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ASSISTANT COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-115398

August 6, 1975

Speaker of the House
President of the Senate

This letter provides follow-up information concerning the unreported impoundment of budget authority for the Housing for the Elderly or Handicapped Program (section 202 housing direct loan program) described in our June 3 letter to the Congress.

The Housing and Urban Development Act of 1974 (P.L. 93-383) authorized \$800 million for the section 202 housing direct loan program. This legislation also required that the aggregate amount loaned under the section 202 housing program in any fiscal year not exceed a limit specified in appropriation acts. The Supplemental Appropriation Act, 1975 (P.L. 93-554) enacted December 27, 1974, sets this limitation for FY 1975 at \$214.5 million and provided budget authority only for fiscal year 1975.

Our June 3 letter reported a de facto rescission that should have been but was not reported by the President. We reported in June that HUD planned to make the budget authority available for obligation on the basis of draft regulations initially published in May. HUD estimated that it could obligate \$34 million of the \$214.5 million in FY 1975 budget authority, but that the remaining \$180.5 million would lapse on June 30.

Follow-up inquiries disclose that (1) the FY 1975 budget authority was not made available because the draft regulations were criticized more strongly than expected, (2) the entire FY 1975 appropriation of \$214.5 million lapsed on June 30, and (3) program applications are not being accepted in FY 1976 until final regulations are issued (HUD expects to publish the final regulations within the next three or four weeks and we were told that only a short time would be required to implement the program once the final regulations were published).

The Program is included in the HUD Appropriation Bill, 1976, which has passed both Houses and was sent to conference on July 26. Pending enactment of this appropriation, \$214.5 million is available for the program under the FY 1976 continuing resolution (P.L. 94-41). The President did not report an impoundment of this budget authority when he submitted his second impoundment message to the Congress on July 26. We construe this to mean that

*Bud. App. Rec.
Impoundment
Housing for the Elderly or Handicapped*

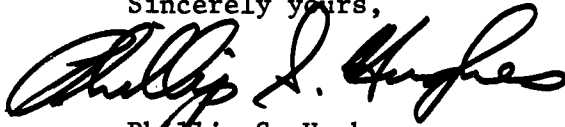
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implementation of the program under the continuing resolution is imminent. No further reporting, therefore, is required by the Impoundment Control Act at this time.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Phillip S. Hughes". The signature is written in a cursive style with a large initial "P".

Phillip S. Hughes
Assistant Comptroller General