project.

EDUCATION AND HUMAN RESOURCES

Appropriates $632,500,000 for education and human resources, as proposed by the House instead of $625,500,000 as proposed by the Senate.

The conferees agree to provide $2,000,000 for Advanced Technology Education and $5,000,000 for an initiative to improve the production of science and engineering doctorates drawn from under-represented groups as proposed in the House report. In addition, the conferees agree that the Foundation should provide $6,000,000 for an undergraduate reform initiative to increase the numbers of under-represented populations in mathematics, engineering and the sciences as proposed in the Senate report.

SALARIES AND EXPENSES

Appropriates $136,950,000 for salaries and expenses, the same as provided by the House and the Senate. The conferees agree with the direction contained in the Senate report with regard to reporting total cost of administration and management.

NEIGHBORHOOD REINVESTMENT CORPORATION

PAYMENT TO THE NEIGHBORHOOD

REINVESTMENT CORPORATION

Appropriates $60,000,000 for the Neighborhood Reinvestment Corporation instead of $70,000,000 as proposed by the House and $50,000,000 as proposed by the Senate. As this is a 20 percent increase over the fiscal year 1997 funding level, the conferees request the Corporation to notify the Committees on Appropriations as to how this additional funding will be specifically utilized throughout the fiscal year.

TITLE IV—GENERAL PROVISIONS

Language as proposed by the Senate which will allow funds made available under section 320(g) of the Federal Water Pollution Act to be used for implementing comprehensive conservation and management plans is included as section 420.

Bill language regarding the Office of Consumer Affairs is included as section 421 as proposed by the Senate instead of as section 420 as proposed by the House.

Inserts language proposed by the Senate defining “qualified student loan” with respect to national service awards, modified to make the provision apply only to Alaska.

Deletes language proposed by the Senate expressing a sense of the Senate regarding funding of veterans discretionary programs in future years. The conferees are concerned with the budget projections for veterans medical spending assumed in the 1997 Balanced Budget Act. Veterans medical spending should be afforded the highest priority in the budget process in coming fiscal years to ensure that high quality medical care is accessible and available to all eligible veterans. The conferees note that the highest priority was afforded to veterans medical spending in the conference agreement on this legislation, which makes available approximately $300,000,000 above the amount assumed in the budget agreement.

Deletes language proposed by the House which prohibits the expenditure of funds to implement regulations regarding the importation of PCBs and PCB items.

Deletes language proposed by the House which prohibits the expenditure of funds for grants or contracts to institutions of higher education which restrict ROTC activities.

Deletes without prejudice language proposed by the Senate requiring Senate hearings relating to compensation benefits for radiation exposure. The Senate conferees support the Senate provision regarding Senate hearings and a CBO cost study concerning the atomic veterans issue. The conferees are concerned that veterans who were exposed to ionizing radiation while serving on active duty may have contracted various diseases which currently are not on the presumptive list of disabilities for radiogenic diseases, and urge the Secretary to review this matter.

TITLE V—DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PORTFOLIO REENGINEERING

Modifies S. 513, the "Multifamily Assisted Housing Reform and Affordability Act of 1997," which was incorporated, by reference, by the Senate. The House-passed measure did not include a similar provision. The policies contained in this provision ensure the continued economic and physical vitality of the properties restructured under this title, protect the FHA insurance fund from excessive defaults, reduce the cost of rent subsidies paid to support insured projects, and guard against possible displacement of families who live in these buildings.

Title V of the Act is divided into four subtitles. Subtitle A establishes a "mark-to-market" program to reduce the costs of oversubsidized section 8 multifamily housing properties insured by the Federal Housing Administration (FHA). Subtitle B includes several miscellaneous provisions to reform and establish new authority for the Secretary to recapture interest reduction payment subsidies from section 236 insured multifamily housing properties for purposes of providing rehabilitation grants to properties suffering from deferred maintenance. Subtitle C of the bill contains a number of provisions to minimize the incidence of fraud and abuse with regard to Federally assisted housing programs. Subtitle D creates the Office of Multifamily Housings Assistance restructuring.

Under the "mark-to-market" program, FHA-insured section 8 housing properties with above market rents are eligible for debt restructuring to reduce rent levels to those of comparable market rate properties or to the minimum level necessary to support proper operations and maintenance. In response to limitations with the Department's capacity, the legislation shifts the administration and management of this portfolio from the Department to capable entities charged with protecting the affordable housing stock in a fiscally responsible manner. Additionally, the legislation terminates the government's relationship with owners who fail to comply with Federal requirements and ends the practice of subsidizing properties that are not economically viable.

