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**APPROVED**  
AUG 14 1976

8/14/76

THE WHITE HOUSE  
WASHINGTON

ACTION  
Last Day: August 20

August 12, 1976

MEMORANDUM FOR THE PRESIDENT

FROM: JIM CANNON *JC*

SUBJECT: S. 1689 - Amendments to the Pennsylvania Avenue Development Corporation Act of 1972

*Posted*  
*8/16/76*

Attached for your consideration is S. 1689, sponsored by Senators Jackson and Fannin.

*archives*  
*8/16/76*

The enrolled bill authorizes appropriations for the operating and administrative expenses of the Pennsylvania Avenue Development Corporation (\$1,300,000 for 1976, \$325,000 for the transition quarter, and \$1,500,000 each for 1977 and 1978). The bill also authorizes \$38,800,000 to commence implementation of the Pennsylvania Avenue Plan.

Additional information is provided in OMB's enrolled bill report at Tab A.

OMB, Max Friedersdorf, Counsel's Office (Lazarus) and I recommend approval of the enrolled bill.

RECOMMENDATION

That you sign S. 1689 at Tab B.





EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

AUG 12 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 1689 - Amendments to the  
Pennsylvania Avenue Development Corporation  
Act of 1972  
Sponsors - Senator Jackson (D) Washington and  
Senator Fannin (R) Arizona

Last Day for Action

August 20, 1976 - Friday

Purpose

Authorizes appropriations for the operating and administrative expenses of the Pennsylvania Avenue Development Corporation (PADC) and for partial implementation of the Corporation's development plan.

Agency Recommendations

Office of Management and Budget	Approval
Pennsylvania Avenue Development Corporation	Approval
District of Columbia	Approval
Department of the Interior	Approval
The Commission of Fine Arts	Approval
Department of Housing and Urban Development	Approval (Informally)
National Capital Planning Commission	No objection

Discussion

S. 1689 authorizes \$1,300,000 for 1976, \$325,000 for the transition quarter, and \$1,500,000 each for 1977 and 1978 for the operating and administrative expenses of the Pennsylvania Avenue Development Corporation (PADC).

The enrolled bill also authorizes \$38,800,000 to commence implementation of the Pennsylvania Avenue Plan which was



prepared by the PADC. The plan was drafted in close cooperation with Executive branch agencies, and was approved by Congress on May 19, 1975, in accordance with the provisions of the act establishing PADC. The authorization is for the period through 1978, but funds remain available without fiscal year limitation through 1990. A proviso requires that appropriations made under this authority shall be adequate to assure the preservation of the Willard Hotel and the development of the block on which it is situated.

The bill does not include major proposals of the Administration that

- a total of \$130 million be authorized for the implementation of the development plan, a sum estimated as the public sector cost of the plan over 15 years;
- the existing borrowing authority of the PADC be increased from \$50,000,000 to \$200,000,000;
- the PADC be authorized to make limited construction loans to restricted types of borrowers (at less than commercial rates if necessary) up to a maximum outstanding at any one time of \$50 million; and
- a business-type revolving fund be established within PADC for financial management of all development activity.

The Administration's recommendations would have provided the PADC with the necessary authorities to carry out the development plan over its 15 year lifetime. These proposals were intended to give the PADC as much flexibility as possible--within annual budget restraints--to stimulate and manage effectively the joint public-private redevelopment of the Pennsylvania Avenue historic district, and were consistent with the nearly exclusive powers of condemnation and property development which the PADC exercises in the historic district.

However, the House, on March 15, 1976, failed to pass a bill under suspension of rules containing the substance of the Administration's proposals. The Congress subsequently passed this scaled-down version which provides only a two-year authorization.



While the bill does not carry out the Administration's proposals, it does allow the PADC to start implementing its redevelopment plans. Current PADC powers are adequate for sound management of the development activity over the next two years. The bill also lifts the long-standing uncertainty hanging over private property owners in the historic district. Finally, the \$3 million authorized in the bill for operating and administrative expenses for 1977 and 1978 are almost identical to the Administration's requests and the \$38.8 million authorized through 1978 for the development plan is consistent with Administration projections.

Given the reluctance of Congress to approve at this time Federal participation in the plan for the full 15-year period as proposed by the Administration, the 2-year authorization in this legislation represents a reasonable interim approach. The Corporation, in its attached views letter, states that the bill "is more than adequate to meet the needs of the program for the next two years."

*James M. Frey*  
Assistant Director for  
Legislative Reference

Enclosures

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

AUG 12 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 1689 - Amendments to the  
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National Capital Planning Commission	No objection

Discussion

S. 1689 authorizes \$1,300,000 for 1976, \$325,000 for the transition quarter, and \$1,500,000 each for 1977 and 1978 for the operating and administrative expenses of the Pennsylvania Avenue Development Corporation (PADC).

The enrolled bill also authorizes \$38,800,000 to commence implementation of the Pennsylvania Avenue Plan which was

10-  
J. Conaway  
8-12-76  
4:00 p.m.



prepared by the PADC. The plan was drafted in close cooperation with Executive branch agencies, and was approved by Congress on May 19, 1975, in accordance with the provisions of the act establishing PADC. The authorization is for the period through 1978, but funds remain available without fiscal year limitation through 1990. A proviso requires that appropriations made under this authority shall be adequate to assure the preservation of the Willard Hotel and the development of the block on which it is situated.

The bill does not include major proposals of the Administration that

- a total of \$130 million be authorized for the implementation of the development plan, a sum estimated as the public sector cost of the plan over 15 years;
- the existing borrowing authority of the PADC be increased from \$50,000,000 to \$200,000,000;
- the PADC be authorized to make limited construction loans to restricted types of borrowers (at less than commercial rates if necessary) up to a maximum outstanding at any one time of \$50 million; and
- a business-type revolving fund be established within PADC for financial management of all development activity.

The Administration's recommendations would have provided the PADC with the necessary authorities to carry out the development plan over its 15 year lifetime. These proposals were intended to give the PADC as much flexibility as possible--within annual budget restraints--to stimulate and manage effectively the joint public-private redevelopment of the Pennsylvania Avenue historic district, and were consistent with the nearly exclusive powers of condemnation and property development which the PADC exercises in the historic district.

However, the House, on March 15, 1976, failed to pass a bill under suspension of rules containing the substance of the Administration's proposals. The Congress subsequently passed this scaled-down version which provides only a two-year authorization.

While the bill does not carry out the Administration's proposals, it does allow the PADC to start implementing its redevelopment plans. Current PADC powers are adequate for sound management of the development activity over the next two years. The bill also lifts the long-standing uncertainty hanging over private property owners in the historic district. Finally, the \$3 million authorized in the bill for operating and administrative expenses for 1977 and 1978 are almost identical to the Administration's requests and the \$38.8 million authorized through 1978 for the development plan is consistent with Administration projections.

Given the reluctance of Congress to approve at this time Federal participation in the plan for the full 15-year period as proposed by the Administration, the 2-year authorization in this legislation represents a reasonable interim approach. The Corporation, in its attached views letter, states that the bill "is more than adequate to meet the needs of the program for the next two years."

*James M. Frey*  
Assistant Director for  
Legislative Reference

Enclosures



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: August 12

Time: 400pm

FOR ACTION: Steve McConahey  
Max Friedersdorf  
Ken Lazarus *sk*

cc (for information): Jack Marsh  
Jim Cavanaugh  
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: August 13

Time: noon

SUBJECT:

S. 1689-Amendments to the Penn. Avenue  
Development Corporation

ACTION REQUESTED:

- |   |   |
|---|---|
| <input type="checkbox"/> For Necessary Action         | <input type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief     | <input type="checkbox"/> Draft Reply              |
| <input checked="" type="checkbox"/> For Your Comments | <input type="checkbox"/> Draft Remarks            |

REMARKS:

please return to judy johnston, ground floor west wing



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.  
For the President



# United States Department of the Interior

OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20240

AUG 11 1976

Dear Mr. Lynn:

This responds to your request for the views of this Department on the enrolled bill S. 1689, "To amend the Pennsylvania Avenue Development Corporation Act of 1972 (Public Law 92-578), as amended."

We recommend that the President approve the enrolled bill.

Enrolled bill S. 1689 would amend the Pennsylvania Avenue Development Corporation Act of 1972 to authorize additional appropriations for the operating and administrative expenses of the Corporation not to exceed \$1,300,000 for the fiscal year ending June 30, 1976; \$325,000 for the transition quarter in 1976; and \$1,500,000 for each of the fiscal years ending September 30, 1977 and September 30, 1978. S. 1689 also authorizes the appropriation of \$38,800,000 through September 30, 1978 for purposes of commencing the implementation of the development plan. The bill provides that appropriations made pursuant to this authorization shall include sufficient funds to assure the preservation of the Willard Hotel and its historic facade. The bill provides further that no appropriations shall be made from the Land and Water Conservation Fund to effectuate the purposes of the Pennsylvania Avenue Development Act.

Sincerely yours,

Assistant Secretary of the Interior

Honorable James T. Lynn  
Director  
Office of Management and Budget  
Washington, D. C. 20503



**PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION**  
**425 THIRTEENTH STREET N.W. WASHINGTON D.C. 20004**

August 11, 1976

Mr. James M. Frey  
Assistant Director for  
Legislative Reference  
Office of Management & Budget  
726 Jackson Place N.W.  
Washington, D.C. 20503

Dear Mr. Frey:

Responding to your request, I offer the following views on enrolled bill S. 1689, to amend the Pennsylvania Avenue Development Corporation Act of 1972, as amended.

The bill would authorize \$1.5 million annually for the operating expenses of the Corporation in fiscal years 1977 and 1978. It would also authorize funding to commence implementation of the Pennsylvania Avenue Plan, prepared by this Corporation under the mandate of Public Law 92-578 and approved by numerous executive agencies and the Congress in 1974-1975. Specifically, the bill authorizes \$38.8 million for the development plan through fiscal year 1978. A proviso requires that appropriations made under this authority shall be adequate to assure the preservation of the Willard Hotel and the development of the block on which it is situated.

The enrolled bill differs somewhat from the Administration-approved proposal submitted by the Corporation to Congress on January 26, 1976. The Administration bill requested the authorization of \$130 million, the sum estimated as the total cost over 15 years of all public improvements and investments for implementation of the plan. The Administration bill also recommended an increase in the Corporation's borrowing authority from \$50 to \$200 million, and a number of technical amendments to the Corporation's enabling act. The Administration bill did not specify the treatment of the Willard Hotel.

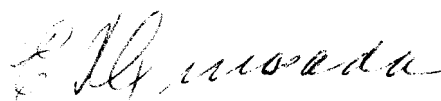
The Administration bill, in short, sought to incorporate all authorizations and legislative tools needed to carry out implementation of the plan over its lifetime of 15 years. The House of Representatives, responding to some opposition to the plan, adopted the more conservative approach of a two-year authorization. (A more comprehensive version of this bill failed to pass the House under suspension of rules on March 15. The bill was then scaled-down in committee to its present content and passed on the floor under an open rule.) However, the Corporation believes that the present bill is more than adequate to meet the needs

of the program for the next two years, and that it commits the Federal Government to its rightful role, in concert with free enterprise, to redevelopment of this ceremonial Avenue.

