

H.R. 3506: Mr. PRICE of North Carolina, Mr. BERMAN, Mr. BROWN of Ohio, and Mr. DEUTSCH.

H.R. 3567: Mr. GOODE, Mr. RODRIGUEZ, Mr. NEUMANN, and Mr. WALSH.

H.R. 3583: Mr. EHLERS and Mr. MANZULLO.

H.R. 3605: Mr. FARR of California, Mr. KIND of Wisconsin, and Mr. KENNEDY of Rhode Island.

H.R. 3610: Mr. STRICKLAND, Mrs. CLAYTON, Mr. ROGERS, Mr. SHUSTER, Mr. MICA, and Ms. STABENOW.

H.R. 3622: Mr. TOWNS and Mr. OWENS.

H.R. 3702: Mr. KENNEDY of Massachusetts and Mr. FILNER.

H.R. 3704: Mrs. LOWEY, Mr. GOODLATTE, and Mr. PICKETT.

H.R. 3731: Mr. HALL of Texas, Mr. COOKSEY, Mr. BEREUTER, Mr. WELDON of Pennsylvania, Mr. WAMP, Mr. GUTKNECHT, and Mr. STUMP.

H.R. 3782: Mr. KILDEE, Mr. KENNEDY of Rhode Island, and Mr. OLVER.

H.R. 3783: Mr. FOX of Pennsylvania, Mr. BURTON of Indiana, Mr. BARTON of Texas, Mr. PITTS, Mr. LARGENT, and Mr. FRANKS of New Jersey.

H.R. 3792: Mr. BARTON of Texas and Mr. WELDON of Pennsylvania.

H.R. 3821: Mr. INGLIS of South Carolina and Mr. MANZULLO.

H.R. 3831: Mrs. SLAUGHTER, Ms. JACKSON-LEE, Mr. GUTIERREZ, Mr. GORDON, Mr. BROWN of California, Mr. STARK, and Mr. ENGEL.

H.R. 3862: Ms. PRYCE of Ohio.

H.R. 3864: Mr. BUNNING of Kentucky, Mrs. NORTHUP, Mr. LEWIS of Kentucky, and Mr. BAESLER.

H.R. 3875: Ms. LEE.

H.R. 3888: Mr. NEY, and Mr. PETERSON of Minnesota.

H.R. 3939: Mr. BRADY of Pennsylvania, Mr. BORSKI, Mr. KLINK, Mr. HOLDEN, Mr. WELDON of Pennsylvania, Mr. GREENWOOD, Mr. SHUSTER, Mr. KANJORSKI, Mr. MURTHA, Mr. FOX of Pennsylvania, Mr. COYNE, Mr. MCHALE, Mr. DOYLE, Mr. GOODLING, Mr. MASCARA, Mr. ENGLISH of Pennsylvania, Mr. PETERSON of Pennsylvania, Mr. MCDADE, Mr. GEKAS, and Mr. PITTS.

H.R. 3949: Mr. BONILLA, Mr. PETRI, Mr. HILLEARY, Mr. GOODLATTE, Mr. BRYANT, Mr. CHAMBLISS, Mr. PAUL, and Mr. BARTON of Texas.

H.R. 3980: Ms. RIVERS, and Mr. NEAL of Massachusetts.

H.R. 3999: Mr. BRADY of Pennsylvania, Mr. BORSKI, Mr. KLINK, Mr. HOLDEN, Mr. WELDON of Pennsylvania, Mr. GREENWOOD, Mr. SHUSTER, Mr. KANJORSKI, Mr. MURTHA, Mr. FOX of Pennsylvania, Mr. COYNE, Mr. MCHALE, Mr. DOYLE, Mr. GOODLING, Mr. MASCARA, Mr. ENGLISH of Pennsylvania, Mr. PETERSON of Pennsylvania, Mr. MCDADE, Mr. GEKAS, and Mr. PITTS.

H.R. 4000: Mr. BRADY of Pennsylvania, Mr. BORSKI, Mr. KLINK, Mr. HOLDEN, Mr. WELDON of Pennsylvania, Mr. GREENWOOD, Mr. SHUSTER, Mr. KANJORSKI, Mr. MURTHA, Mr. FOX of Pennsylvania, Mr. COYNE, Mr. MCHALE, Mr. DOYLE, Mr. GOODLING, Mr. MASCARA, Mr. ENGLISH of Pennsylvania, Mr. PETERSON of Pennsylvania, Mr. MCDADE, Mr. GEKAS, and Mr. PITTS.

H.R. 4001: Mr. BRADY of Pennsylvania, Mr. BORSKI, Mr. KLINK, Mr. HOLDEN, Mr. WELDON of Pennsylvania, Mr. GREENWOOD, Mr. SHUSTER, Mr. KANJORSKI, Mr. MURTHA, Mr. FOX of Pennsylvania, Mr. COYNE, Mr. MCHALE, Mr. DOYLE, Mr. GOODLING, Mr. MASCARA, Mr. ENGLISH of Pennsylvania, Mr. PETERSON of Pennsylvania, Mr. MCDADE, Mr. GEKAS, and Mr. PITTS.

H.R. 4002: Mr. BRADY of Pennsylvania, Mr. BORSKI, Mr. KLINK, Mr. HOLDEN, Mr. WELDON of Pennsylvania, Mr. GREENWOOD, Mr. SHUSTER, Mr. KANJORSKI, Mr. MURTHA, Mr. FOX of Pennsylvania, Mr. COYNE, Mr. MCHALE, Mr. DOYLE, Mr. GOODLING, Mr. MASCARA, Mr.

ENGLISH of Pennsylvania, Mr. PETERSON of Pennsylvania, Mr. MCDADE, Mr. GEKAS, and Mr. PITTS.

H.R. 4003: Mr. BRADY of Pennsylvania, Mr. BORSKI, Mr. KLINK, Mr. HOLDEN, Mr. WELDON of Pennsylvania, Mr. GREENWOOD, Mr. SHUSTER, Mr. KANJORSKI, Mr. MURTHA, Mr. FOX of Pennsylvania, Mr. COYNE, Mr. MCHALE, Mr. DOYLE, Mr. GOODLING, Mr. MASCARA, Mr. ENGLISH of Pennsylvania, Mr. PETERSON of Pennsylvania, Mr. MCDADE, Mr. GEKAS, and Mr. PITTS.

H.R. 4018: Mr. POSHARD, Mr. PAYNE, Mr. LEVIN, Mr. MARTINEZ, Mr. RODRIGUEZ, and Ms. DELAURO.

H.R. 4019: Mrs. MYRICK.

H.R. 4025: Mr. KENNEDY of Rhode Island.

H.R. 4027: Mr. MURTHA, Mr. HALL of Ohio, Mr. FROST, Mr. CALVERT, Mr. ABERCROMBIE, and Mr. COOK.

H.R. 4028: Mr. YATES and Mr. ENGEL.

H.R. 4031: Mr. TOWNS.

H.R. 4037: Mr. TALENT, Mr. DOOLITTLE, Mr. RAMSTAD, Mr. CALVERT, and Mr. ENGLISH of Pennsylvania.

H.R. 4086: Mrs. CLAYTON, Mr. SANDERS, Mr. KLECZKA, Mr. ROMERO-BARCELO, Mrs. JOHNSON of Connecticut, Ms. DELAURO, Mr. ACKERMAN, Mr. KILDEE, Ms. DEGETTE, Mrs. CAPPS, Ms. JACKSON-LEE, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. KENNEDY of Rhode Island, Mr. FROST, and Mr. LAMPSON.

H.R. 4109: Mr. GREENWOOD, Mr. FATTAH, Mr. BRADY of Pennsylvania, Mr. WELDON of Pennsylvania, and Mr. MCHALE.

H.R. 4110: Mr. COOKSEY, Mr. PASCRELL, Mr. OLVER, and Mr. SANDLIN.

H.R. 4121: Ms. ESHOO.

H.R. 4125: Mr. SAM JOHNSON, Mr. ENSIGN, Mrs. CUBIN, and Mr. CUNNINGHAM.

H.R. 4131: Mr. WEYGAND.

H.R. 4138: Ms. JACKSON-LEE, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. NEAL of Massachusetts, Mr. YATES, Mr. SHERMAN, Mr. WEXLER, Mr. ENGEL, Mr. FROST, Mr. RUSH, Mrs. MORELLA, and Mr. MCGOVERN.

H.R. 4149: Mr. HOSTETTLER and Mr. BOB SCHAFER.

H.R. 4152: Mr. ACKERMAN, Mr. ADAM SMITH of Washington, Mr. OBERSTAR, and Mr. KLECZKA.

H.R. 4167: Mr. HUTCHINSON.

H.R. 4184: Mr. LAMPSON and Ms. KILPATRICK.

H.R. 4185: Mr. LAMPSON and Ms. KILPATRICK.

H.R. 4196: Mr. SKEEN, Mr. DEAL of Georgia, Mr. CHAMBLISS, Mr. BALLENGER, Mr. STUMP, Mr. PETERSON of Pennsylvania, Mr. PAUL, Mr. BARTON of Texas, and Mr. BARTLETT of Maryland.

H.R. 4197: Mr. COLLINS, Mr. HOSTETTLER, Mr. LARGENT, and Mr. BARTLETT of Maryland.

H.R. 4214: Mr. LEVIN, Mr. KLECZKA, and Mr. SANDERS.

H.J. Res. 72: Mr. SHAYS.

H.J. Res. 124: Mr. FRANKS of New Jersey.

H. Con. Res. 55: Mrs. BONO and Mr. HEFLEY.

H. Con. Res. 65: Mr. FOSSELLA.

H. Con. Res. 236: Mr. SCARBOROUGH.

H. Con. Res. 239: Mr. RUSH and Mrs. MORELLA.

H. Con. Res. 296: Mr. WEYGAND and Mr. MORAN of Virginia.

H. Res. 37: Ms. JACKSON-LEE, Mr. KANJORSKI, Ms. HARMAN, Mr. KLINK, Mr. OBEY, Mr. ROEMER, Mr. TANNER, Mr. BISHOP, Mr. DEUTSCH, Mr. FRANKS of New Jersey, and Mr. HALL of Ohio.

H. Res. 460: Mr. KUCINICH, Mr. DEUTSCH, Mr. TORRES, Mr. SHERMAN, Mr. SANDLIN, Mr. PASCRELL, Mr. ROTHMAN, and Mrs. MCCARTHY of New York.

H.R. 219: Ms. KILPATRICK.

## AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 4104

OFFERED BY: MR. SAXTON

AMENDMENT No. 18: Page 109, after line 24, add the following:

SEC. 648. (a) EXCEPTION TO IMMUNITY FROM ATTACHMENT OR EXECUTION.—Section 1610 of title 28, United States Code, is amended by adding at the end the following new subsection:

“(f)(1)(A) Notwithstanding any other provision of law, including but not limited to section 208(f) of the State Department Basic Authorities Act (22 U.S.C. 4308(f)), and except as provided in subparagraph (B), any property with respect to which financial transactions are prohibited or regulated pursuant to section 5(b) of the Trading with the Enemy Act (50 U.S.C. App. 5(b)), section 620(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2370(a)), sections 202 and 203 of the International Emergency Economic Powers Act (50 U.S.C. 1701-1702), or any other proclamation, order, regulation, or license issued pursuant thereto, shall be subject to execution or attachment in aid of execution of any judgment relating to a claim for which a foreign state (including any agency or instrumentality of such State) is not immune under section 1605(a)(7).”

“(B) Subparagraph (A) shall not apply if, at the time the property is expropriated or seized by the foreign state, the property has been held in title by a natural person or, if held in trust, has been held for the benefit of a natural person or persons.

“(2)(A) At the request of any party in whose favor a judgment has been issued with respect to a claim for which the foreign state is not immune under section 1605(a)(7), the Secretary of the Treasury and the Secretary of State shall fully, promptly, and effectively assist any judgment creditor or any court that has issued any such judgment in identifying, locating, and executing against the property of that foreign state or any agency or instrumentality of such State.

“(B) In providing such assistance, the Secretaries—

“(i) may provide such information to the court under seal; and

“(ii) shall provide the information in a manner sufficient to allow the court to direct the United States Marshall's office to promptly and effectively execute against that property.”

(b) CONFORMING AMENDMENT.—Section 1606 of title 28, United States Code, is amended by inserting after “punitive damages” the following: “, except in any action under section 1605(a)(7) or 1610(f).”

(c) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall apply to any claim for which a foreign state is not immune under section 1605(a)(7) of title 28, United States Code, arising before, on, or after the date of enactment of this Act.

H.R. 4104

OFFERED BY: MR. SNOWBARGER

AMENDMENT No. 19: Page 39, line 13, insert after “\$33,700,000” the following: “(increased by \$2,800,000).”

Page 41, line 22, insert after “\$5,626,928,000” the following: “(reduced by \$2,800,000).”

Page 46, line 21, insert after “\$2,583,261,000” the following: “(reduced by \$2,800,000).”

H.R. 4193

OFFERED BY: MR. DEFAZIO

AMENDMENT No. 2: Page 107, beginning at line 19, strike section 328 (and redesignate the subsequent sections accordingly).

## DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 4193

OFFERED BY: MR. RIGGS

AMENDMENT NO. 3: At the end of the bill before the short title insert:

SEC. . If the State of California has not made available \$130,000,000 by October 1, 1998, for the acquisition of lands in the Headwaters National Forest and other lands in Humboldt County, California, as required by section 501(b)(1) of title V of Public Law 105-83, the \$250,000,000 made available by such title V from the Land and Water Conservation Fund for purposes of such land acquisition shall cease to be available for the purposes of such title V and shall be available only for maintenance and improvement of national park system units and \$50,000,000 of such \$250,000,000 amount may only be used for maintenance and improvement of national park system units that contain civil war sites.

H.R. 4193

OFFERED BY: MR. RIGGS

AMENDMENT NO. 4: At the end of the bill before the short title insert:

SEC. XX. None of the funds appropriated or otherwise made available by this Act shall be used to pay the salaries and expenses of personnel to carry out the acquisition of lands under section 501 of Public Law 105-83 unless, prior to October 1, 1998, the State of California has provided the contribution required under such section 501.

H.R. 4193

OFFERED BY: MR. RIGGS

AMENDMENT NO. 5: At the end of the bill before the short title insert:

SEC. XX. None of the funds appropriated or otherwise made available by this Act shall be used to pay the salaries and expenses of personnel to carry out the acquisition of lands under section 501 of Public Law 105-83.

H.R. 4193

OFFERED BY: MR. SANDERS

AMENDMENT NO. 6. In the item relating to "DEPARTMENT OF THE INTERIOR—BUREAU OF LAND MANAGEMENT—PAYMENTS IN LIEU OF TAXES", after the first dollar amount, insert the following: "(increased by \$20,000,000)".

In the item relating to "DEPARTMENT OF ENERGY—FOSSIL ENERGY RESEARCH AND DEVELOPMENT", after the dollar amount, insert the following: "(reduced by \$50,000,000)".

H.R. 4194

OFFERED BY: MR. LEACH

AMENDMENT NO. 12: Page 2, after line 6, insert the following:

#### **DIVISION A—APPROPRIATIONS**

Page 91, line 4, strike "This Act" and insert "Titles I, II, III, and IV of this Act".

At the end of the bill (after the short title), insert the following:

#### **DIVISION B—HOUSING OPPORTUNITY AND RESPONSIBILITY**

##### **SEC. 1001. SHORT TITLE AND TABLE OF CONTENTS.**

(a) **SHORT TITLE.**—This division may be cited as the "Housing Opportunity and Responsibility Act of 1997".

(b) **TABLE OF CONTENTS.**—The table of contents for this division is as follows:

#### **DIVISION B—HOUSING OPPORTUNITY AND RESPONSIBILITY**

Sec. 1001. Short title and table of contents.  
Sec. 1002. Permanent applicability.  
Sec. 1003. Declaration of policy to renew American neighborhoods.

#### **TITLE XI—GENERAL PROVISIONS**

Sec. 1101. Statement of purpose.  
Sec. 1102. Definitions.  
Sec. 1103. Organization of public housing agencies.

Sec. 1104. Determination of adjusted income and median income.

Sec. 1105. Community work and family self-sufficiency requirements.

Sec. 1106. Local housing management plans.

Sec. 1107. Review of plans.

Sec. 1108. Reporting requirements.

Sec. 1109. Pet ownership.

Sec. 1110. Administrative grievance procedure.

Sec. 1111. Headquarters reserve fund.

Sec. 1112. Labor standards.

Sec. 1113. Nondiscrimination.

Sec. 1114. Prohibition on use of funds.

Sec. 1115. Inapplicability to Indian housing.

Sec. 1116. Regulations.

#### **TITLE XII—PUBLIC HOUSING**

##### **Subtitle A—Block Grants**

Sec. 1201. Block grant contracts.

Sec. 1202. Grant authority, amount, and eligibility.

Sec. 1203. Eligible and required activities.

Sec. 1204. Determination of grant allocation.

Sec. 1205. Sanctions for improper use of amounts.

##### **Subtitle B—Admissions and Occupancy Requirements**

Sec. 1221. Low-income housing requirement.

Sec. 1222. Family eligibility.

Sec. 1223. Preferences for occupancy.

Sec. 1224. Admission procedures.

Sec. 1225. Family choice of rental payment.

Sec. 1226. Lease requirements.

Sec. 1227. Designated housing for elderly and disabled families.

##### **Subtitle C—Management**

Sec. 1231. Management procedures.

Sec. 1232. Housing quality requirements.

Sec. 1233. Employment of residents.

Sec. 1234. Resident councils and resident management corporations.

Sec. 1235. Management by resident management corporation.

Sec. 1236. Transfer of management of certain housing to independent manager at request of residents.

Sec. 1237. Resident opportunity program.

##### **Subtitle D—Homeownership**

Sec. 1251. Resident homeownership programs.

##### **Subtitle E—Disposition, Demolition, and Revitalization of Developments**

Sec. 1261. Requirements for demolition and disposition of developments.

Sec. 1262. Demolition, site revitalization, replacement housing, and choice-based assistance grants for developments.

Sec. 1263. Voluntary voucher system for public housing.

##### **Subtitle F—Mixed-Finance Public Housing**

Sec. 1271. Authority.

Sec. 1272. Mixed-finance housing developments.

Sec. 1273. Mixed-finance housing plan.

Sec. 1274. Rent levels for housing financed with low-income housing tax credit.

Sec. 1275. Carry-over of assistance for replaced housing.

##### **Subtitle G—General Provisions**

Sec. 1281. Payment of non-Federal share.

Sec. 1282. Authorization of appropriations for block grants.

Sec. 1283. Funding for operation safe home.

Sec. 1284. Funding for relocation of victims of domestic violence.

#### **TITLE XIII—CHOICE-BASED RENTAL HOUSING AND HOMEOWNERSHIP ASSISTANCE FOR LOW-INCOME FAMILIES**

##### **Subtitle A—Allocation**

Sec. 1301. Authority to provide housing assistance amounts.

Sec. 1302. Contracts with PHA's.

Sec. 1303. Eligibility of PHA's for assistance amounts.

Sec. 1304. Allocation of amounts.

Sec. 1305. Administrative fees.

Sec. 1306. Authorizations of appropriations.

Sec. 1307. Conversion of section 8 assistance.

Sec. 1308. Recapture and reuse of annual contract project reserves under choice-based housing assistance and section 8 tenant-based assistance programs.

##### **Subtitle B—Choice-Based Housing Assistance for Eligible Families**

Sec. 1321. Eligible families and preferences for assistance.

Sec. 1322. Resident contribution.

Sec. 1323. Rental indicators.

Sec. 1324. Lease terms.

Sec. 1325. Termination of tenancy.

Sec. 1326. Eligible owners.

Sec. 1327. Selection of dwelling units.

Sec. 1328. Eligible dwelling units.

Sec. 1329. Homeownership option.

Sec. 1330. Assistance for rental of manufactured homes.

##### **Subtitle C—Payment of Housing Assistance on Behalf of Assisted Families**

Sec. 1351. Housing assistance payments contracts.

Sec. 1352. Amount of monthly assistance payment.

Sec. 1353. Payment standards.

Sec. 1354. Reasonable rents.

Sec. 1355. Prohibition of assistance for vacant rental units.

##### **Subtitle D—General and Miscellaneous Provisions**

Sec. 1371. Definitions.

Sec. 1372. Rental assistance fraud recoveries.

Sec. 1373. Study regarding geographic concentration of assisted families.

Sec. 1374. Study regarding rental assistance.

##### **TITLE XIV—HOME RULE FLEXIBLE GRANT OPTION**

Sec. 1401. Purpose.

Sec. 1402. Flexible grant program.

Sec. 1403. Covered housing assistance.

Sec. 1404. Program requirements.

Sec. 1405. Applicability of certain provisions.

Sec. 1406. Application.

Sec. 1407. Training.

Sec. 1408. Accountability.

Sec. 1409. Definitions.

#### **TITLE XV—ACCOUNTABILITY AND OVERSIGHT OF PUBLIC HOUSING AGENCIES**

##### **Subtitle A—Study of Alternative Methods for Evaluating Public Housing Agencies**

Sec. 1501. In general.

Sec. 1502. Purposes.

Sec. 1503. Evaluation of various performance evaluation systems.