SELECTING PARTICIPATING ADMINISTRATIVE ENTITIES

This legislation utilizes capable public entities, nonprofits, and for-profit entities to act as participating administrative entities

(PAEs) on behalf of the Federal government. Priority consideration is provided to public agencies, namely State and local housing finance agencies. The Secretary is required to provide interested public agencies with an exclusive time period to determine if the entities are qualified to act as PAEs. During this time period, the Secretary is required to evaluate the public agencies' qualifications, based on clearly established criteria, and to notify the applicants regarding the status of their proposals. The Secretary is required to select a public agency if it meets the selection criteria. If the proposal is rejected, the Secretary is required to provide a written explanation and an opportunity for the applicant to respond. Even in situations where a public agency is rejected under the exclusive time period, the public agency is allowed to reapply when other non-public entities are allowed to apply for the program. The conferees expect the Secretary to utilize qualified housing finance agencies (HFAs) to the greatest extent possible because of the HFAs' experience and expertise in affordable housing and their ability to ensure that the affordable housing stock is protected in a fiscally responsible manner.

The conferees stress that the criteria established in the bill relate to a wide range of factors that are intended to assure that the PAE is capable of protecting the interests of residents, properties, and communities. Similarly, the conferees recognize that the participating administrative entities will be carrying out complex duties. In many cases, PAEs will be asked to determine, subject to guidelines established by the Secretary, appropriate rent levels for the project which will determine the section 8 subsidy cost and the amount of debt that will be refinanced into a second mortgage. As a result, they have the first responsibility for determining the appropriate subsidy costs borne by Federal taxpayers and the appropriate level of risk of nonpayment that Federal taxpayers shall bear.

The conferees intend that any costs of any fees paid to the participating administrative entities, under the portfolio restructuring agreement are mandatory expenses of the appropriate FHA fund.

Section 513(b) sets forth the process and criteria for selecting participating administrative entities. The conferees intend that these criteria and processes will result in the selection of participating administrative entities that are fully and unquestionably qualified to carry out these responsibilities on behalf of the American taxpayer. They should have the necessary expertise and capacity and the ability to ascertain the public interest both in reducing cost and risk and in maintaining the public purpose for which Federal support of this housing is provided.

In situations where an HFA or local housing agency is not selected at the PAE, the Secretary has the flexibility to choose those qualified nonprofit organizations and other entities that have affordable housing missions and experience to serve as PAEs. If no qualified public or nonprofit entities are selected, the Department is provided with authority to act as the PAE in conjunction with other entities. The conferees are concerned about the Department's capacity and expects the Department or its contractors to carry out the restructuring only where adequate capacity exists. Under no circumstances shall a decision that directly affects the residents and community be made without a public purpose entity involved. Public purpose entities, including the Department, will be involved in all critical functions such as developing the rental assistance assessment plan, screening owners and properties for mark-to-market and monitoring the portfolio after restructuring.

To facilitate optimal capacity for the restructuring program, interested public and nonprofit entities are encouraged to partner with various other entities. For example, public purpose entities could partner with public housing agencies, private financial institutions, mortgage services, nonprofit and for-profit housing organizations, Fannie Mae and Freddie Mac, the Federal Home Loan Banks, and other State or local mortgage insurance companies or bank lending consortia. Further, coordination or partnerships between different State and local housing entities are encouraged under this Act.

The Act envisions that the Department will compensate participating administrative entities and other third parties to accomplish the purpose of the Act. Other mechanisms, such as equity sharing partnerships, are expressly prohibited beginning in fiscal year 1999. (The demonstration authority continued during fiscal year 1998 permits structures such as the nonprofit joint venture structure already in use by the Department in fiscal year 1997.)

Specifically, section 513(b)(6)(B) of the Act prohibits any private entity from sharing, participating in, or otherwise benefiting from any equity created, received, or restructured as a result of the portfolio restructuring agreement. In addition, section 517(d) of the Act prohibits the Secretary from participating in any equity agreement or profit-sharing agreement in conjunction with any eligible multifamily housing project. These prohibitions were put in place because of concerns that equity sharing arrangements might skew the motivations of the participating administrative entities or the Department in ways counter to the public interest.