The provisions of enrolled bill S. 1689 do not conflict with the earlier Administration bill. The amounts authorized are in accord with the President's budget request for the Corporation for fiscal year 1977, and are based on the Administration's projections for the subsequent fiscal year. The bill's proviso regarding the Willard Hotel poses no difficulty, as it merely reinforces the approved plan's provision for that structure and the block on which it is located.

For the reasons set forth above, I most strongly recommend that the President approve the enrolled bill, S. 1689.

Sincerely,

A handwritten signature in cursive script, appearing to read "E. R. Quesada".

E. R. QUESADA  
Chairman



THE DISTRICT OF COLUMBIA

WALTER E. WASHINGTON  
MAYOR

WASHINGTON, D. C. 20004

AUG 10 1976

Mr. James M. Frey  
Assistant Director for  
Legislative Reference  
Office of Management and Budget  
Executive Office Building  
17th and Pennsylvania Ave., N.W.  
Washington, D.C.

Dear Mr. Frey:

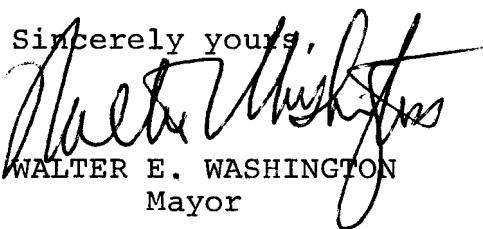
This is in reference to a facsimile of an enrolled enactment of Congress entitled:

S. 1689 -- To amend the Pennsylvania Avenue Development Corporation Act of 1972.

The enrolled bill amends section 17 of the Pennsylvania Avenue Development Corporation Act of 1972 to authorize appropriations for the operating and administrative expenses of the Corporation for fiscal year 1976, the budget transition period of July 1, through September 30, 1976, and for the next two succeeding fiscal years. The bill further authorizes appropriations for implementation of the development plan under the Act through the fiscal years ending September 1978, and to remain available without fiscal year limitation through September 1990.

The additional appropriations authorized by this bill will assure that the Corporation's plans for the redevelopment and preservation of this historic corridor will continue.

The District Government recommends the approval of S. 1689.

Sincerely yours,  
  
WALTER E. WASHINGTON  
Mayor

# THE COMMISSION OF FINE ARTS

ESTABLISHED BY CONGRESS MAY 17, 1910

J. CARTER BROWN, Chairman

NICOLAS ARROYO

CHLOETHIEL WOODARD SMITH

JANE O. DART

EDWARD STONE, JR.

KEVIN ROCHE

GEORGE WYEMOUTH

CHARLES H. ATHERTON, Secretary

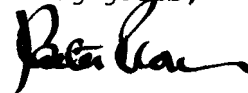
708 JACKSON PLACE, N.W.  
WASHINGTON, D.C. 20006  
202-343-5324

9 August, 1976

Dear Mr. Frey:

This is to advise you that the Commission of Fine Arts has no objection to the signing into law of enrolled bill S. 1689, to amend the Pennsylvania Avenue Development Corporation Act of 1972 (Public Law 92-578), as amended.

Sincerely yours,



J. Carter Brown  
Chairman

Mr. James M. Frey  
Assistant Director for  
Legislative Reference  
Office of Management and Budget  
Washington, D.C. 20503

BY HAND

NATIONAL CAPITAL PLANNING COMMISSION

WASHINGTON, D.C. 20576

August 11, 1976

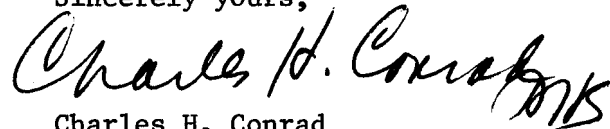
Mr. James M. Frey  
Assistant Director  
for Legislative Reference  
Office of Management and Budget  
Executive Office of the President  
Washington, D.C. 20503

Dear Mr. Frey:

Reference is made to your request for our views and recommendations on the enrolled bill, S. 1689, an Act "To amend the Pennsylvania Avenue Development Corporation Act of 1972 (Public Law 92-578), as amended."

There is no objection to the approval of this legislation by the President.

Sincerely yours,



Charles H. Conrad  
Executive Director

Enclosure

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: August 12

Time: 400pm

FOR ACTION: Steve McConahey  
Max Friedersdorf  
Ken Lazarus

*M. G.*

cc (for information): Jack Marsh  
Jim Cavanaugh  
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: August 13

Time: noon

SUBJECT:

S. 1689-Amendments to the Penn. Avenue  
Development Corporation

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

please return to judy johnston, ground floor west wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.  
For the President



## THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: August 12

Time: 400pm

FOR ACTION: Steve McConahey  
 Max Friedersdorf  
 Ken Lazarus

cc (for information): Jack Marsh  
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 Ed Schmults

FROM THE STAFF SECRETARY

---

DUE: Date: August 13

Time: noon

SUBJECT:

S. 1689-Amendments to the Penn. Avenue  
 Development Corporation

ACTION REQUESTED:

 For Necessary Action For Your Recommendations Prepare Agenda and Brief Draft Reply For Your Comments Draft Remarks

REMARKS:

please return to judy johnson, ground floor west wing

No objection -- Ken Lazarus 8/12/76

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.  
 For the President



THE GENERAL COUNSEL OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D. C. 20410

**AUG 13 1976**

Mr. James M. Frey  
Assistant Director for  
Legislative Reference  
Office of Management and Budget  
Washington, D. C. 20503

Attention: Ms. Ramsey

Dear Mr. Frey:

Subject: S. 1689, 94th Congress  
Enrolled Enactment

This is in response to your request for our views on the enrolled enactment of S. 1689, a bill "To amend the Pennsylvania Avenue Development Corporation Act of 1972 (Public Law 92-578), as amended."

The enrolled bill would authorize appropriations for operating and administrative expenses of the Pennsylvania Avenue Development Corporation of not to exceed \$1,500,000 for each of the fiscal years ending September 30, 1977 and September 30, 1978. It would also authorize appropriations of \$38,800,000 through the fiscal years ending September 30, 1978 for commencing implementation of the Pennsylvania Avenue development plan, subject to the requirement that the appropriations include sufficient funds to assure preservation of the Willard Hotel and development of its site as a demonstration area.

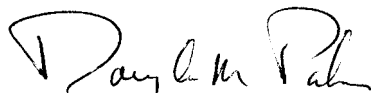
It is our understanding that the authorizations are necessary to enable the Corporation to continue with its plans for developing Pennsylvania Avenue as a ceremonial thoroughfare



and a force in revitalizing the District's central city. We also believe that the provisions designed to assure preservation of the Willard Hotel represents a significant contribution in the area of historic preservation.

Accordingly, we recommend that the President approve the enrolled enactment of S. 1689.

Sincerely,

A handwritten signature in cursive script, appearing to read "Robert R. Elliott".

for Robert R. Elliott

## PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION

DECEMBER 17 (legislative day, DECEMBER 15), 1975.—Ordered to be printed

Mr. JOHNSTON, from the Committee on Interior and Insular Affairs,  
submitted the following

### REPORT

[To accompany S. 1689]

The Committee on Interior and Insular Affairs, to which was referred the bill (S. 1689) to amend the Pennsylvania Avenue Development Corporation Act of 1972 (Public Law 92-578), as amended, having considered the same, reports favorably thereon with an amendment to the text, and recommends that the bill as amended, do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

That the Pennsylvania Avenue Development Corporation Act of 1972 ( 86 Stat. 1266, as amended, 40 U.S.C. 871), is amended further as follows:

By striking out section 17 and inserting in lieu thereof the following:

"SEC. 17. (a) There are hereby authorized to be appropriated for operating and administrative expenses of the Corporation sums not to exceed \$1,300,000 for the fiscal year ending June 30, 1976; \$325,000 for the period July 1 through September 30, 1976; \$1,500,000 for the fiscal year ending September 30, 1977; and \$1,600,000, each, for the next three succeeding fiscal years.

"(b) To carry out public development activities and projects in accordance with the development plan approved under section 5 of this Act; there are also authorized to be appropriated to the Corporation through September 30, 1990, sums not to exceed \$130,000,000, to remain available without fiscal year limitation."

#### PURPOSE

S. 1689 amends Section 17 of the Act to include an appropriations request for continuation of salaries and expenses of the Corporation.

#### BACKGROUND

In 1962, President Kennedy appointed an Advisory Council on Pennsylvania Avenue to prepare a master for the Avenue. The goals

of the Council were to acknowledge the special character of the "Nation's ceremonial way" in a historic sense, and to reclaim and develop it in such a manner as to make it harmonious with its surroundings and to make it attractive. Kennedy died before the final plan could be transmitted.

President Johnson established the President's Temporary Commission on Pennsylvania Avenue in 1965. During that year the Pennsylvania Avenue National Historic Site was designated by the Secretary of the Interior. The Temporary Commission worked effectively with new construction in the Avenue for conformity and finally terminated in 1969.

President Nixon endorsed the work of the Commission and submitted legislation to establish a government corporation to implement a plan for the Avenue.

Public Law 92-785 established the Pennsylvania Avenue Corporation. The Corporation submitted its plan on November 21, 1974, to the Congress. The plan became effective on May 19, 1975.

#### AREA DESCRIPTION

The Plan proposed a combination of new development and rehabilitation within the area considered by the plan.

Special landscaping and lighting and frontage of retail activity along the north side of the Avenue would encourage around-the-clock use of this area.

Certain older structures of architectural or historical merit would either be preserved or their facades would be moved to new locations.

Generally, the western end of the Avenue would be used for offices and hotels, the eastern end would be used for a new residential community. The north side of the Avenue would be devoted to retail establishments and additional office space. The south side, consisting of the Federal Triangle, would remain as government buildings, with additional landscaping.

#### LEGISLATIVE HISTORY

S. 1689 was introduced on May 8, 1975 and a hearing was held on November 13, 1975. The House has completed Subcommittee action on a similar measure and has provided implementation authorization for the first two years of the plan (\$36 million) earmarking \$6 million for the Willard Hotel.

#### COMMITTEE RECOMMENDATION AND TABULATION OF VOTES

The Senate Committee on Interior and Insular Affairs, in open business session on December 12, 1975, by majority vote of a quorum present recommends that the Senate adopt S. 1689 if amended as described herein.

#### COMMITTEE AMENDMENTS

The plan, which was approved earlier this year, called for \$130,000,000 in appropriations over the 15 year implementation schedule and in addition, called for \$200,000,000 in borrowing authority.

The Committee elected to provide the authorization and to delay consideration of the borrowing authority inasmuch as the Corporation already has \$50,000,000 in borrowing authority under the original Act and will be submitting further legislation to clarify the nature of the borrowing authority shortly.

#### Cost

The Administrative costs are as follows:

Present to June 30, 1976.....	\$1,300,000
July 1, to Sept., 30, 1976.....	325,000
Fiscal year 1977.....	1,500,000
Fiscal year 1978.....	1,600,000
Fiscal year 1979.....	1,600,000
Fiscal year 1980.....	1,600,000

In addition, the Committee amendment provides \$130,000,000 for implementation of the approved plan. It is the Committee's understanding that appropriations will be requested in varying amounts over the 15 year implementation program.

#### CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill S. 1689, as ordered reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

#### PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION ACT OF 1972, SECTION 17

[SEC. 17. There are hereby authorized to be appropriated not to exceed \$1,000,000 for the development of the plan to be prepared pursuant to section 5 of this Act. No appropriations shall be made from the Land and Water Conservation Fund established by the Act of September 3, 1964 (78 Stat. 897, as amended, 16 U.S.C. 4601), to effectuate the purposes of this Act.]