Sec. 1504. Consultation.

Sec. 1505. Contract to conduct study.

Sec. 1506. Report.

Sec. 1507. Funding.

Sec. 1508. Effective date.

##### **Subtitle B—Housing Evaluation and Accreditation Board**

Sec. 1521. Establishment.

Sec. 1522. Membership.

Sec. 1523. Functions.

Sec. 1524. Powers.

Sec. 1525. Fees.

Sec. 1526. GAO audit.

##### **Subtitle C—Interim Applicability of Public Housing Management Assessment Program**

Sec. 1531. Interim applicability.

Sec. 1532. Management assessment indicators.

Sec. 1533. Designation of PHA's.

Sec. 1534. On-site inspection of troubled PHA's.

Sec. 1535. Administration.

Subtitle D—Accountability and Oversight  
Standards and Procedures

- Sec. 1541. Audits.
- Sec. 1542. Performance agreements for authorities at risk of becoming troubled.
- Sec. 1543. Performance agreements and CDBG sanctions for troubled PHA's.
- Sec. 1544. Option to demand conveyance of title to or possession of public housing.
- Sec. 1545. Removal of ineffective PHA's.
- Sec. 1546. Mandatory takeover of chronically troubled PHA's.
- Sec. 1547. Treatment of troubled PHA's.
- Sec. 1548. Maintenance of records.
- Sec. 1549. Annual reports regarding troubled PHA's.
- Sec. 1550. Applicability to resident management corporations.
- Sec. 1551. Advisory council for Housing Authority of New Orleans.

TITLE XVI—REPEALS AND RELATED  
AMENDMENTS

Subtitle A—Repeals, Effective Date, and  
Savings Provisions

- Sec. 1601. Effective date and repeal of United States Housing Act of 1937.
- Sec. 1602. Other repeals.

Subtitle B—Other Provisions Relating to  
Public Housing and Rental Assistance Programs

- Sec. 1621. Allocation of elderly housing amounts.
- Sec. 1622. Pet ownership.
- Sec. 1623. Review of drug elimination program contracts.
- Sec. 1624. Amendments to Public and Assisted Housing Drug Elimination Act of 1990.

Subtitle C—Limitations Relating to  
Occupancy in Federally Assisted Housing

- Sec. 1641. Screening of applicants.
- Sec. 1642. Termination of tenancy and assistance for illegal drug users and alcohol abusers.
- Sec. 1643. Lease requirements.
- Sec. 1644. Availability of criminal records for tenant screening and eviction.
- Sec. 1645. Definitions.

TITLE XVII—AFFORDABLE HOUSING AND  
MISCELLANEOUS PROVISIONS

- Sec. 1701. Rural housing assistance.
- Sec. 1702. Treatment of occupancy standards.
- Sec. 1703. Implementation of plan.
- Sec. 1704. Income eligibility for HOME and CDBG programs.
- Sec. 1705. Prohibition of use of CDBG grants for employment relocation activities.
- Sec. 1706. Regional cooperation under CDBG economic development initiative.
- Sec. 1707. Use of American products.
- Sec. 1708. Consultation with affected areas in settlement of litigation.
- Sec. 1709. Treatment of PHA repayment agreement.
- Sec. 1710. Use of assisted housing by aliens.
- Sec. 1711. Protection of senior homeowners under reverse mortgage program.
- Sec. 1712. Conversion of section 8 tenant-based assistance to project-based assistance in the Borough of Tamaqua.
- Sec. 1713. Housing counseling.
- Sec. 1714. Transfer of surplus real property for providing housing for low- and moderate-income families.
- Sec. 1715. Effective date.

**SEC. 1002. PERMANENT APPLICABILITY.**

Upon effectiveness pursuant to section 1601(a), the provisions of this division and

the amendments made by this division shall apply thereafter, except to the extent otherwise specifically provided in this division or the amendments made by this division.

**SEC. 1003. DECLARATION OF POLICY TO RENEW  
AMERICAN NEIGHBORHOODS.**

The Congress hereby declares that—

(1) the Federal Government has a responsibility to promote the general welfare of the Nation—

(A) by using Federal resources to aid families and individuals seeking affordable homes that are safe, clean, and healthy and, in particular, assisting responsible, deserving citizens who cannot provide fully for themselves because of temporary circumstances or factors beyond their control;

(B) by working to ensure a thriving national economy and a strong private housing market; and

(C) by developing effective partnerships among the Federal Government, State and local governments, and private entities that allow government to accept responsibility for fostering the development of a healthy marketplace and allow families to prosper without government involvement in their day-to-day activities;

(2) the Federal Government cannot through its direct action alone provide for the housing of every American citizen, or even a majority of its citizens, but it is the responsibility of the Government to promote and protect the independent and collective actions of private citizens to develop housing and strengthen their own neighborhoods;

(3) the Federal Government should act where there is a serious need that private citizens or groups cannot or are not addressing responsibly;

(4) housing is a fundamental and necessary component of bringing true opportunity to people and communities in need, but providing physical structures to house low-income families will not by itself pull generations up from poverty;

(5) it is a goal of our Nation that all citizens have decent and affordable housing; and

(6) our Nation should promote the goal of providing decent and affordable housing for all citizens through the efforts and encouragement of Federal, State, and local governments, and by the independent and collective actions of private citizens, organizations, and the private sector.

**TITLE XI—GENERAL PROVISIONS**

**SEC. 1101. STATEMENT OF PURPOSE.**

The purpose of this division is to promote safe, clean, and healthy housing that is affordable to low-income families, and thereby contribute to the supply of affordable housing, by—

(1) deregulating and decontrolling public housing agencies, thereby enabling them to perform as property and asset managers;

(2) providing for more flexible use of Federal assistance to public housing agencies, allowing the authorities to leverage and combine assistance amounts with amounts obtained from other sources;

(3) facilitating mixed income communities;

(4) increasing accountability and rewarding effective management of public housing agencies;

(5) creating incentives and economic opportunities for residents of dwelling units assisted by public housing agencies to work, become self-sufficient, and transition out of public housing and federally assisted dwelling units;

(6) recreating the existing rental assistance voucher program so that the use of vouchers and relationships between landlords and tenants under the program operate in a manner that more closely resembles the private housing market; and

(7) remedying troubled public housing agencies and replacing or revitalizing se-

verely distressed public housing development.

**SEC. 1102. DEFINITIONS.**

For purposes of this division, the following definitions shall apply:

(1) **ACQUISITION COST.**—When used in reference to public housing, the term "acquisition cost" means the amount prudently expended by a public housing agency in acquiring property for a public housing development.

(2) **DEVELOPMENT.**—The terms "public housing development" and "development" (when used in reference to public housing) mean—

(A) public housing; and

(B) the improvement of any such housing.

(3) **DISABLED FAMILY.**—The term "disabled family" means a family whose head (or his or her spouse), or whose sole member, is a person with disabilities. Such term includes 2 or more persons with disabilities living together, and 1 or more such persons living with 1 or more persons determined under the regulations of the Secretary to be essential to their care or well-being.

(4) **DRUG-RELATED CRIMINAL ACTIVITY.**—The term "drug-related criminal activity" means the illegal manufacture, sale, distribution, use, or possession with intent to manufacture, sell, distribute, or use, of a controlled substance (as such term is defined in section 102 of the Controlled Substances Act).

(5) **EFFECTIVE DATE.**—The term "effective date", when used in reference to this division, means the effective date determined under section 1601(a).

(6) **ELDERLY FAMILIES AND NEAR ELDERLY FAMILIES.**—The terms "elderly family" and "near-elderly family" mean a family whose head (or his or her spouse), or whose sole member, is an elderly person or a near-elderly person, respectively. Such terms include 2 or more elderly persons or near-elderly persons living together, and 1 or more such persons living with 1 or more persons determined under the regulations of the Secretary to be essential to their care or well-being.

(7) **ELDERLY PERSON.**—The term "elderly person" means a person who is at least 62 years of age.

(8) **ELIGIBLE PUBLIC HOUSING AGENCY.**—The term "eligible public housing agency" means, with respect to a fiscal year, a public housing agency that is eligible under section 1202(d) for a grant under this title.

(9) **FAMILY.**—The term "family" includes a family with or without children, an elderly family, a near-elderly family, a disabled family, and a single person.

(10) **GROUP HOME AND INDEPENDENT LIVING FACILITY.**—The terms "group home" and "independent living facility" have the meanings given such terms in section 811(k) of the Cranston-Gonzalez National Affordable Housing Act.

(11) **INCOME.**—The term "income" means, with respect to a family, income from all sources of each member of the household, as determined in accordance with criteria prescribed by the applicable public housing agency and the Secretary, except that the following amounts shall be excluded:

(A) Any amounts not actually received by the family.

(B) Any amounts that would be eligible for exclusion under section 1613(a)(7) of the Social Security Act.

(12) **LOCAL HOUSING MANAGEMENT PLAN.**—The term "local housing management plan" means, with respect to any fiscal year, the plan under section 1106 of a public housing agency for such fiscal year.

(13) **LOW-INCOME FAMILY.**—The term "low-income family" means a family whose income does not exceed 80 percent of the median income for the area, as determined by

the Secretary with adjustments for smaller and larger families, except that the Secretary may, for purposes of this paragraph, establish income ceilings higher or lower than 80 percent of the median for the area on the basis of the public housing agency's findings that such variations are necessary because of unusually high or low family incomes.

(14) **LOW-INCOME HOUSING.**—The term "low-income housing" means dwellings that comply with the requirements—

(A) under title XII for assistance under such title for the dwellings; or

(B) under title XIII for rental assistance payments under such title for the dwellings.

(15) **NEAR-ELDERLY PERSON.**—The term "near-elderly person" means a person who is at least 55 years of age.

(16) **OPERATION.**—When used in reference to public housing, the term "operation" means any or all undertakings appropriate for management, operation, services, maintenance, security (including the cost of security personnel), or financing in connection with a public housing development, including the financing of resident programs and services.

(17) **PERSON WITH DISABILITIES.**—The term "person with disabilities" means a person who—

(A) has a disability as defined in section 223 of the Social Security Act,

(B) is determined, pursuant to regulations issued by the Secretary, to have a physical, mental, or emotional impairment which (i) is expected to be of long-continued and indefinite duration, (ii) substantially impedes his or her ability to live independently, and (iii) is of such a nature that such ability could be improved by more suitable housing conditions, or

(C) has a developmental disability as defined in section 102 of the Developmental Disabilities Assistance and Bill of Rights Act.

Such term shall not exclude persons who have the disease of acquired immunodeficiency syndrome or any conditions arising from the etiologic agent for acquired immunodeficiency syndrome. Notwithstanding any other provision of law, no individual shall be considered a person with disabilities, for purposes of eligibility for public housing under title XII of this Act, solely on the basis of any drug or alcohol dependence. The Secretary shall consult with other appropriate Federal agencies to implement the preceding sentence.