The conferees note, however, that one of the public purposes of this Act is to reduce the cost to the taxpayers of section 8 subsidies and losses to the FHA insurance fund. Moreover, during the savings and loan crisis, the Resolution Trust Corporation found that the use of equity sharing partnerships between the public sector and the private sector resulted in lower losses to the taxpayer while effectively achieving other public goals.

Likewise, the Department is using or is contemplating using such structures in a way that is consistent with the public interest. For example, under the FHA Mulifamily Housing Demonstration Program, the Department entered into a joint venture with a nonprofit organization selected through competitive bidding to restructure selected mortgages with assistance contracts that expired in fiscal year 1997. Similarly, the Department in contemplating selling notes on assisted projects to a partnership of state agencies and private investors, motivated to provide maximum return to the purchaser, and thus to the FHA fund, but with certain public policy decisions reserved to the state agency.

Therefore, the conferees direct the Department to report to the Committees of jurisdiction, no later than February 15, 1998, on the possible ways equity sharing partnerships might be incorporated into this framework as an optional alternative structure in implementing the Act, if the prohibitions in the Act were to be lifted. The report should discuss the advantages and disadvantages of those structures in achieving public purposes. The report should also consider what tax impact, if any, such structures would have on the owners of the projects.

FUNCTIONS OF PARTICIPATING ADMINISTRATIVE ENTITIES (PAES)

PAEs perform a variety of functions in order to reduce project rents, address troubled projects and correct management and ownership problems. PAEs are provided with portfolio restructuring program responsibilities through a working agreement with the Secretary called "Portfolio Restructuring Agreements." Under these agreements, PAEs are authorized to take a number of actions to fulfill the goals of this legislation. These actions include restructuring the project's debt, screening out bad projects and bad owners from the renewal and restructuring process, creating partnerships with other housing and financial entities and ensuring the project's long-term compliance with housing quality and management performance requirements.

Before an eligible property is allowed to enter the renewal and restructuring process, PAEs are required to carefully evaluate the project owner's record in operating the property and the property's physical condition. The Act specifies the criteria which PAEs use to determine which properties qualify for section 8 contract renewal and mortgage restructuring. These criteria focus on ownership, management performance and the economic viability of the properties. It is at this time that the Federal government is provided with the opportunity to cleanse the inventory of bad project owners and properties which hurt residents and communities, and threaten the financial interests of the American taxpayer. Owners or purchasers who have been rejected from the restructuring process have the right to dispute the basis for the rejection and are provided with an opportunity to remedy the problem. The Secretary or the PAE has the discretion to affirm, modify or reverse any rejection.

If the property owners are prohibited from restructuring, the Department is provided with authority to deal with the property in several ways, including to sell or transfer the project to a qualified purchaser. Preferences are provided to resident organizations and tenant-endorsed community-based nonprofit and public agency entities. If sales or transfers to qualified purchasers are accepted, the project becomes eligible to be restructured. In addition to sales and transfers, another option is partial or complete demolition of the project if the project is in such poor condition that rehabilitation is not cost-effective. The Department may exercise its foreclosure and property disposition powers to deal with troubled projects and owners. Under any of these scenarios, residents are protected from displacement with tenant-based assistance and reasonable moving expense funds.

RENT LEVELS

Properties eligible for restructuring have rents set at a reasonable level near or at market rates based on the rents of other comparable properties in the market. In the event comparable properties cannot be identified, the bill allows rents to be 90 percent of the fair market rent (FMR). Exception rents are allowed using the budget-based rent calculation method when no comparable property exists or where 90 percent of the FMR does not ensure the financial viability of the properties. Budget-based exception rents are capped at 120 percent of the FMR and only 20 percent of the inventory's units can receive these rents.

The conferees are sensitive to the reality that many of the properties which may require budget-based exception rents are concentrated in certain metropolitan or regional areas. In particular, a large portion of the properties in the upper Midwest are elderly facilities in rural areas, which are particularly disadvantaged under the Department's fair market rent system because these properties were built to a different standard compared to general rental properties, and the nature of the rental housing depresses the FMRs. To address these types of problems, the Act provides the Department with authority to waive the 20 percent limitation in any jurisdiction which can demonstrate a special need. The Secretary is also authorized to waive the 120 percent exception rent cap on up to five percent of the restructured units in a given year for unique situations. The conferees urge the Secretary to exercise these options to ensure that certain geographic areas are not adversely affected.