SEC. 17. (a) *There are hereby authorized to be appropriated for operating and administrative expenses of the Corporation sums not to exceed \$1,300,000 for the fiscal year ending June 30, 1976; \$325,000 for the period July 1 through September 30, 1976; \$1,500,000 for the fiscal year ending September 30, 1977; and \$1,600,000, each, for the next three succeeding fiscal years.*

(b) *To carry out public development activities and projects in accordance with the development plan approved under section 5 of this Act; there are also authorized to be appropriated to the Corporation through September 30, 1990, sums not to exceed \$130,000,000, to remain available without fiscal year limitation.*

○

AMENDING THE PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION ACT OF 1972 (PUBLIC LAW 92-578), AS AMENDED

MARCH 12, 1976.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. HALEY, from the Committee on Interior and Insular Affairs, submitted the following

REPORT  
together with  
DISSENTING VIEWS

[To accompany H.R. 7743]

The Committee on Interior and Insular Affairs, to whom was referred the bill (H.R. 7743) to amend the Pennsylvania Avenue Development Corporation Act of 1972 (Public Law 92-578), as amended, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Page 1, beginning on line 3, strike out all after the enacting clause and insert in lieu thereof the following:

That the Pennsylvania Avenue Development Corporation Act of 1972 (86 Stat. 1286, as amended, 40 U.S.C. 871), is amended further as follows:

1. By striking the following:

(a) in paragraph (c) of section 3: "(6) The Commissioner of the District of Columbia;" and by substituting in lieu thereof "(6) The Mayor of the District of Columbia;"; and by inserting "The Mayor" in lieu of "The Commissioner" of the District of Columbia, wherever it occurs in this Act;

(b) in paragraph (g) of section 3: "(8) The Chairman of the District of Columbia Redevelopment Land Agency." and by inserting in lieu thereof "(8) The Director of the District of Columbia Department of Housing and Community Development";

(c) in paragraph (a) of section 4: "subchapter 53" and by inserting in lieu thereof "subchapter III of Chapter 53";

(d) in paragraph (f) of section 5: "The District of Columbia government, and the District of Columbia Redevelopment Land Agency." and by inserting in lieu thereof "and the District of Columbia government.";

(e) in paragraph (b) of section 8: "Redevelopment Land Agency" wherever it occurs and by inserting in lieu thereof "government".

2. By striking in paragraph (10) of section 6 the figure "\$50,000,000" and inserting in lieu thereof "\$200,000,000"; and, by striking in that paragraph the date "June 3, 1980" and inserting in lieu thereof "September 30, 1990".

3. By striking paragraph (9) of section 6 and redesignating paragraph (10) of that section to be paragraph (9); and, by inserting the following new paragraph:

"(10) may make construction loans to approved applicants undertaking projects in accordance with the development plan. As used in this paragraph, eligible applicants are private corporations, companies, associations, firms, partnerships, or other private entities who provide, in a manner and to an extent satisfactory to the Corporation, economically feasible plans for development and permanent financing, and evidence of management capacity and financial responsibility, adequate to execute such plans within estimated costs. No loan shall be made unless the Corporation finds that financing is not otherwise available to the applicant on reasonable terms or conditions, including sufficient assistance from other Federal programs, to participate in the project under consideration. Loans may be made by the Corporation after the applicant has submitted, and the Corporation has considered, such information as the Corporation shall require to determine whether or not the loan would meet the purposes of this Act and the requirements of this paragraph. Loan agreements shall be structured to assure a minimum net equity investment by any approved applicant of at least twenty percent of total project costs throughout the period preceding permanent financing. The Corporation shall: (i) take into account good commercial practice in making loans, and shall include in any loan agreement terms and conditions necessary to prudently secure the principal and interest; (ii) not disperse funds for a loan until it finds that the applicant has obtained a commitment of permanent financing for the project; and (iii) take no less than the first lien, or a participation with another lender in a first lien, as security for any loan. The Corporation may sell construction loans with the approval of the Secretary of the Treasury. Loans shall be for periods not exceeding the construction period or five years, whichever is less, and shall bear interest not less than the cost of the money to the Corporation, plus an amount sufficient in the judgment of the Corporation to cover costs of administration and probable losses under this paragraph. The Corporation, for good and sufficient reasons, may extend the period of a loan for up to two years beyond the maximum specified of five years. The total of any loans made and commitments to lend under this paragraph in any fiscal year shall not exceed limitations specified in annual appropriation acts. At no time shall the aggregate principal amount of construction loans outstanding exceed \$50,000,000. Prior to the transfer of any title to property owned by the Corporation, the Corporation shall report such proposed transfer to the Committee on Interior and Insular Affairs of the Senate and House of Representatives of the United States. If within sixty calendar days, either the Senate or House of Representatives adopts a resolution disapproving such transfer, the Corporation shall not proceed to execute any such deed or document transferring such title."

4. By striking section 13, and by inserting the following new section:

"Sec. 13. (a) There is hereby created within the Treasury of the United States the "Pennsylvania Avenue Development Fund" (hereinafter referred to as "the fund") which shall be available to the Corporation without fiscal year limitation through September 30, 1990, as a revolving fund for the purposes of this Act. All amounts borrowed from the Treasury of the United States under section 6(9), and all appropriations made under authorizations in this Act, except amounts appropriated for operating and administrative expenses of the Corporation under Section 17(a), shall provide capital for the fund and shall be deposited in the fund; and, balances of all such appropriations heretofore enacted shall be transferred to the fund. All amounts received by the Corporation including recoveries of loan principal from repayments, sales of loans, of liquidation of forfeited collateral; interest payments, fees; and, any other moneys, property or assets derived by the Corporation from its operations under this Act shall be deposited in the fund. A business-type budget for the fund shall be prepared annually, transmitted to the Congress, considered, and enacted in the manner prescribed by law (sections 102, 103, and 104 of the Government Corporation Control Act (31 U.S.C. 847-849)).

(b) All loans, repayments, and expenses, including reimbursements to other government accounts, arising from the operations of the Corporation shall be paid from the fund. In addition to funds available under authorizations in this

Act, the Corporation is authorized to use to carry out the purposes and requirements of this Act, including the payment of interest to the Treasury, as specified all funds and other assets which have been or may hereafter be transferred to, allocated to, or otherwise acquired by it. From time to time, and at least at the close of each fiscal year, the Corporation shall pay from the fund into the Treasury as miscellaneous receipts interest on the cumulative amounts available as capital to the fund under section 6, paragraph 9 of this Act, less the average undisbursed cash balance of such appropriations during the year. The rate of interest shall be determined by the Secretary of the Treasury pursuant to section 6, paragraph 9 of this Act. If at any time the Corporation determines that moneys in the fund exceed the present and any anticipated requirement of the fund, such excess will be transferred to the general fund of the Treasury and be considered first, as repayment of amounts made available under the provisions of Section 6 paragraph 9."

5. By striking section 17, and inserting in lieu thereof the following new section:

"Sec. 17. (a) In addition to the sums heretofore appropriated, there are authorized to be appropriated for operating and administrative expenses of the Corporation sums not to exceed \$1,300,000 for the fiscal year ending June 30, 1976; \$325,000 for the period July 1 through September 30, 1976; and \$1,500,000, each, for the fiscal years ending September 30, 1977, and September 30, 1978.

(b) To commence implementation of the development plan authorized by section 5 of this Act, there are authorized to be appropriated to the Corporation through the fiscal years ending September 30, 1978, \$38,800,000, to remain available without fiscal year limitation through September 30, 1990: *Provided*, That appropriations made under the authority of this paragraph shall include sufficient funds to assure the development of square 225 as a demonstration area for the development plan, and shall assure the preservation of the structure now located on square 225 known as the Willard Hotel and its historic facade. No appropriation shall be made from the Land and Water Conservation Fund established by the Act of September 30, 1964 (78 Stat. 897, as amended, 16 U.S.C. 4601), to effectuate the purposes of this Act.

#### PURPOSE

The purpose of H.R. 7743,<sup>1</sup> as reported by the Committee on Interior and Insular Affairs, is to authorize the appropriation of funds for the continued operation of the Pennsylvania Avenue Development Corporation through fiscal year 1978. Also authorized is a sum of not to exceed \$38.8 million which may be appropriated through fiscal year 1978 and used to implement the plan for the redevelopment of the Avenue. Amendments added by the Committee to H.R. 7743 make several other changes to the original statute authorizing the Corporation.

#### BACKGROUND

In 1972, Congress enacted Public Law 92-578 establishing the Pennsylvania Avenue Development Corporation. The Corporation was charged with producing a plan to revitalize the Avenue between the Capitol and the White House, in keeping with its role as the most significant ceremonial avenue of the nation. The Act recognized that the deterioration of the Avenue was an impairment to both its role as the "main street" of the country, and to its contribution to the economic well-being of the District of Columbia.

<sup>1</sup> H.R. 7743 was introduced by Representative Skubitz by request on June 9, 1975. Subsequently, on January 26, 1976, the Pennsylvania Avenue Development Corporation transmitted the recommendations of the Administration with respect to the implementation of the plan. These recommendations were referred by the Speaker to the Committee and were considered and included in the bill by amendment. A similar bill, S. 1689 has been approved by the Senate.

On November 19, 1974, the Corporation submitted the completed plan to Congress. Following a review period of 60 legislative days, the plan became effective automatically; thus requiring construction or alteration of buildings within the area to conform to the terms of the plan and permitting the Corporation, pursuant to the original Act, to implement it. Parcels of land may be acquired by the Corporation and readied for construction and the renewal of this historic avenue may proceed.

The authorization for making appropriations to continue funding the operating expenses of the Corporation has now expired. In addition the approved plan for the Avenue concluded that some appropriated funds would be required to finance the portions of the plan to be publicly funded, such as the acquisition and development of public open space. Without these additional authorizations, the Corporation cannot effectively implement the approved plan. H.R. 7743, as reported, addresses both of these needs.

#### LEGISLATIVE HISTORY

On March 21, 1975, the Subcommittee on National Parks and Recreation conducted oversight hearings on the completed plan. Members of the Subcommittee were concerned in particular with the anticipated costs of the plan. Witnesses at the hearing were generally supportive of the plan for the Avenue, although some reservations were expressed regarding the adequacy of the historic preservation aspects of the proposal. The retention of the landmark Willard Hotel structure as a part of any redevelopment was urged by several witnesses.

On June 21, 1975, the Subcommittee held public hearings on H.R. 7743. Although the bill, as introduced, provided for only a continued authorization for the operating expenses of the Corporation, it was apparent that an authorization was needed to permit the appropriation of funds before substantial progress could be made. Without such an authorization, the Corporation could not take adequate steps to initiate the redevelopment program. Conversely, private developments not conforming with the plan were also precluded.

In deliberating on this legislation, the Subcommittee on National Parks and Recreation chose to amend the bill to provide for the initial phase of the required authorizations for both operating expenses and funds to be appropriated for project purposes. By including authorizations only through fiscal year 1977, it was anticipated that the Congress would be able to monitor the progress being made rather closely before additional expenditures were contemplated. Specific language to ensure the protection of the Willard Hotel as an early accomplishment of the plan was also included.