(18) **PRODUCTION.**—When used in reference to public housing, the term "production" means any or all undertakings necessary for planning, land acquisition, financing, demolition, construction, or equipment, in connection with the construction, acquisition, or rehabilitation of a property for use as a public housing development, including activity in connection with a public housing development that is confined to the reconstruction, remodeling, or repair of existing buildings.

(19) **PRODUCTION COST.**—When used in reference to public housing, the term "production cost" means the costs incurred by a public housing agency for production of public housing and the necessary financing for production (including the payment of carrying charges and acquisition costs).

(20) **PUBLIC HOUSING.**—The term "public housing" means housing, and all necessary appurtenances thereto, that—

(A) is low-income housing, low-income dwelling units in mixed-finance housing (as provided in subtitle F of title XII), or low-income dwelling units in mixed income housing (as provided in section 1221(c)(2)); and

(B)(i) is subject to an annual block grant contract under title XII; or

(ii) was subject to an annual block grant contract under title XII (or an annual contributions contract under the United States Housing Act of 1937) which is not in effect, but for which occupancy is limited in accordance with the requirements under section 1222(a).

(21) **PUBLIC HOUSING AGENCY.**—The term "public housing agency" is defined in section 1103.

(22) **RESIDENT COUNCIL.**—The term "resident council" means an organization or association that meets the requirements of section 1234(a).

(23) **RESIDENT MANAGEMENT CORPORATION.**—The term "resident management corporation" means a corporation that meets the requirements of section 1234(b)(2).

(24) **RESIDENT PROGRAM.**—The term "resident programs and services" means programs and services for families residing in public housing developments. Such term may include (A) the development and maintenance of resident organizations which participate in the management of public housing developments, (B) the training of residents to manage and operate the public housing development and the utilization of their services in management and operation of the development, (C) counseling on household management, housekeeping, budgeting, money management, homeownership issues, child care, and similar matters, (D) advice regarding resources for job training and placement, education, welfare, health, and other community services, (E) services that are directly related to meeting resident needs and providing a wholesome living environment; and (F) referral to appropriate agencies in the community when necessary for the provision of such services. To the maximum extent available and appropriate, existing public and private agencies in the community shall be used for the provision of such services.

(25) **SECRETARY.**—The term "Secretary" means the Secretary of Housing and Urban Development.

(26) **STATE.**—The term "State" means the States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, the Virgin Islands, American Samoa, and any other territory or possession of the United States and Indian tribes.

(27) **VERY LOW-INCOME FAMILY.**—The term "very low-income family" means a low-income family whose income does not exceed 50 percent of the median family income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may, for purposes of this paragraph, establish income ceilings higher or lower than 50 percent of the median for the area on the basis of the public housing agency's findings that such variations are necessary because of unusually high or low family incomes.

#### **SEC. 1103. ORGANIZATION OF PUBLIC HOUSING AGENCIES.**

(a) **REQUIREMENTS.**—For purposes of this division, the terms "public housing agency" and "agency" mean any entity that—

(1) is—

(A) a public housing agency that was authorized under the United States Housing Act of 1937 to engage in or assist in the development or operation of low-income housing;

(B) authorized under this division to engage in or assist in the development or operation of low-income housing by any State, county, municipality, or other governmental body or public entity;

(C) an entity authorized by State law to administer choice-based housing assistance under title XIII; or

(D) an entity selected by the Secretary, pursuant to subtitle D of title XV, to manage housing; and

(2) complies with the requirements under subsection (b).

The term does not include any entity that is an Indian housing authority for purposes of the United States Housing Act of 1937 (as in effect before the effectiveness of the Native American Housing Assistance and Self-Determination Act of 1996) or a tribally designated housing entity, as such term is defined in section 4 of the Native American Housing Assistance and Self-Determination Act of 1996.

(b) **GOVERNANCE.**—

(1) **BOARD OF DIRECTORS.**—Each public housing agency shall have a board of directors or other form of governance as prescribed in State or local law. No person may be barred from serving on such board or body because of such person's residency in a public housing development or status as an assisted family under title XIII.

(2) **RESIDENT MEMBERSHIP.**—

(A) **IN GENERAL.**—Except as provided in subparagraph (B), in localities in which a public housing agency is governed by a board of directors or other similar body, the board or body shall include not less than 1 member who is an elected public housing resident member (as such term is defined in paragraph (5)).

(B) **EXCEPTIONS.**—The requirement in subparagraph (A) with respect to elected public housing resident members shall not apply to—

(i) any State or local governing body that serves as a public housing agency for purposes of this division and whose responsibilities include substantial activities other than acting as the public housing agency, except that such requirement shall apply to any advisory committee or organization that is established by such governing body and whose responsibilities relate only to the governing body's functions as a public housing agency for purposes of this division;

(ii) any public housing agency that owns or operates less than 250 public housing dwelling units (including any agency that does not own or operate public housing); or

(iii) any public housing agency in a State that requires the members of the board of directors or other similar body of a public housing agency to be salaried and to serve on a full-time basis.

(3) **FULL PARTICIPATION.**—No public housing agency may limit or restrict the capacity or offices in which a member of such board or body may serve on such board or body solely because of the member's status as a resident member.

(4) **CONFLICTS OF INTEREST.**—The Secretary shall establish guidelines to prevent conflicts of interest on the part of members of the board or directors or governing body of a public housing agency.

(5) **DEFINITIONS.**—For purposes of this subsection, the following definitions shall apply:

(A) **ELECTED PUBLIC HOUSING RESIDENT MEMBER.**—The term "elected public housing resident member" means, with respect to the public housing agency involved, an individual who is a resident member of the board of directors (or other similar governing body of the agency) by reason of election to such position pursuant to an election—

(i) in which eligibility for candidacy in such election is limited to individuals who—

(I) maintain their principal residence in a dwelling unit of public housing administered or assisted by the agency; and

(II) have not been convicted of a felony;

(ii) in which only residents of dwelling units of public housing administered by the agency may vote; and

(iii) that is conducted in accordance with standards and procedures for such election, which shall be established by the Secretary.

(B) **RESIDENT MEMBER.**—The term “resident member” means a member of the board of directors or other similar governing body of a public housing agency who is a resident of a public housing dwelling unit owned, administered, or assisted by the agency or is a member of an assisted family (as such term is defined in section 1371) assisted by the agency.

(C) **ESTABLISHMENT OF POLICIES.**—Any rules, regulations, policies, standards, and procedures necessary to implement policies required under section 1106 to be included in the local housing management plan for a public housing agency shall be approved by the board of directors or similar governing body of the agency and shall be publicly available for review upon request.

#### **SEC. 1104. DETERMINATION OF ADJUSTED INCOME AND MEDIAN INCOME.**

(a) **ADJUSTED INCOME.**—For purposes of this division, the term “adjusted income” means, with respect to a family, the difference between the income of the members of the family residing in a dwelling unit or the persons on a lease and the amount of any income exclusions for the family under subsections (b) and (c), as determined by the public housing agency.

(b) **MANDATORY EXCLUSIONS FROM INCOME.**—In determining adjusted income, a public housing agency shall exclude from the annual income of a family the following amounts:

(1) **ELDERLY AND DISABLED FAMILIES.**—\$400 for any elderly or disabled family.

(2) **MEDICAL EXPENSES.**—The amount by which 3 percent of the annual family income is exceeded by the sum of—

(A) unreimbursed medical expenses of any elderly family;

(B) unreimbursed medical expenses of any nonelderly family, except that this subparagraph shall apply only to the extent approved in appropriation Acts; and

(C) unreimbursed reasonable attendant care and auxiliary apparatus expenses for each handicapped member of the family, to the extent necessary to enable any member of such family (including such handicapped member) to be employed.

(3) **CHILD CARE EXPENSES.**—Any reasonable child care expenses necessary to enable a member of the family to be employed or to further his or her education.

(4) **MINORS, STUDENTS, AND PERSONS WITH DISABILITIES.**—\$480 for each member of the family residing in the household (other than the head of the household or his or her spouse) who is less than 18 years of age or is attending school or vocational training on a full-time basis, or who is 18 years of age or older and is a person with disabilities.

(5) **CHILD SUPPORT PAYMENTS.**—Any payment made by a member of the family for the support and maintenance of any child who does not reside in the household, except that the amount excluded under this paragraph may not exceed \$480 for each child for whom such payment is made.

(6) **EARNED INCOME OF MINORS.**—The amount of any earned income of a member of the family who is not—

(A) 18 years of age or older; and

(B) the head of the household (or the spouse of the head of the household).

(c) **PERMISSIVE EXCLUSIONS FROM INCOME.**—In determining adjusted income, a public housing agency may, in the discretion of the agency, establish exclusions from the annual income of a family. Such exclusions may include the following amounts:

(1) **EXCESSIVE TRAVEL EXPENSES.**—Excessive travel expenses in an amount not to exceed \$25 per family per week, for employment- or education-related travel.

(2) **EARNED INCOME.**—An amount of any earned income of the family, established at the discretion of the public housing agency, which may be based on—

(A) all earned income of the family,

(B) the amount earned by particular members of the family;

(C) the amount earned by families having certain characteristics; or

(D) the amount earned by families or members during certain periods or from certain sources.

(3) **OTHERS.**—Such other amounts for other purposes, as the public housing agency may establish.

(d) **MEDIAN INCOME.**—In determining median incomes (of persons, families, or households) for an area or establishing any ceilings or limits based on income under this division, the Secretary shall determine or establish area median incomes and income ceilings and limits for Westchester and Rockland Counties, in the State of New York, as if each such county were an area not contained within the metropolitan statistical area in which it is located. In determining such area median incomes or establishing such income ceilings or limits for the portion of such metropolitan statistical area that does not include Westchester or Rockland Counties, the Secretary shall determine or establish area median incomes and income ceilings and limits as if such portion included Westchester and Rockland Counties.

(e) **AVAILABILITY OF INCOME MATCHING INFORMATION.**—

(1) **DISCLOSURE TO PHA.**—A public housing agency shall require any family described in paragraph (2) who receives information regarding income, earnings, wages, or unemployment compensation from the Department of Housing and Urban Development pursuant to income verification procedures of the Department to disclose such information, upon receipt of the information, to the public housing agency that owns or operates the public housing dwelling unit in which such family resides or that provides the housing assistance on behalf of such family, as applicable.

(2) **APPLICABILITY TO FAMILIES RECEIVING PUBLIC HOUSING OR CHOICE-BASED HOUSING ASSISTANCE.**—A family described in this paragraph is a family that resides in a dwelling unit—

(A) that is a public housing dwelling unit; or

(B) for which housing assistance is provided under title XIII (or under the program for tenant-based assistance under section 8 of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of this Act)).

