



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

MAY 10 1976

3-171630

The Honorable Henry S. Reuss
House of Representatives

Dear Mr. Reuss:

This refers to your letter of March 26, 1976, in which you expressed your concern over delays in implementing the Section 802 Program by the Department of Housing and Urban Development (HUD). Your letter requests that we inform you of the date on which we would be prepared to file a lawsuit pursuant to section 1016 of the Impoundment Control Act of 1974, Pub. L. 93-344, July 12, 1974, to compel the release of the Section 802 budget authority.

On November 29, 1975, the President proposed the rescission of \$600 million available to implement the HUD Section 802 Program. Rescission proposal number R76-26, copy enclosed. This program, established by Section 802 of the Housing and Community Development Act of 1974, Pub. L. 93-383, August 22, 1974, authorizes HUD to provide interest subsidy grants to, and Federal guarantees of obligations issued by, State housing finance and development agencies. The subject rescission proposal was one of a number of impoundment actions submitted to the Congress for its consideration.

On January 6, 1976, we submitted our report to Congress on R76-26 and the other impoundments proposed in the President's November 29 message. A copy of this report is also enclosed. Our report noted that the 45-day period of continuous session after which the Section 802 funds must be made available for obligation would end on February 23, 1976. Because a rescission bill was not enacted regarding the requested rescission, the budget authority was required to be released as of this date.

On April 6, 1976, we reported to the Congress on the status of the Section 802 funds. In this report, copy enclosed, we stated that the Office of Management and Budget had apportioned the moneys but that HUD's release of the budget authority was awaiting the issuance of the regulations necessary to implement the Section 802 program. In this connection, we stated that HUD expects the regulations to be completed by the end of this month.

We recognize that the obligation of the Section 802 budget authority is affected by the issuance of the regulations and that, should the process be unduly prolonged, a portion of the funds may be caused to

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lapse. Nevertheless it is our understanding that HUD is complying with the Congress' desire that the funds be utilized, as evidenced by the Department's going forward with developing the regulations necessary for program implementation. However, because the use of the funds depends on the issuance of the regulations, we plan to monitor closely HUD's activities and report to the Congress should action on our part be necessary to insure that the budget authority will be fully and prudently obligated.

Sincerely yours,

(SIGNED) ROBERT B. STANTS

Comptroller General
of the United States

Enclosures