At the time of consideration of this measure by the Committee on Interior and Insular Affairs, an executive communication was received requesting authorization of the full \$130 million for the project, as well as suggesting numerous other amendments to the parent Act. After reviewing the recommended changes, the Committee adopted most of the amendments proposed by the Administration, but retained a limited appropriation authorization in order to ensure further oversight and control over the progress of the redevelopment effort.

The Committee also adopted a further amendment providing for a review period by the Congress of any proposals by the Corporation to sell any real estate acquired. This provision reflects the concern which the Committee has with future transfers of title as opposed to leasing arrangements which retain the title in the Corporation. Although no amendatory language was considered, the desirability of including suitable measures for energy conservation as an objective in the redevelopment of the Avenue was made clear. The Corporation is encouraged to include this aspect into the planning yet to be accomplished for the project.

#### ANALYSIS OF PROVISIONS OF H.R. 7743

*Paragraph 1* makes a number of technical amendments, primarily to conform the language of the Pennsylvania Avenue Development Corporation Act of 1972 to organizational changes made in the District government by the District of Columbia Home Rule Act of 1973. Specifically, references to the Commissioner of the District of Columbia are changed to references to the Mayor of the District of Columbia; reference to the Chairman of the District of Columbia Redevelopment Land Agency is changed to reference to the Director of the District of Columbia Department of Housing and Community Development; and references to the Redevelopment Land Agency are deleted. Additionally, the erroneous citation in section 4(a) of the Act to a provision of Title 5, United States Code, is corrected.

*Paragraph 2* increases the authority of the Corporation in section 6 of the Act to borrow from the United States Treasury from \$50 million to \$200 million. The period during which borrowing may take place is also extended from June 3, 1980, to September 30, 1990. Other aspects of the borrowing provision are unaffected. For example, actual borrowing may only be in the amounts included in appropriation Acts. The terms of each borrowing are to be set by the Secretary of the Treasury. The amendment will provide the Corporation with the borrowing capacity necessary to carry out the development and financial programs proposed in the Pennsylvania Avenue Development Plan. Sums to be borrowed are to purchase, assemble, and prepare land for resale or lease to private developers. All borrowed money is to be repaid by the Corporation out of the lease and sale revenues and will be secured by liens on the land.

*Paragraph 3* eliminates paragraph (9) of section 6 of the Act, which provides for the preparation of certain financing analyses as part of the development plan to be submitted to Congress (this action has been completed and renders the provision obsolete). The amendment also redesignates the present paragraph (10) to paragraph (9) and adds a new paragraph (10).

The new paragraph authorizes the Corporation to use up to \$50 million of the \$200 million which may be borrowed from the Treasury to make construction loans to private developers in such amounts as may be authorized in appropriations acts. The loans will be made under limited terms and conditions for period of up to five years to developers undertaking projects in accordance with the development plan. Authority in this new paragraph will furnish the Corporation with another financial tool to encourage investment in development by



private enterprise. By making construction loans, the Corporation can speed the development of key parcels, if necessary; provide incentive for a developer to provide special amenities on a particular site; and, encourage the participation of minority entrepreneurs. The paragraph provides that loans may not be made if financing is otherwise available on reasonable terms, including under other Federal programs. This limitation will prevent the Corporation from competing with private financial institutions willing to make construction loans, and avoid redundancy with other Federal programs which make similar assistance available. The Corporation's loan agreements must require a substantial equity investment by the borrower of 20 percent, or more, of the total project cost. The substantial investment minimum is in accord with applicable tax provisions, and will prevent the borrower from casually withdrawing from the enterprise, once committed. Other provisions of the paragraph require the Corporation to use good commercial practices and to secure loans through a first lien. Loans made by the Corporation may not be at a rate lower than the cost of the money to the Corporation, including the expenses related to making loans.

The Committee also added a requirement to this paragraph which will require notification of the House and Senate Committees on Interior and Insular Affairs before any federally-owned or acquired real estate can be sold within the area. Unless a resolution of disapproval is passed by either the House or the Senate within 60 days of reporting such a proposed transfer, the Corporation may proceed with the sale.

Paragraph 4 establishes a new revolving fund within the Treasury of the United States (the "Pennsylvania Avenue Development Fund"), into which all funds appropriated to the Corporation, borrowed by it, or derived through receipts, are to be deposited (except salaries and expenses). Activities of the Corporation, including payments of interest to the Treasury, would then be financed by withdrawals from this fund. This section of the bill does not add to the substantive authority of the Corporation or affect the amounts of money to be appropriated or borrowed under other sections of the Act. It does provide a financial management tool for the Corporation to conduct its activities in a business-like manner, and to comply with the accounting and budgetary requirements of the Government Corporation Control Act.

Paragraph 5 authorizes not to exceed \$1.3 million for fiscal year 1976, \$325,000 for the transition quarter, and \$1.5 million each for fiscal years 1977 and 1978. Such sums, when appropriated, are to be used for the operating and administrative expenses of the Corporation.

The section also authorizes up to \$38.8 million to be appropriated through fiscal year 1978 for the implementation of the development plan. Such appropriations are to remain available for expenditure until September 30, 1990. As in the existing Act, this legislation clearly prohibits the use of any Land and Water Conservation Fund monies for any phase of this project.

As recommended, the bill requires the Corporation to undertake the development of the block containing the Willard Hotel as a demonstration area for the plan, including the preservation of the historic facade of the hotel. In giving this block priority attention, it is the intent of this provision to require the Corporation to acquire the Willard Hotel as soon as possible and to promptly commence such actions as are necessary to prevent any further deterioration of the ex-

terior facade of this Washington landmark. The Committee expects the Corporation to develop this block as a model area for the plan. The implementation of this provision of the bill will enable the Committee to get some measure of the accuracy of the cost estimates of the Corporation and should demonstrate to the community and to visitors to the Nation's Capital the scope of the improvements envisioned by the plan. Naturally, the Committee will exercise careful oversight over this phase of the program and will review its progress before considering any further funding needs of the Corporation.

#### COST

The bill as reported by the Committee authorizes not more than \$4,625,000 to be appropriated for the operating expenses of the Corporation through fiscal year 1978; and not more than \$38,800,000 to be appropriated during this same period for the implementation of the plan.

While the Committee recognizes that the total anticipated cost of implementing the plan may ultimately be as much as \$130 million, plus the administrative expenses of the Corporation, the authorization in H.R. 7743—which represents the first phase of that total project cost—is limited to the appropriations needed in the immediate years ahead. It should also be pointed out that private investment in redeveloping this area through the plan is expected to be in excess of \$400 million.

#### BUDGET ACT COMPLIANCE

The anticipated authorized amount for the operating expenses of the Corporation have been included in the Administration budget presented to the Congress for fiscal year 1977. Also included is a requested amount to be appropriated for plan implementation, predicated on passage of the necessary authorizing legislation.

In a report transmitted to the Committee on the Budget by March 15, 1976, the Committee on Interior and Insular Affairs concurs with the budget requests made by the Executive branch for the Pennsylvania Avenue Development Corporation, and notes that H.R. 7743, the necessary authorizing legislation in this case, has been ordered reported within the required time.

Actual outlays during fiscal year 1977 are expected to be well under the authorized level for implementation of the plan, as the Corporation will just be beginning the initial steps to carry the program forward. In any event, all funding requirements for the project, including the anticipated borrowing from the Treasury, will be subject to the budgetary and appropriations process, and it is unlikely that the funds required will have any significant impact on the overall Federal budget in any given fiscal year.

#### INFLATIONARY IMPACT

Sums authorized by H.R. 7743 are not expected to produce any significant impact on the economy since they will be expended over a period of several years. It should be noted that the total estimated cost of some \$130 million for the Federal share of the development plan is planned over a fifteen-year period.

During this same time, it is estimated that over \$400 million in private investment will occur in the redevelopment area. It may be anticipated that most of this private investment would occur in response to market demand for commercial, office, and residential space in the metropolitan area over the next fifteen years in any event. The plan, then, can be viewed as a catalyst to focus private investment on Pennsylvania Avenue itself, rather than artificially creating demand in the Washington area.

#### OVERSIGHT STATEMENT

The oversight hearings held last year were obviously an important part of the consideration of this legislation by the Committee. In addition, a brief review of the financial planning contained in the plan was conducted by the General Accounting Office at the request of the Committee. This review was most useful to members in reviewing the possibilities of additional costs accruing to this project in future years.

In adopting authorizing language only through fiscal year 1978 for this project, the Committee intends to conduct frequent reviews of the programs made under the redevelopment plan. The Committee expects to continue monitoring this project quite closely, particularly in light of its unique character. Under the terms of the parent Act establishing the Corporation, an annual progress report of a detailed and comprehensive nature is required. No recommendations were submitted to the Committee pursuant to Rule X, Clause 2(b)2.

#### COMMITTEE AMENDMENT

The Committee adopted a substitute text for H.R. 7743, incorporating all the changes as previously discussed, including several technical and correcting amendments to the Act.

#### COMMITTEE RECOMMENDATION

On February 5, 1976, after adopting the substitute text, the Committee on Interior and Insular Affairs, meeting in open session, reported H.R. 7743 by voice vote, and recommends that the bill, as amended, be approved.

#### DEPARTMENTAL REPORTS

The favorable report of the Pennsylvania Avenue Development Corporation, dated April 7, 1975, is here printed in full. Immediately following is the communication of the Corporation dated January 26, 1976, transmitting the substitute text to the bill which was adopted, with some modifications, by the Committee:

PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION,  
Washington, D.C., April 7, 1975.

HON. CARL ALBERT,  
Speaker of the House of Representatives,  
Washington, D.C.

DEAR MR. SPEAKER: Transmitted herewith for referral to the appropriate Committee is a draft bill prepared by the Pennsylvania

Avenue Development Corporation "To amend the Pennsylvania Avenue Development Corporation Act of 1972 (Public Law 92-578), as amended". The proposed legislation is designed to authorize appropriations for the operating and administrative expenses of the Corporation for fiscal year 1976, the budget transition period of July 1 through September 30, 1976, and for the succeeding four fiscal years.

The Pennsylvania Avenue Development Corporation was established by Act of Congress on October 27, 1972 to plan and redevelop Pennsylvania Avenue and its northern environs between the Capitol and the White House. The Corporation completed the preparation of a comprehensive development plan and transmitted it to the Senate and the House of Representatives on November 19, 1974. The enabling Act provides that the Corporation may proceed with implementation if neither the House nor the Senate passes a resolution in opposition to the plan within sixty legislative days after transmittal. The period of Congressional review of the Pennsylvania Avenue Plan has almost expired, with no unfavorable action having been taken by either House.

The President's budget for fiscal year 1976 contains an appropriations request of \$1,256,000 for the salaries and expenses of the Corporation. However, the authorization provision in the Corporation's enabling Act is currently insufficient to cover the budget request for the forthcoming fiscal year.

The draft bill would amend the section 17 of the Pennsylvania Avenue Development Corporation Act of 1972 to authorize appropriations necessary for operation and administration of the Corporation, for fiscal year 1976 and for several succeeding fiscal periods.

For the reasons stated above, prompt favorable consideration of the enclosed draft bill is requested.

The Office of Management and Budget has advised that, there is no objection to the submission of this draft legislation and that its enactment would be in accord with the program of the President.

Sincerely,

E. R. QUESADA, *Chairman.*

Enclosure.