(3) **PROTECTION OF APPLICANTS AND PARTICIPANTS.**—Section 904 of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 (42 U.S.C. 3544) is amended—

(A) in subsection (b)—

(i) in paragraph (2), by striking “and” at the end;

(iii) in paragraph (3), by striking the period at the end and inserting “; and”; and

(ii) by adding at the end the following new paragraph:

“(4) only in the case of an applicant or participant that is a member of a family described in section 1104(e)(2) of the Housing Opportunity and Responsibility Act of 1997, sign an agreement under which the applicant or participant agrees to provide to the appropriate public housing agency the information required under such section 1104(e)(1) of the Housing Opportunity and Responsibility Act of 1997 for the sole purpose of the public housing agency verifying income information pertinent to the applicant’s or partici-

pant’s eligibility or level of benefits, and comply with such agreement.”; and

(B) in subsection (c)—

(i) in paragraph (2)(A), in the matter preceding clause (I)—

(I) by inserting before “or” the first place it appears the following: “, pursuant to section 1104(e)(1) of the Housing Opportunity and Responsibility Act of 1997 from the applicant or participant.”; and

(II) by inserting “or 1104(e)(1)” after “such section 303(i)”; and

(ii) in paragraph (3)—

(I) in subparagraph (A), by inserting “, section 1104(e)(1) of the Housing Opportunity and Responsibility Act of 1997,” after “Social Security Act”; and

(II) in subparagraph (A), by inserting “or agreement, as applicable,” after “consent”; and

(III) in subparagraph (B), by inserting “section 1104(e)(1) of the Housing Opportunity and Responsibility Act of 1997,” after “Social Security Act.”; and

(IV) in subparagraph (B), by inserting “such section 1104(e)(1),” after “such section 303(i),” each place it appears.

#### **SEC. 1105. COMMUNITY WORK AND FAMILY SELF-SUFFICIENCY REQUIREMENTS.**

(a) **COMMUNITY WORK REQUIREMENT.**—

(1) **IN GENERAL.**—Except as provided in paragraph (3), each public housing agency shall require, as a condition of occupancy of a public housing dwelling unit by a family and of providing housing assistance under title XIII on behalf of a family, that each adult member of the family shall contribute not less than 8 hours of work per month (not including political activities) within the community in which the family resides, which may include work performed on locations not owned by the public housing agency.

(2) **EMPLOYMENT STATUS AND LIABILITY.**—The requirement under paragraph (1) may not be construed to establish any employment relationship between the public housing agency and the member of the family subject to the work requirement under such paragraph or to create any responsibility, duty, or liability on the part of the public housing agency for actions arising out of the work done by the member of the family to comply with the requirement, except to the extent that the member of the family is fulfilling the requirement by working directly for such public housing agency.

(3) **EXEMPTIONS.**—A public housing agency shall provide for the exemption, from the applicability of the requirement under paragraph (1), of each individual who is—

(A) an elderly person;

(B) a person with disabilities;

(C) working, attending school or vocational training, or otherwise complying with work requirements applicable under other public assistance programs (as determined by the agencies or organizations responsible for administering such programs); or

(D) otherwise physically impaired to the extent that they are unable to comply with the requirement, as certified by a doctor.

(b) **REQUIREMENT REGARDING TARGET DATE FOR TRANSITION OUT OF ASSISTED HOUSING.**—

(1) **IN GENERAL.**—Each public housing agency shall require, as a condition of occupancy of a public housing dwelling unit by a family and of providing housing assistance under title XIII on behalf of a family, that the family and the agency enter into an agreement (included, pursuant to subsection (d)(2)(C), as a term of an agreement under subsection (d)) establishing a target date by which the family intends to graduate from, terminate tenancy in, or no longer receive public housing or housing assistance under title XIII.

(2) **RIGHTS OF OCCUPANCY.**—This subsection may not be construed (nor may any provision of subsection (d) or (e)) to create a right

on the part of any public housing agency to evict or terminate assistance for a family solely on the basis of any failure of the family to comply with the target date established pursuant to paragraph (1).

(3) **FACTORS.**—In establishing a target date pursuant to paragraph (1) for a family that receives benefits for welfare or public assistance from a State or other public agency under a program that limits the duration during which such benefits may be received, the public housing agency and the family may take into consideration such time limit. This section may not be construed to require any public housing agency to adopt any such time limit on the duration of welfare or public assistance benefits as the target date pursuant to paragraph (1) for a resident.

(4) **EXEMPTIONS.**—A public housing agency shall provide for the exemption, from the applicability of the requirements under paragraph (1), of each individual who is—

(A) an elderly person;

(B) a person with disabilities;

(C) working, attending school or vocational training, or otherwise complying with work requirements applicable under other public assistance programs (as determined by the agencies or organizations responsible for administering such programs); or

(D) otherwise physically impaired to the extent that they are unable to comply with the requirement, as certified by a doctor.

(c) **TREATMENT OF INCOME CHANGES RESULTING FROM WELFARE PROGRAM REQUIREMENTS.**—

(1) **COVERED FAMILY.**—For purposes of this subsection, the term “covered family” means a family that (A) receives benefits for welfare or public assistance from a State or other public agency under a program for which the Federal, State, or local law relating to the program requires, as a condition of eligibility for assistance under the program, participation of a member of the family in an economic self-sufficiency program, and (B) resides in a public housing dwelling unit or is provided housing assistance under title XIII.

(2) **DECREASES IN INCOME FOR FAILURE TO COMPLY.**—Notwithstanding the provisions of sections 1225 and 1322 (relating to family rental contributions), if the welfare or public assistance benefits of a covered family are reduced under a Federal, State, or local law regarding such an assistance program because of any failure of any member of the family to comply with the conditions under the assistance program requiring participation in an economic self-sufficiency program, the amount required to be paid by the family as a monthly contribution toward rent may not be decreased, during the period of the reduction, as a result of any decrease in the income of the family (to the extent that the decrease in income is a result of the benefits reduction).

(3) **EFFECT OF FRAUD.**—Notwithstanding the provisions of sections 1225 and 1322 (relating to family rental contributions), if the welfare or public assistance benefits of a covered family are reduced because of an act of fraud by a member of the family under the law or program, the amount required to be paid by the covered family as a monthly contribution toward rent may not be decreased, during the period of the reduction, as a result of any decrease in the income of the family (to the extent that the decrease in income is a result of the benefits reduction).

(4) **NOTICE.**—Paragraphs (2) and (3) shall not apply to any covered family before the public housing agency providing assistance under this division on behalf of the family obtains written notification from the relevant welfare or public assistance agency specifying that the family's benefits have been reduced because of noncompliance with

economic self-sufficiency program requirements or fraud and the level of such reduction.

(5) **OCCUPANCY RIGHTS.**—This subsection may not be construed to authorize any public housing agency to establish any time limit on tenancy in a public housing dwelling unit or on receipt of housing assistance under title XIII.

(6) **REVIEW.**—Any covered family residing in public housing that is affected by the operation of this subsection shall have the right to review the determination under this subsection through the administrative grievance procedure established pursuant to section 1110 for the public housing agency.

(7) **COOPERATION AGREEMENTS FOR ECONOMIC SELF-SUFFICIENCY ACTIVITIES.**—

(A) **REQUIREMENT.**—A public housing agency providing public housing dwelling units or housing assistance under title XIII for covered families shall make its best efforts to enter into such cooperation agreements, with State, local, and other agencies providing assistance to covered families under welfare or public assistance programs, as may be necessary, to provide for such agencies to transfer information to facilitate administration of subsection (a) and paragraphs (2), (3), and (4) of this subsection, and other information regarding rents, income, and assistance that may assist a public housing agency or welfare or public assistance agency in carrying out its functions.

(B) **CONTENTS.**—A public housing agency shall seek to include in a cooperation agreement under this paragraph requirements and provisions designed to target assistance under welfare and public assistance programs to families residing in public housing developments and receiving choice-based assistance under title XIII, which may include providing for self-sufficiency services within such housing, providing for services designed to meet the unique employment-related needs of residents of such housing and recipients of such assistance, providing for placement of workforce positions on-site in such housing, and such other elements as may be appropriate.

(C) **CONFIDENTIALITY.**—This paragraph may not be construed to authorize any release of information that is prohibited by, or in contravention of, any other provision of Federal, State, or local law.

(d) **COMMUNITY WORK AND FAMILY SELF-SUFFICIENCY AGREEMENTS.**—

(1) **IN GENERAL.**—A public housing agency shall enter into a community work and family self-sufficiency agreement under this subsection with each adult member and head of household of each family who is to reside in a dwelling unit in public housing of the agency and each family on behalf of whom the agency will provide housing assistance under title XIII. Under the agreement the family shall agree that, as a condition of occupancy of the public housing dwelling unit or of receiving such housing assistance, the family will comply with the terms of the agreement.

(2) **TERMS.**—An agreement under this subsection shall include the following:

(A) Terms designed to encourage and facilitate the economic self-sufficiency of the assisted family entering into the agreement and the graduation of the family from assisted housing to unassisted housing.

(B) Notice of the requirements under subsection (a) (relating to community work) and the conditions imposed by, and exemptions from, such requirement.

(C) The target date agreed upon by the family pursuant to subsection (b) for graduation from, termination of tenancy in, or termination of receipt of public housing or housing assistance under title XIII.

(D) Terms providing for any resources, services, and assistance relating to self-sufficiency that will be made available to the family, including any assistance to be made available pursuant to subsection (c)(7)(B) under a cooperation agreement entered into under subsection (c)(7).

(E) Notice of the provisions of paragraphs (2) through (7) of subsection (c) (relating to effect of changes in income on rent and assisted families rights under such circumstances).

(e) **LEASE PROVISIONS.**—A public housing agency shall incorporate into leases under section 1226, and into any agreements for the provision of choice-based assistance under title XIII on behalf of a family—

(1) a provision requiring compliance with the requirement under subsection (a); and

(2) provisions incorporating the conditions under subsection (c).

(f) **TREATMENT OF INCOME.**—Notwithstanding any other provision of this section, in determining the income or tenancy of a family who resides in public housing or receives housing assistance under title XIII, a public housing agency shall consider any decrease in the income of a family that results from the reduction of any welfare or public assistance benefits received by the family under any Federal, State, or local law regarding a program for such assistance if the family (or a member thereof, as applicable) has complied with the conditions for receiving such assistance and is unable to obtain employment notwithstanding such compliance.

(g) **DEFINITION.**—For purposes of this section, the term “economic self-sufficiency program” means any program designed to encourage, assist, train, or facilitate the economic independence of participants and their families or to provide work for participants, including programs for job training, employment counseling, work placement, basic skills training, education, workfare, financial or household management, apprenticeship, or other activities as the Secretary may provide.

