

passed in 1997 on a bipartisan basis. The changes incorporate almost all of the suggestions made by HUD's Office of Multifamily Housing Assistance Restructuring (OHMAR) as well as a number provided by other stakeholders at our June 19 hearing, including the General Accounting Office (GAO). The GAO's thoroughly review of the program has proven invaluable, and we will look to them to continue to work with us to keep things on track.

As my colleagues know, we passed the original "Multifamily Assisted Housing Reform and Affordability Act of 1997" (MAHRAA) in order to bring down the rising costs of project-based section 8 rental assistance contracts. In many markets these section 8 contract rents were higher than the real market rent in the neighborhood in which the project was located. In order to save money on these contracts, the Committee and the Congress chose to reset those contract rents at the lower market levels.

However, in many cases, these new, lower rents were inadequate to pay the federally-insured mortgages. So the Committee also created a number of tools that allow the mortgages to be restructured proportionately. The restructuring process includes a thorough review of the physical condition of the building, provides that it be adequately rehabilitated and that adequate reserves be built in as part of the building's new underwriting. This is important because, as part of the deal, the owner makes a longterm commitment to continue to serve low income families.

After getting off to a slow start, the GAO and most other stakeholders agree that the program has finally gotten moving, and a much larger number of deals are being restructured. HUD reports that the program has saved the federal government about \$500 million on a present value basis to date.

The legislation we have before us includes a series of purposes design to reiterate Congress' emphasis on adequate rehabilitation and reserves in order to meet ongoing affordability commitments. Similarly, we want to make sure that expenses are properly calculated, so that rents and mortgages can be set correctly. This is included in the bill because of concerns raised by a number of stakeholders, including both residents and owners, that these important goals have been shortchanged. We chose not to burden the program with an overly prescriptive set of directives regarding these matters. Nonetheless, we expected HUD and the Office to bear these purposes very much in mind as they administer the program.

The bill reauthorizes grants to tenant and non-profit groups to help residents participate in the Mark-to-Market process. It calls for independent rent calculation to determine whether a property should go through the re-

structuring process, a simple rent reduction, or a straightforward contract renewal. This independent assessment will be used to set rents for vouchers, should the owner choose to opt out of the program. The bill also expands the flexibility of the Department to approve market rent exceptions where necessary.

The bill gives the Secretary flexibility to reduce the 25 percent owner rehabilitation contribution for the cost of significant additions to a project that are required by HUD. This was done in response to a reasonable equity argument made by the owners.

Finally, in consultation with HUD and a number of owners, we include changes that will expedite refinancing of the old mortgages and lengthen the term of the new first mortgages. We also make adjustments that will allow the size of the second mortgages to be larger thereby reducing the potential for cancellation of indebtedness income rulings by the IRS with their attendant tax penalties. Taken together, these changes will allow the underwriting to provide for more rehabilitation, reduce the amount of claims taken against the FHA fund, and increase the collection of the second mortgages, thereby saving the taxpayer additional funds on top of the rent savings.

We take HUD's suggestion and put the Director of OMHAR under the authority of the FHA Commission, as did the House Financial Services Committee. We keep the provision in current law that establishes higher compensation for OMHAR employees because we want to expeditiously is that we want to signal that staff that it is our intention to keep them on board and on the job.

The legislation extends the life of both the program and the Office for 5 years. I understand that HUD requested a 3-year extension only. However, data from the GAO indicates that there will still be a significant, if declining, stream of expiring contracts after the third year of the reauthorization. Frankly, I see no reason to revisit this issue a third time. I would strongly prefer to make sure this is the last time we have to act on this issue. Of course, as we move forward, I would expect to continue to discuss these and other matters, both with the administration and with the House.

In closing, this legislation has broad bipartisan support. My colleagues and I tried to be responsive to the administration and other stakeholders, while ensuring that we maintain a highly skilled staff at the Department. I am hopeful that we can move this legislation quickly through the process.

LOCAL LAW ENFORCEMENT ACT OF 2001

Mr. SMITH of Oregon. Madam President, I rise today to speak about hate

crimes legislation I introduced with Senator KENNEDY in March of this year. The Local Law Enforcement Act of 2001 would add new categories to current hate crimes legislation sending a signal that violence of any kind is unacceptable in our society.

I would like to describe a terrible crime that occurred April 19, 1992 in Methuen, Massachusetts. Two men who had been harassing a group of women as they left a gay bar allegedly beat two women. The men were charged with assault and battery and assault and battery with a dangerous weapon.

I believe that government's first duty is to defend its citizens, to defend them against the harms that come out of hate. The Local Law Enforcement Enhancement Act of 2001 is now a symbol that can become substance. I believe that by passing this legislation, we can change hearts and minds as well.

THE 125TH ANNIVERSARY OF COLORADO STATEHOOD

Mr. CAMPBELL. Madam President, 125 years ago today, on August 1, 1876, President Ulysses S. Grant issued a proclamation declaring Colorado a state. Today, I want to honor that anniversary by highlighting some thoughts about Colorado—the beauty of its landscape, the pioneering spirit of its people, and the engines that fuel its prosperity.

My home State of Colorado is a very special place. We have a rich and colorful history. We are blessed by geography and climate. We are culturally diverse, highly educated and highly motivated.

The movement to settle Colorado began in the late 1850's when prospectors found gold along Cherry Creek near Denver. Gold hunters rushed into the area and "Pikes Peak or Bust" became the slogan of the day. The gold didn't last, but the potential for prosperity and an unmatched quality of life did.

It was not until about 20 years later, however, that Colorado, after several failed attempts, became a state. A new mining boom brought wealth and growth to Colorado again. This time it was silver, not gold, that caused the growth.

In the 125 years since, Colorado has been marked by a series of economic booms and busts. Right now, we have one of the most diversified economies in the Nation. Colorado has grown from a primarily agricultural and mining State to a hub of technological and industrial development for the Nation. An increasing number of high-tech companies are choosing to locate in Colorado; the communications industry is revolutionizing how we stay in touch with one another; and Colorado's mild dry climate and colorful Old West history have made tourism the second largest industry in the State.