A BILL To amend the Pennsylvania Avenue Development Corporation Act of 1972 (Public Law 92-578), as amended

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 17 of the Pennsylvania Avenue Development Corporation Act of 1972 (86 Stat. 1266, as amended, 40 U.S.C. 871), is amended to read as follows:

"Sec. 17. In addition to the sums heretofore appropriated, there are authorized to be appropriated for operating and administrative expenses of the Corporation sums not to exceed \$1,300,000 for the fiscal year ending June 30, 1976; \$325,000 for the period July 1 through September 30, 1976; \$1,500,000 for the fiscal year ending September 30, 1977; and, \$1,600,000, each, for the next three succeeding fiscal years. No appropriations shall be made from the Land and Water Conservation Fund established by the Act of September 3, 1964 (78 Stat. 897, as amended; 16 U.S.C. 4601), to effectuate the purposes of this Act."

PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION,  
Washington, D.C., January 26, 1976.

HON. CARL ALBERT,  
Speaker of the House of Representatives,  
Washington, D.C.

DEAR MR. SPEAKER: Transmitted herewith for referral to the appropriate committee is a draft bill prepared by the Pennsylvania Avenue Development Corporation "To amend the Pennsylvania Avenue Development Corporation Act of 1972 to authorize appropriations and further borrowings for implementation of the development plan for Pennsylvania Avenue between the Capitol and the White House, and for other purposes". The proposed legislation is designed to authorize the capital funding needed to carry out the comprehensive plan for revitalizing the Avenue and its northern environs between Third Street, Northwest, and the Executive Precinct. The draft bill would also update the Corporation's enabling act through minor technical amendments.

The Pennsylvania Avenue Development Corporation was established as a wholly owned instrumentality of the United States by Act of Congress on October 27, 1972. It is vested with powers both to prepare a development plan, and to carry it out by acquiring and managing property, regulating development, and undertaking projects for public improvements. After completing preparation of the "Pennsylvania Avenue Plan—1974", the Corporation submitted it with supporting documents to Congress for review. The plan was approved effective May 19, 1975.

In summary, the draft bill would amend the Pennsylvania Avenue Development Corporation Act of 1972 (Pub. L. 92-578, 86 Stat. 1266, as amended) in the following ways: (1) The provision of section 6 which authorizes borrowings from the United States Treasury would be amended to increase the debt limit from \$50 million to \$200 million and, the period during which the Corporation may borrow would be revised to terminate at the end of fiscal year 1990, rather than 1980; (2) A new paragraph would also be inserted in section 6 to authorize the Corporation to make construction loans; (3) A new paragraph would be added to section 17 to authorize the appropriation of up to \$130 million to carry out public development activities and projects in accordance with the development plan; and (4) Several minor amendments would be made in the PADC Act to reflect organizational changes in the local government under the District of Columbia Home Rule Act of 1973. Specifically: references to the Commissioner of the District of Columbia would be changed to references to the Mayor of the District of Columbia; reference to the Chairman of the District of Columbia Redevelopment Land Agency would be changed to reference to the Director of the District of Columbia Department of Housing and Community Development; and, references to the Redevelopment Land Agency would be deleted.

A comprehensive section-by-section analysis of the enclosed proposed legislation will be forwarded shortly, under separate cover.

The authorizations proposed in this draft bill are necessary to allow full capital funding of the Pennsylvania Avenue Plan, including the

requests made in the President's Budget for Fiscal Year 1977. The proposed legislation would have no budgetary impact on Fiscal Years 1975 and 1976 and the period July, 1976 through September 30, 1976. If enacted, the proposed legislation would result in the following net outlays (figures in thousands):

Fiscal year:	
1977	\$24, 885
1978	28, 847
1979	35, 213
1980	25, 819
1981	30, 870

The Office of Management and Budget has advised that, there is no objection to the submission of this draft legislation and that its enactment would be in accord with the program of the President.

Sincerely,

E. R. QUESADA, *Chairman.*

Enclosures.

A BILL To amend the Pennsylvania Avenue Development Corporation Act of 1972 to authorize appropriations and further borrowings for implementation of the development plan for Pennsylvania Avenue between the Capitol and the White House, and for other purposes.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Pennsylvania Avenue Development Corporation Act of 1972 (86 Stat. 1266, as amended, 40 U.S.C. 871), is amended further as follows:*

1. By striking the following:

(a) in paragraph (c) of section 3: "(6) The Commissioner of the District of Columbia;" and by substituting in lieu thereof "(6) The Mayor of the District of Columbia;"; and by inserting "The Mayor" in lieu of "The Commissioner" of the District of Columbia, wherever it occurs in this Act;

(b) in paragraph (g) of section 3: "(8) The Chairman of the District of Columbia Redevelopment Land Agency." and by inserting in lieu thereof "(8) The Director of the District of Columbia Department of Housing and Community Development";

(c) in paragraph (a) of section 4: "subchapter 53" and by inserting in lieu thereof "subchapter III of Chapter 53";

(d) in paragraph (f) of section 5: "The District of Columbia government, and the District of Columbia Redevelopment Land Agency." and by inserting in lieu thereof "and the District of Columbia government.";

(e) in paragraph (b) of section 8: "Redevelopment Land Agency" wherever it occurs and by inserting in lieu thereof "government".

2. By striking in paragraph (10) of section 6 the figure "\$50,000,000" and inserting in lieu thereof "\$200,000,000"; and, by striking in that paragraph the date "June 3, 1980" and inserting in lieu thereof "September 30, 1990".

3. By striking paragraph (9) of section 6 and redesignating paragraph (10) of that section to be paragraph (9); and, by inserting the following new paragraph:

"(10) may make construction loans to approved applicants undertaking projects in accordance with the development plan. As used in this paragraph, eligible applicants are private corporations, companies, associations, firms, partnerships or other private entities who provide, in a manner and to an extent satisfactory to the Corporation, economically feasible plans for development and permanent financing, and evidence of management capacity and financial responsibility, adequate to execute such plans within estimated costs. No loan shall be made unless the Corporation finds that financing is not otherwise available to the applicant on reasonable terms or conditions, including sufficient assistance from other Federal programs, to participate in the project under consideration. Loans may be made by the Corporation after the applicant has submitted, and the Corporation has considered, such information as the Corporation shall require to determine whether or not the loan would meet the purposes of this Act and the requirements of this paragraph. Loan agreements shall be structured to assure a minimum net equity investment by any approved applicant of at least twenty percent of total project costs throughout the period preceding permanent financing. The Corporation shall: (i) take into account good commercial practice in making loans, and shall include in any loan agreement terms and conditions necessary to prudently secure the principal and interest; (ii) not disperse funds for a loan until it finds that the applicant has obtained a commitment of permanent financing for the project; and (iii) take no less than the first lien, or a participation with another lender in a first lien, as security for any loan. The Corporation may sell construction loans with the approval of the Secretary of the Treasury. Loans shall be for periods not exceeding the construction period or five years, whichever is less, and shall bear interest not less than the cost of the money to the Corporation, plus an amount sufficient in the judgment of the Corporation to cover costs of administration and probable losses under this paragraph. The Corporation, for good and sufficient reasons, may extend the period of a loan for up to two years beyond the maximum specified of five years. The total of any loans made and commitments to lend under this paragraph in any fiscal year shall not exceed limitations specified in annual appropriation acts. At no time shall the aggregate principal amount of construction loans outstanding exceed \$50,000,000."

4. By striking section 13, and by inserting the following new section:

"Sec. 13. (a) There is hereby created within the Treasury of the United States the "Pennsylvania Avenue Development Fund" (hereinafter referred to as "the fund") which shall be available to the Corporation without fiscal year limitation

through September 30, 1990, as a revolving fund for the purposes of this Act. All amounts borrowed from the Treasury of the United States under section 6(9), and all appropriations made under authorizations in this Act, except amounts appropriated for operating and administrative expenses of the Corporation under Section 17(a), shall provide capital for the fund and shall be deposited in the fund; and, balances of all such appropriations heretofore enacted shall be transferred to the fund. All amounts received by the Corporation including recoveries of loan principal from repayments, sales of loans, of liquidation of forfeited collateral; interest payments, fees; and, any other moneys, property or assets derived by the Corporation from its operations under this Act shall be deposited in the fund. A business-type budget for the fund shall be prepared annually, transmitted to the Congress, considered, and enacted in the manner prescribed by law (sections 102, 103, and 104 of the Government Corporation Control Act (31 U.S.C. 847-849)).

(b) All loans, repayments, and expenses, including reimbursements to other government accounts, arising from the operations of the Corporation shall be paid from the fund. In addition to funds available under authorizations in this Act, the Corporation is authorized to use to carry out the purposes and requirements of this Act, including the payment of interest to the Treasury, as specified, all funds and other assets which have been or may hereafter be transferred to, allocated to, or otherwise acquired by it. From time to time, and at least at the close of each fiscal year, the Corporation shall pay from the fund into the Treasury as miscellaneous receipts interest on the cumulative amounts available as capital to the fund under section 6, paragraph 9 of this Act, less the average undisbursed cash balance of such appropriations during the year. The rate of interest shall be determined by the Secretary of the Treasury pursuant to section 6, paragraph 9 of this Act. If at any time the Corporation determines that moneys in the fund exceed the present and any anticipated requirements of the fund, such excess will be transferred to the general fund of the Treasury and be considered first, as repayment of amounts made available under the provisions of Section 6, paragraph 9."

5. By inserting "(a)" immediately after "Sec. 17." and by adding at the end of section 17 the following:

"(b) To carry out public development activities and projects in accordance with the development plan approved under section 5 of this Act; there are authorized to be appropriated to the Corporation sums not to exceed \$130,000,000, to remain available without fiscal year limitation through September 30, 1990"

#### CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted

is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

ACT OF OCTOBER 27, 1972 (86 STAT. 1266, AS AMENDED, 40 U.S.C. 871)

\* \* \* \* \*

SEC. 3. (a) There is hereby created a body corporate to be known as the Pennsylvania Avenue Development Corporation (hereinafter referred to as the "Corporation").

(b) The Corporation shall be dissolved upon completion, as determined by the Board of Directors, of its implementation of the development plan provided for in section 5 of this Act. Upon dissolution, assets remaining after all the obligations and indebtedness of the Corporation has been fulfilled and paid or satisfied shall be the assets of the United States.

(c) The powers and management of the Corporation shall be vested in a Board of Directors consisting of fifteen members, as follows:

- (1) The Secretary of the Interior;
- (2) The Secretary of the Treasury;
- (3) The Secretary of Housing and Urban Development;
- (4) The Secretary of Transportation;
- (5) The Administrator of General Services;

[(6) The Commissioner] (6) *The Mayor* of the District of Columbia;

(7) The Chairman, District of Columbia Council; and

(8) Eight, at least four of whom shall be residents and who are registered voters of the District of Columbia, appointed by the President from private life, who shall have knowledge and experience in one or more fields of history, architecture, city planning, retailing, real estate, construction, or government.

(d) Each member of the Board of Directors specified in paragraphs (1) through (7) of subsection (c) may designate another official to serve on the Board in his stead if unable to serve in person.

(e) Each member of the Board of Directors appointed under paragraph (8) of subsection (c) shall serve for a term of six years from the expiration of his predecessor's term; except that (1) any Director appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and (2) the terms of office of the Directors first taking office shall begin on the date of the enactment of this Act, and shall expire as designated at the time of appointment, two at the end of two years, two at the end of four years, and four at the end of six years. A director may continue to serve until his successor has qualified.