#### **SEC. 1106. LOCAL HOUSING MANAGEMENT PLANS.**

(a) **5-YEAR PLAN.**—The Secretary shall provide for each public housing agency to submit to the Secretary, once every 5 years, a plan under this subsection for the agency covering a period consisting of 5 fiscal years. Each such plan shall contain, with respect to the 5-year period covered by the plan, the following information:

(1) **STATEMENT OF MISSION.**—A statement of the mission of the agency for serving the needs of low-income families in the jurisdiction of the agency during such period.

(2) **GOALS AND OBJECTIVES.**—A statement of the goals and objectives of the agency that will enable the agency to serve the needs identified pursuant to paragraph (1) during such period.

(3) **CAPITAL IMPROVEMENT OVERVIEW.**—If the agency will provide capital improvements for public housing developments during such period, an overview of such improvements, the rationale for such improvements, and an analysis of how such improvements will enable the agency to meet its goals, objectives, and mission.

The first 5-year plan under this subsection for a public housing agency shall be submitted for the 5-year period beginning with the first fiscal year for which the agency receives assistance under this division.

(b) **ANNUAL PLAN.**—The Secretary shall provide for each public housing agency to submit to the Secretary a local housing management plan under this section for each fiscal year that contains the information required under subsection (d). For each fiscal year after the initial submission of a plan

under this section by a public housing agency, the agency may comply with requirements for submission of a plan under this subsection by submitting an update of the plan for the fiscal year.

(c) **PROCEDURES.**—The Secretary shall establish requirements and procedures for submission and review of plans, including requirements for timing and form of submission, and for the contents of such plans. Such procedures shall provide that a public housing agency—

(1) shall, in conjunction with the relevant State or unit of general local government, establish procedures to ensure that the plan under this section is consistent with the applicable comprehensive housing affordability strategy (or any consolidated plan incorporating such strategy) for the jurisdiction in which the public housing agency is located, in accordance with title I of the Cranston-Gonzalez National Affordable Housing Act; and

(2) may, at the option of the agency, submit a plan under this section together with, or as part of, the comprehensive housing affordability strategy (or any consolidated plan incorporating such strategy) for the relevant jurisdiction, and for concomitant review of such plans submitted together.

(d) **CONTENTS.**—An annual local housing management plan under this section for a public housing agency shall contain the following information relating to the upcoming fiscal year for which the assistance under this division is to be made available:

(1) **NEEDS.**—A statement of the housing needs of low-income and very low-income families residing in the community served by the agency, and of other low-income families on the waiting list of the agency (including the housing needs of elderly families and disabled families), and the means by which the agency intends, to the maximum extent practicable, to address such needs.

(2) **FINANCIAL RESOURCES.**—A statement of financial resources available for the agency the planned uses of such resources that includes—

(A) a description of the financial resources available to the agency;

(B) the uses to which such resources will be committed, including all proposed eligible and required activities under section 1203 and housing assistance to be provided under title XIII;

(C) an estimate of the costs of operation and the market rental value of each public housing development; and

(D) a specific description, based on population and demographic data, of the unmet affordable housing needs of families in the community served by the agency having incomes not exceeding 30 percent of the area median income and a statement of how the agency will expend grant amounts received under this division to meet the housing needs of such families.

(3) **POPULATION SERVED.**—A statement of the policies of the agency governing eligibility, admissions, and occupancy of families with respect to public housing dwelling units and housing assistance under title XIII, including—

(A) the requirements for eligibility for such units and assistance and the method and procedures by which eligibility and income will be determined and verified;

(B) the requirements for selection and admissions of eligible families for such units and assistance, including any preferences and procedures established by the agency and any outreach efforts;

(C) the procedures for assignment of families admitted to dwelling units owned, leased, managed, operated, or assisted by the agency;

(D) any standards and requirements for occupancy of public housing dwelling units and units assisted under title XIII, including resident screening policies, standard lease provisions, conditions for continued occupancy, termination of tenancy, eviction, and conditions for termination of housing assistance;

(E) the procedures for maintaining waiting lists for admissions to public housing developments of the agency, which may include a system of site-based waiting lists under section 1224(c);

(F) the criteria for providing and denying housing assistance under title XIII to families moving into the jurisdiction of the agency;

(G) the procedures for coordination with entities providing assistance to homeless families in the jurisdiction of the agency; and

(H) the fair housing policy of the agency.

(4) **RENT DETERMINATION.**—A statement of the policies of the agency governing rents charged for public housing dwelling units and rental contributions of assisted families under title XIII and the system used by the agency to ensure that such rents comply with the requirements of this division.

(5) **OPERATION AND MANAGEMENT.**—A statement of the rules, standards, and policies of the public housing agency governing maintenance and management of housing owned and operated by the agency, and management of the public housing agency and programs of the agency, including—

(A) a description of the manner in which the agency is organized (including any consortia or joint ventures) and staffed to perform the duties and functions of the public housing agency and to administer the operating fund distributions of the agency;

(B) policies relating to the rental of dwelling units, including policies designed to reduce vacancies;

(C) housing quality standards in effect pursuant to sections 1232 and 1328 and any certifications required under such sections;

(D) emergency and disaster plans for public housing;

(E) priorities and improvements for management of public housing, including initiatives to control costs; and

(F) policies of the agency requiring the loss or termination of housing assistance and tenancy under sections 1641 and 1642 (relating to occupancy standards for federally assisted housing).

(6) **GRIEVANCE PROCEDURE.**—A statement of the grievance procedures of the agency under section 1110.

(7) **CAPITAL IMPROVEMENTS.**—With respect to public housing developments owned or operated by the agency, a plan describing the capital improvements necessary to ensure long-term physical and social viability of the developments.

(8) **DEMOLITION AND DISPOSITION.**—With respect to public housing developments owned or operated by the agency—

(A) a description of any such housing to be demolished or disposed of under subtitle E of title XII; and

(B) a timetable for such demolition or disposition.

(9) **DESIGNATION OF HOUSING FOR ELDERLY AND DISABLED FAMILIES.**—With respect to public housing developments owned or operated by the agency, a description of any developments (or portions thereof) that the agency has designated or will designate for occupancy by elderly and disabled families in accordance with section 1227 and any information required under section 1227(d) for such designated developments.

(10) **CONVERSION OF PUBLIC HOUSING.**—With respect to public housing owned or operated by the agency, a description of any building

or buildings that the agency is required, under section 1203(b), to convert to housing assistance under title XIII or that the agency voluntarily converts, an analysis of such buildings required under such section for conversion, and a statement of the amount of grant amounts under title XII to be used for rental assistance or other housing assistance.

(11) **HOMEOWNERSHIP ACTIVITIES.**—A description of—

(A) any homeownership programs of the agency under subtitle D of title XII or section 1329 for the agency;

(B) the requirements and assistance available under the programs described pursuant to subparagraph (A); and

(C) the annual goals of the agency for additional availability of homeownership units.

(12) **ECONOMIC SELF-SUFFICIENCY AND COORDINATION WITH WELFARE AND OTHER APPROPRIATE AGENCIES.**—A description of—

(A) policies relating to services and amenities provided or offered to assisted families, including the provision of service coordinators and services designed for certain populations (such as the elderly and disabled);

(B) how the agency will coordinate with State, local, and other agencies providing assistance to families participating in welfare or public assistance programs;

(C) how the agency will implement and administer section 1105; and

(D) any policies, programs, plans, and activities of the agency for the enhancement of the economic and social self-sufficiency of residents assisted by the programs of the agency, including rent structures to encourage self-sufficiency.

(13) **SAFETY AND CRIME PREVENTION.**—A plan established by the public housing agency, which shall be subject to the following requirements:

(A) **SAFETY MEASURES.**—The plan shall provide, on a development-by-development basis, for measures to ensure the safety of public housing residents.

(B) **ESTABLISHMENT.**—The plan shall be established, with respect to each development, in consultation with the police officer or officers in command for the precinct in which the development is located.

(C) **CONTENT.**—The plan shall describe the need for measures to ensure the safety of public housing residents and for crime prevention measures, describe any such activities conducted, or to be conducted, by the agency, and provide for coordination between the public housing agency and the appropriate police precincts for carrying out such measures and activities.

(D) **SECRETARIAL ACTION.**—If the Secretary determines, at any time, that the security needs of a development are not being adequately addressed by the plan, or that the local police precinct is not complying with the plan, the Secretary may mediate between the public housing agency and the local precinct to resolve any issues of conflict. If after such mediation has occurred and the Secretary determines that the security needs of the development are not adequately addressed, the Secretary may require the public housing agency to submit an amended plan.

(14) **ANNUAL AUDIT.**—The results of the most recent fiscal year audit of the agency required under section 1541(b).

(15) **TROUBLED AGENCIES.**—Such other additional information as the Secretary may determine to be appropriate for each public housing agency that is designated—

(A) under section 1533(c) as at risk of becoming troubled; or

(B) under section 1533(a) as troubled.

(16) **ASSET MANAGEMENT.**—A statement of how the agency will carry out its asset management functions with respect to the public



housing inventory of the agency, including how the agency will plan for the long-term operating, capital investment, rehabilitation, modernization, disposition, and other needs for such inventory.

(e) CITIZEN PARTICIPATION.—

(1) PUBLICATION OF NOTICE.—Not later than 45 days before the date of a hearing conducted under paragraph (2) by the governing body of a public housing agency, the agency shall—

(A) publish a notice informing the public that the proposed local housing management plan or amendment is available for inspection at the principal office of the public housing agency during normal business hours and make the plan or amendment so available for inspection during such period; and

(B) publish a notice informing the public that a public hearing will be conducted to discuss the local housing management plan and to invite public comment regarding that plan.

(2) PUBLIC HEARING.—Before submitting a plan under this section or a significant amendment under section 1107(f) to a plan, a public housing agency shall, at a location that is convenient to residents, conduct a public hearing, as provided in the notice published under paragraph (1), regarding the public housing plan or the amendment of the agency.

(3) CONSIDERATION OF COMMENTS.—A public housing agency shall consider any comments or views made available pursuant to paragraphs (1) and (2) in preparing a final plan or amendment for submission to the Secretary. A summary of such comments or views shall be attached to the plan, amendment, or report submitted.

(4) ADOPTION OF PLAN.—After conducting the public hearing under paragraph (2) and considering public comments in accordance with paragraph (3), the public housing agency shall make any appropriate changes to the local housing management plan or amendment and shall—

(A) adopt the local housing management plan;

(B) submit the plan to any local elected official or officials responsible for appointing the members of the board of directors (or other similar governing body) of the public housing agency for review and approval under subsection (f);

(C) submit the plan to the Secretary in accordance with this section; and

(D) make the submitted plan or amendment publicly available.