Likewise, in determining comparable rents, the participating administrative entity may take into account or may not take into account, as appropriate, units which are subject to rent control. The conferees are concerned that, if rent controlled units are excluded from the determination in every case, restructured rents could be too high in areas generally subject to rent controls. In that instance, taxpayers would pay more than necessary in section 8 subsidies.

However, the conferees recognize that there will be situations where rent controlled units may not be the most useful determinants of market rents. For example, if in determining comparable rents the participating administrative entity finds a mix of controlled and uncontrolled buildings similar to the subject property, there may be justification to use only the uncontrolled properties as indicative of market rents. In addition, a participating administrative entity determining comparable rents in an area which contains both controlled and uncontrolled properties may choose to use uncontrolled properties as the source of comparability for a project not subject to rent control and to use controlled properties for a property subject to rent control. Finally, the conferees believe that there may be instances in which the participating administrative entity may need to look at rents outside the jurisdiction to best determine comparable rents. The conferees request the Department to provide flexible program guidance on this matter to the participants.

TYPE OF RENTAL ASSISTANCE

The conference agreement mandates the continuation of project-based rental assistance for properties that predominantly serve elderly or disabled households and properties located in tight rental markets. The conferees expect the Department to develop regulations, in consultation with affected parties, that define what constitutes a "predominantly elderly" or "disabled" property and a "tight" rental market. In defining a tight rental vacancy market, the conferees believe that a six percent vacancy rate is reasonable. However, as stated previously, the conferees expect some flexibility in the regulations to account for local market variations. It is most likely that metropolitan areas such as New York City, Boston, Salt Lake City, and the San Francisco Bay area will be considered to be tight rental markets by most real estate experts and, therefore, covered under the mandatory renewal provisions.

For the remainder of the inventory, PAEs are permitted to either continue project-based assistance or can convert some or all assisted units in a property to tenant-based assistance pursuant to the rental assistance assessment plan. This decision is made only after the PAE consults with the project owner, local government officials and affected residents.

The conferees note that the Act establishes eight factors to be considered by the participating administrative entity in determining whether a section 8 contract should continue as project-based or be converted to tenant-based certificates and vouchers. Each of these factors is relevant to such determination. The Act, however, given no weight to one factor over another and the conferees have no predetermined expectation about how many projects will be converted.

Instead, the importance of each factor is to be determined in the context of each project. The conferees expect that the participating administrative entity will not make a numerical calculation of the number of factors weighing in favor of tenant-basing and the number of factors weighing in favor of project-basing, but instead will make a reasoned judgment about how, in each case, to achieve an appropriate balance of desired public policy goals as reflected by the factors. The PAE may take up to five years to convert the assistance to certificates and vouchers if the PAE decides the transition period is necessary and if such a transition period is necessary for the financial viability of the project.

MORTGAGE RESTRUCTURING AND TAX POLICY

On September 15, 1997, the House Committee on Banking, Subcommittee on Housing and Community Opportunity, held a hearing on the tax consequences of FHA-insured mortgage restructuring for project owners. The subcommittee heard testimony speculating that the Treasury Department, most likely, would review the restructuring transactions envisioned in the Act based on the individual facts and circumstances of each project. Consequently, definitive answers could not be provided about whether this restructuring proposal would result in tax consequences for participating project owners.

Moreover, the subcommittee heard testimony that, even if there was definitive guidance from the Treasury Department about the treatment of the restructuring transactions, some project owners could incur accelerated tax liabilities as a result of the restructuring and that, as a result, some project owners may not participate in the restructuring process. Finally, additional testimony suggested that Congress has no choice but to balance the budgetary cost of providing tax relief legislation with the budgetary savings that the restructuring proposals represent and with the program goal of maintaining the stock of low-income housing. Therefore, the conferees urge the committees of jurisdiction, early next year, to consider necessary legislation to ensure that the housing policy represented by this Act is not thwarted by owner concerns about tax liability.

PROPERTY REHABILITATION

The conference agreement provides rehabilitation assistance but limits the extent of rehabilitation to a non-luxury standard to prevent abuse. To further safeguard against excessive rehabilitation costs, a minimum 25 percent matching requirement from the owner is included in the Act. The purpose of this matching requirement is to encourage owners to invest their own funds in their properties and to reduce the risk to the Federal government. Rehabilitation assistance is provided either through project reserves, grants funded from acquired residual receipts, additional debt restructurings taken as part of the mortgage restructuring transaction, or from the rehabilitation grant program.