(f) The President shall designate a Chairman and a Vice Chairman from among the members of the Board of Directors, chosen from private life.

(g) The Chairman, upon his appointment, shall invite to serve on the Board of Directors as nonvoting members the following:

- (1) The Chairman of the Commission of Fine Arts;
- (2) The Chairman of the National Capital Planning Commission;
- (3) The Secretary of the Smithsonian Institution;

(4) The Director of the National Gallery of Art;

(5) The Architect of the Capitol;

(6) The Archivist of the United States;

(7) The Chairman of the District of Columbia, Commission on the Arts; and

[(8) The Chairman of the District of Columbia Redevelopment Land Agency.] (8) *The Director of the District of Columbia Department of Housing and Community Development.*

(h) Members of the Board of Directors who are officers or employees of the Federal or District of Columbia government shall receive no additional compensation by virtue of their membership on the Board. Other members of the Board, when engaged in the activities of the Corporation, shall be entitled to receive compensation at the daily equivalent of the rate for GS-18 of the General Schedule, and travel expenses, including per diem in lieu of subsistence, as authorized by law (5 U.S.C. 5703(b)-(d) and 5707) for persons in the Government service employed intermittently.

(i) The Board of Directors shall meet at the call of the Chairman, who shall require it to meet not less often than once each three months. A majority of the voting members of the Board of Directors (or their designated alternates) shall constitute a quorum.

(j) There shall be established a nonvoting Advisory Board of seven members appointed by the Chairman from among tenants and owners of real property within the development area. The Advisory Board shall meet at least twice annually with the Board of Directors, and shall otherwise offer such advice and assistance as may be of benefit to the Board of Directors during preparation of the development plan.

Sec. 4 (a) The Board of Directors shall have the power to appoint and fix the compensation and duties of the Executive Director and such other officers and employees of the Corporation as may be necessary for the efficient administration of the Corporation; the Executive Director and two other officers of the Corporation may be appointed and compensated without regard to the provisions of title 5 of the United States Code governing appointments in the competitive service and chapter 51 and [subchapter 53] *subchapter III of Chapter 53* of title 5 of the United States Code.

(b) The Board of Directors is authorized to procure the temporary (not in excess of one year) or intermittent services of city planners, architects, engineers, appraisers, and other experts or consultants or organizations thereof in accordance with section 3109 of title 5, United States Code, but at rates for individuals not in excess of the rate in effect for grade GS-18 of the General Schedule.

(c) Administrative services shall be provided by the General Services Administration on a reimbursable basis.

SEC. 5. (a) The development plan for the development area shall include, but not be limited to: (1) the types of uses, both public and private, to be permitted; (2) criteria for the design and appearance of buildings, facilities, open spaces, and other improvement; (3) an estimate of the current values of all properties to be acquired; (4) an estimate of the relocation costs which would be incurred in carrying out the provision of section 8 of the Act; (5) an estimate of the cost of land preparation for all properties to be acquired; (6) an estimate

of the reuse values of the properties to be acquired; (7) a program for the staging of a proposed development, including a detailed description of the portion of the program to be scheduled for completion by 1976; (8) a determination of the marketability of such development; (9) an estimate of the development costs, both public and private; (10) a thorough study of the economic impact of such development, including the impact on the local tax base, the metropolitan area as whole, and the existing business activities within the development area; and (11) the procedures (including both interim and long-term arrangements) to be used in carrying out and insuring continuing conformance to the development plan.

(b) The development plan provided for in subsection (a) shall be prepared with the Cooperation of the Department of the Interior, the General Services Administration, and the District of Columbia government with the maximum feasible use of their staffs and other resources on a reimbursable basis by the Corporation.

(c) After the development plan has been completed and approved by the Board of Directors of the Corporation, it shall be submitted to the Secretary of the Interior and the [Commissioner] Mayor of the District of Columbia. The Secretary of the Interior, within ninety days, shall notify the Corporation of his approval or recommended modifications from the standpoint of the compatibility of the plan with his responsibilities for the administration protection, and development of the areas within the Pennsylvania Avenue National Historic Site. The [Commissioner] Mayor of the District of Columbia, within ninety days, shall consult with the National Capital Planning Commission, shall hold public hearings on the plan, and shall notify the Corporation of his approval or recommended modifications: *Provided*, That in the event that the Secretary of the Interior or the [Commissioner] Mayor of the District of Columbia has not notified the Corporation of his approval or recommended modifications of the plan within ninety days after the date of submission, he shall be deemed to have approved the plan.

(d) In the event the Secretary of the Interior or the [Commissioner] Mayor of the District of Columbia has recommended modifications of the plan, the Corporation within one hundred and twenty days of the original submission of the plan shall consult with them regarding such modifications and shall prepare a development plan which shall be transmitted to the President of the Senate and the Speaker of the House of Representatives.

If the Secretary of the Interior or the [Commissioner] Mayor of the District of Columbia has not approved the development plan, the transmittal shall include a specification of the areas of difference, the modifications suggested by the Secretary of the Interior or the [Commissioner] Mayor of the District of Columbia and the views of the Corporation thereon. Following the expiration of sixty legislative days after the date of such transmittal the Corporation may proceed with the execution and implementation of the plan unless between the date of transmittal and the end of the sixty legislative day period, either the Senate or House of Representatives passes a resolution in opposition to the development plan.

(e) Activities under the development plan shall be carried out in accordance with the approved development plan. The Corporation

may alter, revise, or amend the plan, but any such alteration, revision or amendment which is a substantial change from the approved development plan shall take effect only upon compliance with the procedures set forth in subsections (c) and (d) of this section. For the purposes of this subsection, the term "substantial change" shall mean one involving a major alteration in the character or intensity of an existing or proposed use in the development area which in the opinion of the Corporation causes an increase or decrease of 10 per centum or more of the dollar amount of the estimate prepared in accordance with subsection (a) (9) of this section, or one which, in the opinion of the Secretary of the Interior, affects his responsibilities for the administration, protection, and development of the areas within the Pennsylvania Avenue National Historic Site.

(f) To avoid duplication and unnecessary expense the Corporation shall, to the maximum feasible extent in conducting its operations, utilize the services and facilities of other agencies, including the Department of the Interior, General Services Administration, the National Capital Planning Commission, [the District of Columbia government, and the District of Columbia Redevelopment Land Agency.] and the District of Columbia government.

SEC. 6. In carrying out its powers and duties, the Corporation—

(1) shall have all necessary and proper powers for the exercise of the authorities vested in it;

(2) shall have succession in its corporate name;

(3) may adopt and use a corporate seal which shall be judicially noticed;

(4) may sue and be sued in its corporate name. All litigation arising out of the activities of the Corporation shall be conducted by the Attorney General;

(5) may adopt, amend, and repeal bylaws, rules, and regulations governing the manner in which its business may be conducted and the powers vested in it may be exercised;

(6) may acquire lands, improvements, and properties within the development area by purchase, lease, donation, or exchange; may hold, maintain, use, or operate such properties; may sell, lease, or otherwise dispose of such real and personal property and any interest therein as the Corporation deems necessary to carry out the development plan; or may lease, repurchase, or otherwise acquire and hold any property which the Corporation has theretofore sold, leased, conveyed, transferred, or otherwise disposed of: *Provided*, That condemnation proceedings for the acquisition of real property (including interests therein), which may be necessary or appropriate in order to carry out the development plan, shall be conducted in accordance with the procedural provisions of chapter 13, subchapter IV, of title 16 of the District of Columbia Code: *Provided further*, That prior to acquiring any residential property there shall be a finding of assurance of adequate replacement housing consonant with the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (84 Stat. 1894);

(7) may enter into and perform such contracts, leases, cooperative agreements, or other transactions with any agency or

instrumentality of the United States, the several States, or the District of Columbia or with any person, firm, association, or corporation (including agreements with private utility companies with respect to the relocation of utility lines and other facilities in the development area) as may be deemed necessary or appropriate to the conduct of activities authorized under this Act;

(8) may establish (through covenants, regulations, agreements, or otherwise) such restrictions, standards, and requirements as are necessary to assure development, maintenance, and protection of the development area in accordance with the development plan;

[(9)] shall seek authority from the Congress to borrow money by issuing marketable obligations, after obtaining proposals from at least three private financial analysts on the feasibility of private versus public financing of the Corporation, which proposals shall be transmitted to the Congress with the development plan as provided in section 5 of this Act.]

[(10)] (9) may borrow from the Treasury of the United States in such amounts as may be authorized in appropriation Acts, but not to exceed [">\$50,000,000" ] \$200,000,000. Such borrowings from the Treasury shall have such maturities, terms, and conditions as may be agreed upon by the Corporation and the Secretary of the Treasury, but the maturities may not be in excess of forty years, and such borrowings may be redeemable at the option of the Corporation before maturity. Such borrowings shall bear interest at a rate determined by the Secretary of the Treasury taking into consideration the average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the obligations of the Corporation. The interest payments on such obligations may be deferred with the approval of the Secretary of the Treasury but any interest payment so deferred shall bear interest. Said obligations shall be issued in amounts and at prices approved by the Secretary of the Treasury. The authority of the Corporation to issue obligations hereunder shall expire [June 3, 1980] September 30, 1990, except that obligations may be issued at any time after the expiration of said period to provide funds necessary for the performance of any contract entered into by the Corporation, prior to the expiration of said period. The Secretary of the Treasury is authorized and directed to purchase any obligations of the Corporation to be issued under this paragraph and for such purpose the Secretary of the Treasury is authorized to use as public debt transaction of the United States the proceeds from the sale of any securities issued under the Second Liberty Loan Bond Act, as amended, and the purposes for which securities may be issued under the Second Liberty Loan Bond Act, as amended, are extended to include any purchase of the Corporation's obligations under this paragraph;

(10) may make construction loans to approved applicants undertaking projects in accordance with the development plan. As used in this paragraph, eligible applicants are private corporations, companies, associations, firms, partnerships, or other private entities who provide, in a manner and to an extent satisfactory

to the Corporation, economically feasible plans for development and permanent financing, and evidence of management capacity and financial responsibility, adequate to execute such plans within estimated costs. No loan shall be made unless the Corporation finds that financing is not otherwise available to the applicant on reasonable terms or conditions, including sufficient assistance from other Federal programs, to participate in the project under consideration. Loans may be made by the Corporation after the applicant has submitted, and the Corporation has considered, such information as the Corporation shall require to determine whether or not the loan would meet the purposes of this Act and the requirements of this paragraph. Loan agreements shall be structured to assure a minimum net equity investment by any approved applicant of at least twenty percent of total project costs throughout the period preceding permanent financing. The Corporation shall: (i) take into account good commercial practice in making loans, and shall include in any loan agreement terms and conditions necessary to prudently secure the principal and interest; (ii) not disperse funds for a loan until it finds that the applicant has obtained a commitment of permanent financing for the project; and (iii) take no less than the first lien, or a participation with another lender in a first lien, as security for any loan. The Corporation may sell construction loans with the approval of the Secretary of the Treasury. Loans shall be for periods not exceeding the construction period or five years, whichever is less, and shall bear interest not less than the cost of the money to the Corporation, plus an amount sufficient in the judgment of the Corporation to cover costs of administration and probable losses under this paragraph. The Corporation, for good and sufficient reasons, may extend the period of a loan for up to two years beyond the maximum specified of five years. The total of any loans made and commitments to lend under this paragraph in any fiscal year shall not exceed limitations specified in annual appropriation acts. At no time shall the aggregate principal amount of construction loans outstanding exceed \$50,000,000. Prior to the transfer of any title to property owned by the Corporation, the Corporation shall report such proposed transfer to the Committees on Interior and Insular Affairs of the Senate and House of Representatives of the United States. If within sixty calendar days, either the Senate or House of Representatives adopts a resolution disapproving such transfer, the Corporation shall not proceed to execute any such deed or document transferring such title.