(f) LOCAL REVIEW.—The public housing agency shall submit a plan under this subsection to any local elected official or officials responsible for appointing the members of the board of directors (or other similar governing body) of the public housing agency for review and approval for a 45-day period beginning on the date that the plan is submitted to such local official or officials (which period may run concurrently with any period under subsection (e) for public comment). If the local official or officials responsible under this subsection do not act within 45 days of submission of the plan, the plan shall be considered approved. If the local official or officials responsible under this subsection reject the public housing agency's plan, they shall return the plan with their recommended changes to the agency within 5 days of their disapproval. The agency shall resubmit an updated plan to the local official or officials within 30 days of receiving the objections. If the local official or officials again reject the plan, the resubmitted plan, together with the local official's objections, shall be submitted to the Secretary for approval.

(g) PLANS FOR SMALL PHA'S AND PHA'S ADMINISTERING ONLY RENTAL ASSISTANCE.—The Secretary shall establish requirements for submission of plans under this section and the information to be included in such plans applicable to public housing agencies that own or operate less than 250 public housing dwelling units and shall establish requirements for such submission and information applicable to agencies that only administer housing assistance under title XIII (and do not own or operate public housing). Such requirements shall waive any requirements under this section that the Secretary determines are burdensome or unnecessary for such agencies.

**SEC. 1107. REVIEW OF PLANS.**

(a) REVIEW AND NOTICE.—

(1) REVIEW.—The Secretary shall conduct a limited review of each local housing management plan submitted to the Secretary to ensure that the plan is complete and complies with the requirements of section 1106. The Secretary shall have the discretion to review a plan to the extent that the Secretary considers review is necessary.

(2) NOTICE.—The Secretary shall notify each public housing agency submitting a plan whether the plan complies with such requirements not later than 75 days after receiving the plan. If the Secretary does not notify the public housing agency, as required under this subsection and subsection (b), the Secretary shall be considered, for purposes of this division, to have made a determination that the plan complies with the requirements under section 1106 and the agency shall be considered to have been notified of compliance upon the expiration of such 75-day period. The preceding sentence shall not preclude judicial review regarding such compliance pursuant to chapter 7 of title 5, United States Code, or an action regarding such compliance under section 1979 of the Revised Statutes of the United States (42 U.S.C. 1983).

(b) NOTICE OF REASONS FOR DETERMINATION OF NONCOMPLIANCE.—If the Secretary determines that a plan, as submitted, does not comply with the requirements under section 1106, the Secretary shall specify in the notice under subsection (a) the reasons for the noncompliance and any modifications necessary for the plan to meet the requirements under section 1106.

(c) STANDARDS FOR DETERMINATION OF NONCOMPLIANCE.—The Secretary may determine that a plan does not comply with the requirements under section 1106 only if—

(1) the plan is incomplete in significant matters required under such section;

(2) there is evidence available to the Secretary that challenges, in a substantial manner, any information provided in the plan;

(3) the Secretary determines that the plan does not comply with Federal law or violates the purposes of this division because it fails to provide housing that will be viable on a long-term basis at a reasonable cost;

(4) the plan plainly fails to adequately identify the needs of low-income families for housing assistance in the jurisdiction of the agency;

(5) the plan plainly fails to adequately identify the capital improvement needs for public housing developments in the jurisdiction of the agency;

(6) the activities identified in the plan are plainly inappropriate to address the needs identified in the plan; or

(7) the plan is inconsistent with the requirements of this division.

The Secretary shall determine that a plan does not comply with the requirements under section 1106 if the plan does not include the information required under section 1106(d)(2)(D).

(d) TREATMENT OF EXISTING PLANS.—Notwithstanding any other provision of this title, a public housing agency shall be considered to have submitted a plan under this section if the agency has submitted to the Secretary a comprehensive plan under section 14(e) of the United States Housing Act of 1937 (as in effect immediately before the effective date of the repeal under section 1601(b) of this Act) or under the comprehensive improvement assistance program under such section 14, and the Secretary has approved such plan, before January 1, 1997. The Secretary shall provide specific procedures and requirements for such authorities to amend such plans by submitting only such additional information as is necessary to comply with the requirements of section 1106.

(e) ACTIONS TO CHANGE PLAN.—A public housing agency that has submitted a plan under section 1106 may change actions or policies described in the plan before submission and review of the plan of the agency for the next fiscal year only if—

(1) in the case of costly or nonroutine changes, the agency submits to the Secretary an amendment to the plan under subsection (f) which is reviewed in accordance with such subsection; or

(2) in the case of inexpensive or routine changes, the agency describes such changes in such local housing management plan for the next fiscal year.

(f) AMENDMENTS TO PLAN.—

(1) IN GENERAL.—During the annual or 5-year period covered by the plan for a public housing agency, the agency may submit to the Secretary any amendments to the plan.

(2) REVIEW.—The Secretary shall conduct a limited review of each proposed amendment submitted under this subsection to determine whether the plan, as amended by the amendment, complies with the requirements of section 1106 and notify each public housing agency submitting the amendment whether the plan, as amended, complies with such requirements not later than 30 days after receiving the amendment. If the Secretary determines that a plan, as amended, does not comply with the requirements under section 1106, such notice shall indicate the reasons for the noncompliance and any modifications necessary for the plan to meet the requirements under section 1106. If the Secretary does not notify the public housing agency as required under this paragraph, for purposes of this section, to comply with the requirements under section 1106.

(3) STANDARDS FOR DETERMINATION OF NONCOMPLIANCE.—The Secretary may determine that a plan, as amended by a proposed amendment, does not comply with the requirements under section 1106 only if—

(A) the plan, as amended, would be subject to a determination of noncompliance in accordance with the provisions of subsection (c);

(B) the Secretary determines that—

(i) the proposed amendment is plainly inconsistent with the activities specified in the plan; or

(ii) there is evidence that challenges, in a substantial manner, any information contained in the amendment; or

(C) the Secretary determines that the plan, as amended, violates the purposes of this division because it fails to provide housing that will be viable on a long-term basis at a reasonable cost.

(4) AMENDMENTS TO EXTEND TIME OF PERFORMANCE.—Notwithstanding any other provision of this subsection, the Secretary may not determine that any amendment to the plan of a public housing agency that extends the time for performance of activities assisted with amounts provided under this title



fails to comply with the requirements under section 1106 if the Secretary has not provided the amount of assistance set forth in the plan or has not provided the assistance in a timely manner.

#### SEC. 1108. REPORTING REQUIREMENTS.

(a) **PERFORMANCE AND EVALUATION REPORT.**—Each public housing agency shall annually submit to the Secretary, on a date determined by the Secretary, a performance and evaluation report concerning the use of funds made available under this division. The report of the public housing agency shall include an assessment by the agency of the relationship of such use of funds made available under this division, as well as the use of other funds, to the needs identified in the local housing management plan and to the purposes of this division. The public housing agency shall certify that the report was available for review and comment by affected tenants prior to its submission to the Secretary.

(b) **REVIEW OF PHA'S.**—The Secretary shall, at least on an annual basis, make such reviews as may be necessary or appropriate to determine whether each public housing agency receiving assistance under this section—

(1) has carried out its activities under this division in a timely manner and in accordance with its local housing management plan; and

(2) has a continuing capacity to carry out its local housing management plan in a timely manner.

(c) **RECORDS.**—Each public housing agency shall collect, maintain, and submit to the Secretary such data and other program records as the Secretary may require, in such form and in accordance with such schedule as the Secretary may establish.

#### SEC. 1109. PET OWNERSHIP.

Pet ownership in housing assisted under this division that is federally assisted rental housing (as such term is defined in section 227 of the Housing and Urban-Rural Recovery Act of 1983) shall be governed by the provisions of section 227 of such Act.

#### SEC. 1110. ADMINISTRATIVE GRIEVANCE PROCEDURE.

(a) **REQUIREMENTS.**—Each public housing agency receiving assistance under this division shall establish and implement an administrative grievance procedure under which residents of public housing will—

(1) be advised of the specific grounds of any proposed adverse public housing agency action;

(2) have an opportunity for a hearing before an impartial party (including appropriate employees of the public housing agency) upon timely request within a reasonable period of time;

(3) have an opportunity to examine any documents or records or regulations related to the proposed action;

(4) be entitled to be represented by another person of their choice at any hearing;

(5) be entitled to ask questions of witnesses and have others make statements on their behalf; and

(6) be entitled to receive a written decision by the public housing agency on the proposed action.

(b) **EXCLUSION FROM ADMINISTRATIVE PROCEDURE OF GRIEVANCES CONCERNING EVICTIONS FROM PUBLIC HOUSING INVOLVING HEALTH, SAFETY, OR PEACEFUL ENJOYMENT.**—A public housing agency may exclude from its procedure established under subsection (a) any grievance, in any jurisdiction which requires that prior to eviction, a tenant be given a hearing in court, which the Secretary determines provides the basic elements of due process (which the Secretary shall establish by rule under section 553 of

title 5, United States Code), concerning an eviction from or termination of tenancy in public housing that involves any activity that threatens the health, safety, or right to peaceful enjoyment of the premises of other tenants or employees of the public housing agency or any drug-related criminal activity on or off such premises. In the case of any eviction from or termination of tenancy in public housing not described in the preceding sentence, each of the following provisions shall apply:

(1) Such eviction or termination shall be subject to an administrative grievance procedure if the tenant so evicted or terminated requests a hearing under such procedure not later than five days after service of notice of such eviction or termination.

(2) The public housing agency shall take final action regarding a grievance under paragraph (1) not later than thirty days after such notice is served.

(3) If the public housing agency fails to provide a hearing under the grievance procedure pursuant to a request under paragraph (1) and take final action regarding the grievance before the expiration of the 30-day period under paragraph (2), the notice of eviction or termination shall be considered void and shall not be given any force or effect.

(4) If a public housing authority takes final action on a grievance for any eviction or termination, the tenant and any member of the tenant's household shall not have any right in connection with any subsequent eviction or termination notice to request or be afforded any administrative grievance hearing during the 1-year period beginning upon the date of the final action.

(c) **INAPPLICABILITY TO CHOICE-BASED RENTAL HOUSING ASSISTANCE.**—This section may not be construed to require any public housing agency to establish or implement an administrative grievance procedure with respect to assisted families under title XIII.

#### SEC. 1111. HEADQUARTERS RESERVE FUND.

(a) **ANNUAL RESERVATION OF AMOUNTS.**—Notwithstanding any other provision of law, the Secretary may retain not more than 2 percent of the amounts appropriated to carry out title XII for any fiscal year for use in accordance with this section.