OFFICE OF MULTIFAMILY HOUSING ASSISTANCE RESTRUCTURING

The Act establishes an Office of Multifamily Housing Assistance Restructuring (OMHAR) within the Department, under the direction of the Secretary, to implement the Act, to oversee the multifamily housing restructuring process performed by participating administrative entities and, when necessary, to restructure the mortgage. The conferees intend that OMHAR be staffed with expert employees and have access to private expertise to accomplish the purposes of the Act.

To do so, OMHAR must have or obtain expertise and skills in real estate development, in management and finance, in financial and market analysis, in auditing, evaluation and oversight, and in accounting and taxation. The conferees direct the Secretary to ensure that such expertise and skills are available to OMHAR. The Act gives the Secretary the flexibility to obtain competent personnel from other agencies and to contract for expert services. However, the conferees expect that these avenues, and the existing Departmental staff, may not be sufficient to obtain the necessary skills. Therefore, the conferees expect that the Secretary may be required to hire new employees for OMHAR to perform effectively.

SPECIAL CONSULTATION PROCEDURES

Section 522 of the Act requires the Department to develop final regulations within twelve months from the date of enactment. During that period, the Department is to collect and respond to numerous public comments on several issues. However, in order to focus special attention on two critical issues, the conferees have included special requirements for the Department to seek comment through three public fora at which specified parties may make recommendations on:

—the selection process for participating administrative entities; and

—the mandatory renewal of certain contracts with project-based assistance.

Regarding the selection of participating administrative entities, the conferees stated previously that entities fully qualified shall be selected to undertake the complex task of restructuring the debt and assistance for multifamily projects. To this end, the selection criteria are intended to assure competent and efficient participants. The conferees urge the Department to use the fora to elicit a wide range of concerns and recommendations from affected parties as to implementing the selection process to accomplish this end.

Section 522 also directs the Department to solicit views on how to implement the requirements that section 8 assistance be renewed as project-based assistance for tight markets (section 515(c)(1)(A)) and when "a predominant number" of the units are occupied by elderly and/or disabled families (section 515(c)(1)(B)). The conferees believe it would be helpful if interested parties address the extent to which a project must be occupied by elderly and/or disabled persons to qualify for mandatory renewal, particularly rural projects which house elderly and disabled persons, in light of the factors that must be assessed in the rental assistance assessment plan.

CONFERENCE TOTAL—WITH COMPARISONS

The total new budget (obligational) authority for the fiscal year 1998 recommended by the committee of conference, with comparisons to the fiscal year 1997 amount, the 1998 budget estimates, and the House and Senate bills for 1998 follow:

New budget (obligational) authority, fiscal year 1997	$85,895,503,442
Budget estimates of new (obligational) authority, fiscal year 1998	90,990,338,000
House bill, fiscal year 1998	91,461,593,000
Senate bill, fiscal year 1998	90,367,535,000
Conference agreement, fiscal year 1998	90,735,430,000
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 1997	+4,839,926,558
Budget estimates of new (obligational) authority, fiscal year 1998	−254,908,000
House bill, fiscal year 1998	−726,163,000
Senate bill, fiscal year 1998	+367,895,000

JERRY LEWIS,
TOM DELAY,
JAMES T. WALSH,
DAVE HOBSON,
JOE KNOLLENBERG,
R.P. FRELINGHUYSEN,
ROGER F. WICKER,
BOB LIVINGSTON,
LOUIS STOKES,
ALAN B. MOLLOHAN,
MARCY KAPTUR,
CARRIE P. MEEK,
DAVID E. PRICE,
DAVE OBEY,

Managers on the Part of the House.

CHRISTOPHER S. BOND,
CONRAD BURNS,
TED STEVENS,
RICHARD SHELBY,
BEN NIGHTHORSE CAMPBELL,
LARRY E. CRAIG,
THAD COCHRAN,
BARBARA A. MIKULSKI,
PATRICK J. LEAHY,
FRANK R. LAUTENBERG,
TOM HARKIN,
BARBARA BOXER,
ROBERT C. BYRD,
Managers on the Part of the Senate.