(11) may invest any funds held in reserve or sinking funds, or any moneys not required for immediate use or disbursement, with the approval of the Secretary of the Treasury, in obligations of the United States Government, or obligations the principal and interest of which are guaranteed by the United States Government: *Provided*, That this authority shall not extend to moneys obtained by borrowing from the Government or through appropriations to the Corporation;

(12) may procure insurance against any loss in connection with its property and other assets and operations;

(13) may contract for and accept any gifts or grants or property or financial or other aid in any form from the Federal Government or any agency or instrumentality thereof, or from any State or any agency or instrumentality thereof, or from any source, and comply subject to the provisions of this Act, with the terms and conditions thereof;

(14) may determine the character of and necessity for its obligations and expenditures, and the manner in which they shall be incurred, allowed, and paid, subject to provisions and laws specifically applicable to wholly owned Government corporations;

(15) may prepare or cause to be prepared plans, specifications, designs, and estimates of cost for the construction, reconstruction, rehabilitation, improvement, alteration, or repair of any project, and from time to time may modify such plans, specifications, designs, or estimates;

(16) may acquire, construct, reconstruct, rehabilitate, improve, alter, or repair or provide for the construction, reconstruction, improvement, alteration, or repair of any project;

(17) may grant options to purchase any project or may renew any leases entered into by it in connection with any of its projects, on such terms and conditions as it may deem advisable;

(18) may manage any project, owned or leased by the Corporation, and may enter into agreements with the District of Columbia government or any agency or instrumentality thereof, or with any person, firm, partnership, or corporation, either public or private, for the purpose of causing any such project to be managed;

(19) may utilize or employ the services of personnel of any agency or instrumentality of the Federal Government or of the District of Columbia, with the consent of the agency or instrumentality of the Federal Government or of the District of Columbia, with the consent of the agency or instrumentality concerned, upon a reimbursable basis, or utilize voluntary or uncompensated personnel;

(20) shall publish and disseminate information and make known to potential users, by advertisement, solicitation, or other means, the availability for development of lands in the development area;

(21) may execute all instruments necessary or appropriate in the exercise of any of its functions under this Act, and may delegate to members of the Board or the Executive Director such of its powers and responsibilities as it deems appropriate and useful for the administration of the Corporation; and

(22) shall be entitled to the use of the United States mails in the same manner as the executive departments of the Government, and shall have all the rights, privileges, and immunities of the United States with respect to debts due from insolvent, deceased, or bankrupt debtors.

\* \* \* \* \*

SEC. 8. (a) The title to any real property (or interest therein) acquired under the authority of this Act shall be taken by and in the name of the Corporation and proceedings for condemnation or other

acquisition of property shall be brought by and in the name of the Corporation.

(b) In the administration of a relocation program or programs pursuant to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, the Corporation may utilize the services of the District of Columbia [Redevelopment Land Agency] government. Costs of such services shall be reimbursed by the Corporation to the District of Columbia [Redevelopment Land Agency] government.

(c) All relocation services performed by or on behalf of the Corporation shall be coordinated with the District of Columbia's central relocation programs.

(d) Owners and tenants of real property whose residence, or retail, wholesale, service or other business is terminated as a result of acquisitions made pursuant to this Act shall be granted a preferential right to lease or purchase from the Corporation or its agent such like real property as may become available for a similar use upon implementation of the development plan. Any such preferential right shall be limited to the parties in interest and shall not be transferable or assignable.

\* \* \* \* \*  
 [SEC. 13. The Corporation is authorized to use in the conduct of its business all its funds and other assets and all funds and other assets which have been or may hereafter be transferred to, allocated to, borrowed by, or otherwise acquired by it.]

Sec. 13. (a) There is hereby created within the Treasury of the United States the "Pennsylvania Avenue Development Fund" (hereinafter referred to as "the fund") which shall be available to the Corporation without fiscal year limitation through September 30, 1990, as a revolving fund for the purposes of this Act. All amounts borrowed from the Treasury of the United States under section 6(9), and all appropriations made under authorizations in this Act, except amounts appropriated for operating and administrative expenses of the Corporation under Section 17(a), shall provide capital for the fund and shall be deposited in the fund; and, balances of all such appropriations heretofore enacted shall be transferred to the fund. All amounts received by the Corporation including recoveries of loan principal from repayments, sales of loans, of liquidation of forfeited collateral; interest payments, fees; and, any other moneys, property or assets derived by the Corporation from its operations under this Act shall be deposited in the fund. A business-type budget for the fund shall be prepared annually, transmitted to the Congress, considered, and enacted in the manner prescribed by law (sections 102, 103, and 104 of the Government Corporation Control Act (31 U.S.C. 847-849)).

(b) All loans, repayments, and expenses, including reimbursements to other government accounts, arising from the operations of the Corporation shall be paid from the fund. In addition to funds available under authorizations in this Act, the Corporation is authorized to use to carry out the purposes and requirements of this Act, including the payment of interest to the Treasury, as specified, all funds and other assets which have been or may hereafter be transferred to, allocated to, or otherwise acquired by it. From time to time, and at least at the close



of each fiscal year, the Corporation shall pay from the fund into the Treasury as miscellaneous receipts interest on the cumulative amounts available as capital to the fund under section 6, paragraph 9 of this Act. If at any time the Corporation determines that moneys in the fund exceed the present and any anticipated requirements of the fund, such excess will be transferred to the general fund of the Treasury and be considered first, as repayment of amounts made available under the provisions of Section 6, paragraph 9.

[SEC. 17. There are hereby authorized to be appropriated not to exceed \$1,750,000 for the operating and administrative expenses of the Corporation and for the development of the plan to be prepared pursuant to section 5 of this Act. No appropriations shall be made from the Land and Water Conservation Fund established by the Act of September 3, 1964 (78 Stat. 897, as amended, 16 U.S.C. 4601), to effectuate the purposes of this Act.]

Sec. 17. (a) In addition to the sums heretofore appropriated, there are authorized to be appropriated for operating and administrative expenses of the Corporation sums not to exceed \$1,300,000 for the fiscal year ending June 30, 1976; \$325,000 for the period July 1 through September 30, 1976; and \$1,500,000 each, for the fiscal years ending September 30, 1977, and September 30, 1978.

(b) To commence implementation of the development plan authorized by section 5 of this Act, there are authorized to be appropriated to the Corporation through the fiscal years ending September 30, 1978, \$38,800,000, to remain available without fiscal year limitation through September 30, 1990: Provided, That appropriations made under the authority of this paragraph shall include insufficient funds to assure the development of square 225 as a demonstration area for the development plan, and shall assure the preservation of the structure now located on square 255 known as the Willard Hotel and its historic facade. No appropriations shall be made from the Land and Water Conservation Fund established by the Act of September 30, 1964 (78 Stat. 897, as amended, 16 U.S.C. 4601), to effectuate the purposes of this Act.

## DISSENTING VIEWS

We believe the judgment of the majority of the committee in authorizing unnecessary Federal spending for renovating Pennsylvania Avenue is unjustifiable. While it is desirable to beautify our Nation's Capital by developing the blighted north side of this historic thoroughfare, implementing this goal by the expenditure of Federal funds would amount to superfluous excess.

The Pennsylvania Avenue Development Corporation estimates that at least \$180 million in direct appropriations and \$200 million in borrowing authority will be required to finance Federal development. In light of a projected fiscal year 1976 deficit of \$76 billion and a fiscal year 1977 budget estimate showing a deficit of \$43 billion, this is irresponsible spending. The President's budget calls for \$45 billion just to pay interest on the Federal debt in 1977. This is a time to set an example of fiscal responsibility, not begin another endless funding project.

In addition, there is no assurance that any major financial commitment to this project will not create another bottomless pit into which we pour taxpayer dollars. We need not look too far to see examples of budget-breaking construction overruns in our capital. The Kennedy Center for the Performing Arts was estimated to cost \$46 million before construction in 1964; today expenditures have already soared to \$73 million—double the original amount and the books are still not closed. The National Visitors Center was originally estimated to cost only \$16 million. The most recent figures reveal \$48.3 million as the current estimate to complete the Center—almost three times the initial sum and in this case there have been cut-backs in the original design. So for about three times the money, the taxpayers will get less than they first bargained for. Washington's Metro transit system began with a \$2.5 billion estimate in 1969. By 1974, this had risen to \$4.5 billion and that is no where near the ceiling today. This program would like to start with \$130 million. Where will it end? The faintest whisper could cause another funding landslide.

The reason that this added expense is so falacious is that the private sector can and would accomplish the same goal with little or no federal funds. Subcommittee hearing revealed the willingness of private businesses to develop the area. It was disclosed that Sky-Chef, an American Airlines subsidiary, made efforts to lease or buy and refurbish the historic Willard Hotel, but the deal fell through when the Willard's owners could not guarantee that the government would not condemn the building.

The Presidential Building, located at 12th and Pennsylvania, is the only substantial new private structure that has been built on the avenue in recent years. This beautiful building, erected in substantial compliance with the basic plan already adopted by the Pennsylvania Avenue Development Corporation, is demonstrable proof of what private enterprise can do without heavy federal outlays.

The basic reason that Pennsylvania Avenue is an eyesore in the first place is that the cloud of federal involvement has hindered investment in the area for 14 years. It would be hypocritical indeed, in this Bicentennial year to not rely upon the private enterprize system to beneficially invest in what is probably the grandest street in America. What profitable business would not want a lot on Pennsylvania Avenue? Obviously, the need for Federal money is minimal.

There are already in existence authorities which could oversee these private improvements to insure that they remain faithful to the dignity which should characterize our capital, such as the National Capital Planning Commission and the National Capital Parks Service. The taxpaying American public does not now need to spend more money to fund the activities of another Federal agency overseeing the sound development of our Nation's Capital.

In summary, this is a Federal program that could be cut without harming anyone because private investors would quickly accomplish the same worthy goal that would require millions of Federal dollars. Pennsylvania Avenue should become a showcase for American values, accordingly, renovation should happen under the American system of free enterprize—not by costly government intervention.

VIRGINIA SMITH.

SAM STEIGER.

STEVEN SYMMS.

ROBERT LAGOMARSINO.

MANUEL LUJAN.

HAROLD RUNNELS.

○

AMENDING THE PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION ACT OF 1972 (PUBLIC LAW 92-578), AS AMENDED

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JUNE 14, 1976.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. HALEY, from the Committee on Interior and Insular Affairs, submitted the following

SUPPLEMENTAL REPORT

together with

DISSENTING VIEWS

[To accompany H.R. 7743]

And including Congressional Budget Office cost estimate

The Committee on Interior and Insular Affairs, to whom was referred the bill (H.R. 7743) to amend the Pennsylvania Avenue Development Corporation Act of 1972 (Public Law 92-578), as amended, having heretofore reported favorably thereon with an amendment, submit the following supplemental report to include a substitute amendment and recommend that the bill as so amended do pass.

The substitute amendment is as follows:

That section 17 of the Pennsylvania Avenue Development Corporation Act of 1972 (86 Stat. 1266) as amended (40 U.S.C. 885), is further amended to read as follows:

“Sec. 17. (a) In addition to the sums heretofore appropriated, there are authorized to be appropriated for operating and administrative expenses of the Corporation sums not to exceed \$1,800,000 for the fiscal year ending June 30, 1976; \$325,000 for the period July 1 through September 30, 1976; and \$1,500,000 each, for the fiscal years ending September 30, 1977, and September 30, 1978.

“(b) To commence implementation of the development plan authorized by section 5 of this Act, there are authorized to be appropriated to the Corporation through the fiscal years ending September 30, 1978, \$38,800,000, to remain avail-

able without fiscal year limitation through September 30, 1990: *Provided*, That appropriations made under the authority of this paragraph shall include sufficient funds to assure the development of square 225 as a demonstration area for the development plan, and shall assure the preservation of the structure now located on square 225 known as the Willard Hotel and its historic facade. No appropriations shall be made from the Land and Water Conservation Fund established by the Act of September 30, 1964 (78 Stat. 897, as amended, 16 U.S.C. 4601), to effectuate the purposes of this Act."

Subsequent to filing its report on the bill (H.R. 7743)<sup>1</sup> to amend the Pennsylvania Avenue Development Corporation Act of 1972, the Committee on Interior and Insular Affairs reconsidered its recommendation and approved a revised amendment.

#### EXPLANATION OF COMMITTEE AMENDMENT

As now recommended by the Committee on Interior and Insular Affairs, the new substitute text:

Authorizes the appropriation of funds necessary for the continued operating and administrative expenses of the Pennsylvania Avenue Development Corporation created by Congress;

Authorizes the appropriation of funds to commence the implementation of the development plan pursuant to the Act; and

Directs that the historic facade of the Willard Hotel be preserved and that it become a demonstration area for the development plan.

#### DIFFERENCES FROM PRIOR COMMITTEE AMENDMENT

The Committee on Interior and Insular Affairs considered the recommendations of the Administration which were transmitted to the Speaker on April 7, 1975, and on January 26, 1976 (see House Rept. 94-484, pp. 8-13). As a result of its deliberations, the Committee approved all of the substantive elements of the proposal and recommended the bill to the House in amended form. Subsequently, the measure was taken to the Floor, but the House failed to suspend the Rules and pass the bill by a vote of 149 yeas to 201 nays on March 15, 1976. After the vote, although the debate was not extensive, many Members indicated their concerns with respect to various features of the measure, but indicated a general approval of the objective of the legislation, viz. to rehabilitate and restore Pennsylvania Avenue as the Nation's most important ceremonial street. To this end the Committee reconsidered the issue and approved the new Committee amendment by a vote of 28 yeas to 5 nays, thus eliminating the features of the bill which appear to be the objects of greatest concern.

The present amendment proposed by the Committee:

(1) Does not increase the borrowing authority of the corporation, thus eliminating objections to the original recommendation that the borrowing authority be increased from \$50 million to \$200 million;

<sup>1</sup> House Report No. 94-894, filed Mar. 12, 1976.

(2) Does not authorize construction loans in relation to the borrowing authority, thus eliminating objections that such authorization could interfere with competition for financing improvements through private financial institutions;

(3) Does not establish a revolving fund, thus eliminating any possibility that expenditures by the Corporation will not be subject to usual budgetary and appropriation procedures; and

(4) Does not make the numerous technical changes in the basic Act contained in the original Committee amendment, thus eliminating what seemed to be complicating and confusing provisions in the original Committee amendment.

As now recommended by the Committee on Interior and Insular Affairs, H.R. 7743 authorizes a total of \$4,625,000 for the operating and administrative expenses of the Pennsylvania Avenue Development Corporation (a federally chartered, nonprofit corporation) for fiscal years 1976, 1977, and 1978 and \$38,800,000 to commence the implementation of the Pennsylvania Avenue Plan for fiscal years 1977 and 1978. This authorization is subject to the usual appropriation process. Unlike the earlier recommendation, the present Committee amendment does not include the provision increasing the borrowing authority of the Corporation to \$200 million.

#### CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

The letter, dated January 28, 1976, from the Congressional Budget Office, together with the cost estimate follows:

CONGRESS OF THE UNITED STATES,  
CONGRESSIONAL BUDGET OFFICE,  
Washington, D.C., January 28, 1976.

HON. JAMES A. HALEY,  
Chairman, Committee on Interior and Insular Affairs, U.S. House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the attached cost estimate for H.R. 7743, a bill to amend the Pennsylvania Avenue Development Corporation Act of 1972 to authorize the appropriation of funds for operation and administration in fiscal year 1976, the transition quarter and each year from fiscal year 1977 through 1980.

Should the Committee so desire, we would be pleased to provide further details on the attached cost estimate.

Sincerely,

ALICE M. RIVLIN, Director.

Attachment.

#### CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: H.R. 7743.
2. Bill title: To amend the Pennsylvania Avenue Development Corporation Act of 1972 (P.L. 92-578); as amended.
3. Purpose of bill: This bill authorizes the appropriation of funds for the operation and administration of the Pennsylvania Avenue

Development Corporation in fiscal year 1976, the transition quarter and each year from fiscal year 1977 through fiscal year 1980. The previous authorization for operating and administrative expenses lapsed with the acceptance of the Pennsylvania Avenue Comprehensive Development Plan on May 19, 1975 by Congress (upon the expiration of the statutory review period). This bill is an authorization and does not directly provide budget authority. Actual funding is subject to appropriations action.

4. Budget impact (dollars in thousands) :

<i>Authorization amounts</i>	
Fiscal year : .....	<sup>1</sup> 1,300
Transitional quarter .....	<sup>1</sup> 325
Fiscal year :	
1977 .....	1,500
1978 .....	1,600
1979 .....	1,600
1980 .....	1,600

<sup>1</sup>The Interior and Related Agencies Appropriations Act of 1976 provided \$824,000 for FY 1976 and \$218,000 for the transition quarter in anticipation of reauthorization.

5. Basis for estimate: This estimate is based on the authorization level stated in H.R. 7743.

6. Estimate comparison: Not applicable.

7. Previous CBO estimate: Not applicable.

8. Estimate prepared by: Roger C. Faxon (225-4972).

9. Estimate approved by:

JAMES L. BLUM,  
*Assistant Director for Budget Analysis.*

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman) :

ACT OF OCTOBER 27, 1972 (86 STAT. 1266, AS AMENDED, 40 U.S.C. 871)

\* \* \* \* \*

[SEC. 17. There are hereby authorized to be appropriated not to exceed \$1,750,000 for the operating and administrative expenses of the Corporation and for the development of the plan to be prepared pursuant to section 5 of this Act. No appropriations shall be made from the land and Water Conservation Fund established by the Act of September 3, 1964 (78 Stat. 897, as amended, 16 U.S.C. 4601), to effectuate the purposes of this Act.]

SEC. 17. (a) In addition to the sums heretofore appropriated, there are authorized to be appropriated for operating and administrative expenses of the Corporation sums not to exceed \$1,300,000 for the fiscal year ending June 30, 1976; \$325,000 for the period July 1 through September 30, 1976; and \$1,500,000 each for the fiscal years ending September 30, 1977, and September 30, 1978.

(b) To commence implementation of the development plan authorized by section 5 of this Act, there are authorized to be appropriated to the Corporation through the fiscal years ending September 30, 1978, \$38,800,000, to remain available without fiscal year limitation through September 30, 1990: Provided, That appropriations made under the authority of this paragraph shall include insufficient funds to assure the development of square 225 as a demonstration area for the development plan, and shall assure the preservation of the structure now located on square 225 known as the Willard Hotel and its historic facade. No appropriations shall be made from the Land and Water Conservation Fund established by the Act of September 30, 1964 (78 Stat. 897, as amended, 16 U.S.C. 4601), to effectuate the purposes of this Act.

ROBERT J. LAMONARINO  
MAYOR, DISTRICT OF COLUMBIA  
DON YOUNG

## DISSENTING VIEWS

Merely reducing the borrowing authority, as is done by this amendment, does not alter our objections to Federal financing of the Pennsylvania Avenue Development Corporation, as stated in our dissenting views in the report to accompany H.R. 7743.

VIRGINIA SMITH.  
SAM STEIGER.  
STEVE SYMMS.  
ROBERT J. LAGOMARSINO,  
MANUEL LUJAN.  
DON YOUNG.

3. Basis for estimate: This estimate is based on the authorization level stated in H.R. 7743.
4. Estimate comparison: Not applicable.
7. Previous CBO estimate: Not applicable.
8. Estimate prepared by: Roger C. Faxon (223-4972).
9. Estimate approved by:

JAMES L. BLUM,  
*Assistant Director for Budget Analysis.*

## CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in *italics*, existing law in which no change is proposed is shown in roman):

Act of October 27, 1973 (86 Stat. 1266, as amended, 40 U.S.C. 871)

[Sec. 17. There are hereby authorized to be appropriated not to exceed \$1,700,000 for the operating and administrative expenses of the Corporation and for the development of the plan to be prepared pursuant to section 5 of this Act. No appropriations shall be made from the Land and Water Conservation Fund established by the Act of September 3, 1964 (78 Stat. 897, as amended, 16 U.S.C. 4601), to effectuate the purposes of this Act.]

Sec. 17. (e) *In addition to the sums heretofore appropriated, there are authorized to be appropriated for operating and administrative expenses of the Corporation sums not to exceed \$1,500,000 for the fiscal year ending June 30, 1976; \$325,000 for the period July 1 through September 30, 1976; and \$1,500,000 each for the fiscal years ending September 30, 1977, and September 30, 1978.*

# Ninety-fourth Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the nineteenth day of January,  
one thousand nine hundred and seventy-six*

## An Act

To amend the Pennsylvania Avenue Development Corporation Act of 1972  
(Public Law 92-578), as amended.

*Be it enacted by the Senate and House of Representatives of the  
United States of America in Congress assembled, That section 17 of  
the Pennsylvania Avenue Development Corporation Act of 1972 (86  
Stat. 1266) as amended (40 U.S.C. 885), is further amended to read  
as follows:*

*“Sec. 17. (a) In addition to the sums heretofore appropriated, there  
are authorized to be appropriated for operating and administrative  
expenses of the Corporation sums not to exceed \$1,300,000 for the fiscal  
year ending June 30, 1976; \$325,000 for the period July 1 through  
September 30, 1976; and \$1,500,000 each, for the fiscal years ending  
September 30, 1977, and September 30, 1978.*

*“(b) To commence implementation of the development plan author-  
ized by section 5 of this Act, there are authorized to be appropriated  
to the Corporation through the fiscal years ending September 30,  
1978, \$38,800,000, to remain available without fiscal year limitation  
through September 30, 1990: *Provided*, That appropriations made  
under the authority of this paragraph shall include sufficient funds  
to assure the development of square 225 as a demonstration area  
for the development plan, and shall assure the preservation of the  
structure now located on square 225 known as the Willard Hotel and  
its historic facade. No appropriations shall be made from the Land  
and Water Conservation Fund established by the Act of September  
30, 1964 (78 Stat. 897, as amended, 16 U.S.C. 4601), to effectuate the  
purposes of this Act.”*

*Speaker of the House of Representatives.*

*Vice President of the United States and  
President of the Senate.*