(b) **USE OF AMOUNTS.**—Any amounts that are retained under subsection (a) or appropriated for use under this section shall be available for subsequent allocation to specific areas and communities, and may only be used for the Department of Housing and Urban Development and—

(1) for unforeseen housing needs resulting from natural and other disasters;

(2) for housing needs resulting from emergencies, as determined by the Secretary, other than such disasters;

(3) for housing needs related to a settlement of litigation, including settlement of fair housing litigation; and

(4) for needs related to the Secretary's actions under this division regarding troubled and at-risk public housing agencies.

Housing needs under this subsection may be met through the provision of assistance in accordance with title XII or title XIII, or both.

#### SEC. 1112. LABOR STANDARDS.

(a) **IN GENERAL.**—Any contract for grants, sale, or lease pursuant to this division relating to public housing shall contain the following provisions:

(1) **OPERATION.**—A provision requiring that not less than the wages prevailing in the locality, as determined or adopted (subsequent to a determination under applicable State or local law) by the Secretary, shall be paid to all contractors and persons employed in the operation of the low-income housing development involved.

(2) **PRODUCTION.**—A provision that not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (40 U.S.C. 276a–276a–5), shall be paid to all laborers and mechanics employed in the production of the development involved.

The Secretary shall require certification as to compliance with the provisions of this section before making any payment under such contract.

(b) **EXCEPTIONS.**—Subsection (a) and the provisions relating to wages (pursuant to subsection (a)) in any contract for grants, sale, or lease pursuant to this division relating to public housing, shall not apply to any individual who—

(1) performs services for which the individual volunteered;

(2)(A) does not receive compensation for such services; or

(B) is paid expenses, reasonable benefits, or a nominal fee for such services; and

(3) is not otherwise employed at any time in the construction work.

#### SEC. 1113. NONDISCRIMINATION.

(a) **IN GENERAL.**—No person in the United States shall on the grounds of race, color, national origin, religion, or sex be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with amounts made available under this division. Any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 or with respect to an otherwise qualified handicapped individual as provided in section 504 of the Rehabilitation Act of 1973 shall also apply to any such program or activity.

(b) **CIVIL RIGHTS COMPLIANCE.**—Each public housing agency that receives grant amounts under this division shall use such amounts and carry out its local housing management plan approved under section 1107 in conformity with title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, and the Americans With Disabilities Act of 1990, and shall affirmatively further fair housing.

#### SEC. 1114. PROHIBITION ON USE OF FUNDS.

None of the funds made available to the Department of Housing and Urban Development to carry out this division, which are obligated to State or local governments, public housing agencies, housing finance agencies, or other public or quasi-public housing agencies, shall be used to indemnify contractors or subcontractors of the government or agency against costs associated with judgments of infringement of intellectual property rights.

#### SEC. 1115. INAPPLICABILITY TO INDIAN HOUSING.

Except as specifically provided by law, the provisions of this title, and titles XII, XIII, XIV, and XV shall not apply to public housing developed or operated pursuant to a contract between the Secretary and an Indian housing authority under the United States Housing Act of 1937 or to housing assisted under the Native American Housing Assistance and Self-Determination Act of 1996.

#### SEC. 1116. REGULATIONS.

(a) **IN GENERAL.**—The Secretary may issue any regulations necessary to carry out this division. This subsection shall take effect on the date of the enactment of this Act.

(b) **RULE OF CONSTRUCTION.**—Any failure by the Secretary to issue any regulations authorized under subsection (a) shall not affect the effectiveness of any provision of this division or any amendment made by this division.

**TITLE XII—PUBLIC HOUSING****Subtitle A—Block Grants****SEC. 1201. BLOCK GRANT CONTRACTS.**

(a) IN GENERAL.—The Secretary shall enter into contracts with public housing agencies under which—

(1) the Secretary agrees to make a block grant under this title, in the amount provided under section 1202(c), for assistance for low-income housing to the public housing agency for each fiscal year covered by the contract; and

(2) the agency agrees—

(A) to provide safe, clean, and healthy housing that is affordable to low-income families and services for families in such housing;

(B) to operate, or provide for the operation, of such housing in a financially sound manner;

(C) to use the block grant amounts in accordance with this title and the local housing management plan for the agency that complies with the requirements of section 1106;

(D) to involve residents of housing assisted with block grant amounts in functions and decisions relating to management and the quality of life in such housing;

(E) that the management of the public housing of the agency shall be subject to actions authorized under subtitle D of title XV;

(F) that the Secretary may take actions under section 1205 with respect to improper use of grant amounts provided under the contract; and

(G) to otherwise comply with the requirements under this title.

(b) SMALL PUBLIC HOUSING AGENCY CAPITAL GRANT OPTION.—For any fiscal year, upon the request of the Governor of the State, the Secretary shall make available directly to the State, from the amounts otherwise included in the block grants for all public housing agencies in such State which own or operate less than 100 dwelling units, 1/2 of that portion of such amounts that is derived from the capital improvement allocations for such agencies pursuant to section 1203(c)(1) or 1203(d)(2), as applicable. The Governor of the State will have the responsibility to distribute all of such funds, in amounts determined by the Governor, only to meet the exceptional capital improvement requirements for the various public housing agencies in the State which operate less than 100 dwelling units: *Provided*, however, that for States where Federal funds provided to the State are subject to appropriation action by the State legislature, the capital funds made available to the Governor under this subsection shall be subject to such appropriation by the State legislature.

(c) MODIFICATION.—Contracts and agreements between the Secretary and a public housing agency may not be amended in a manner which would—

(1) impair the rights of—

(A) leaseholders for units assisted pursuant to a contract or agreement; or

(B) the holders of any outstanding obligations of the public housing agency involved for which annual contributions have been pledged; or

(2) provide for payment of block grant amounts under this title in an amount exceeding the allocation for the agency determined under section 1204.

Any rule of law contrary to this subsection shall be deemed inapplicable.

**SEC. 1202. GRANT AUTHORITY, AMOUNT, AND ELIGIBILITY.**

(a) AUTHORITY.—The Secretary shall make block grants under this title to eligible public housing agencies in accordance with block grant contracts under section 1201.

(b) PERFORMANCE FUNDS.—

(1) IN GENERAL.—The Secretary shall establish 2 funds for the provision of grants to eligible public housing agencies under this title, as follows:

(A) CAPITAL FUND.—A capital fund to provide capital and management improvements to public housing developments.

(B) OPERATING FUND.—An operating fund for public housing operations.

(2) FLEXIBILITY OF FUNDING.—

(A) IN GENERAL.—A public housing agency may use up to 20 percent of the amounts from a grant under this title that are allocated and provided from the capital fund for activities that are eligible under section 1203(a)(2) to be funded with amounts from the operating fund.

(B) FULL FLEXIBILITY FOR SMALL PHA'S.—In the case of a public housing agency that owns or operates less than 250 public housing dwelling units and is (in the determination of the Secretary) operating and maintaining its public housing in a safe, clean, and healthy condition, the agency may use amounts from a grant under this title for any eligible activities under section 1203(a), regardless of the fund from which the amounts were allocated and provided.

(C) AMOUNT OF GRANTS.—The amount of the grant under this title for a public housing agency for a fiscal year shall be the amount of the allocation for the agency determined under section 1204, except as otherwise provided in this title and title XV.

(d) ELIGIBILITY.—A public housing agency shall be an eligible public housing agency with respect to a fiscal year for purposes of this title only if—

(1) the Secretary has entered into a block grant contract with the agency;

(2) the agency has submitted a local housing management plan to the Secretary for such fiscal year;

(3) the plan has been determined to comply with the requirements under section 1106 and the Secretary has not notified the agency that the plan fails to comply with such requirements;

(4) the agency is exempt from local taxes, as provided under subsection (e), or receives a contribution, as provided under such subsection;

(5) no member of the board of directors or other governing body of the agency, or the executive director, has been convicted of a felony;

(6) the agency has entered into an agreement providing for local cooperation in accordance with subsection (f); and

(7) the agency has not been disqualified for a grant pursuant to section 1205(a) or title XV.

(e) PAYMENTS IN LIEU OF STATE AND LOCAL TAXATION OF PUBLIC HOUSING DEVELOPMENTS.—

(1) EXEMPTION FROM TAXATION.—A public housing agency may receive a block grant under this title only if—

(A)(i) the developments of the agency (exclusive of any portions not assisted with amounts provided under this title) are exempt from all real and personal property taxes levied or imposed by the State, city, county, or other political subdivision; and

(ii) the public housing agency makes payments in lieu of taxes to such taxing authority equal to 10 percent of the sum, for units charged in the developments of the agency, of the difference between the gross rent and the utility cost, or such lesser amount as is—

(I) prescribed by State law;

(II) agreed to by the local governing body in its agreement under subsection (f) for local cooperation with the public housing agency or under a waiver by the local governing body; or

(III) due to failure of a local public body or bodies other than the public housing agency

to perform any obligation under such agreement; or

(B) the agency complies with the requirements under subparagraph (A) with respect to public housing developments (including public housing units in mixed-income developments), but the agency agrees that the units other than public housing units in any mixed-income developments (as such term is defined in section 1221(c)(2)) shall be subject to any otherwise applicable real property taxes imposed by the State, city, county or other political subdivision.

(2) EFFECT OF FAILURE TO EXEMPT FROM TAXATION.—Notwithstanding paragraph (1), a public housing agency that does not comply with the requirements under such paragraph may receive a block grant under this title, but only if the State, city, county, or other political subdivision in which the development is situated contributes, in the form of cash or tax remission, the amount by which the taxes paid with respect to the development exceed 10 percent of the gross rent and utility cost charged in the development.

(f) LOCAL COOPERATION.—In recognition that there should be local determination of the need for low-income housing to meet needs not being adequately met by private enterprise, the Secretary may not make any grant under this title to a public housing agency unless the governing body of the locality involved has entered into an agreement with the agency providing for the local cooperation required by the Secretary pursuant to this title. The Secretary shall require that each such agreement for local cooperation shall provide that, notwithstanding any order, judgment, or decree of any court (including any settlement order), before making any amounts provided under a grant under this title available for use for the production of any housing or other property not previously used as public housing, the public housing agency shall—

(1) notify the chief executive officer (or other appropriate official) of the unit of general local government in which the public housing for which such amounts are to be so used is located (or to be located) of such use; and

(2) pursuant to the request of such unit of general local government, provide such information as may reasonably be requested by such unit of general local government regarding the public housing to be so assisted (except to the extent otherwise prohibited by law) and consult with representatives of such local government regarding the public housing.

(g) EXCEPTION.—Notwithstanding subsection (a), the Secretary may make a grant under this title for a public housing agency that is not an eligible public housing agency but only for the period necessary to secure, in accordance with this title, an alternative public housing agency for the public housing of the ineligible agency.

(h) RECAPTURE OF CAPITAL ASSISTANCE AMOUNTS.—The Secretary may recapture, from any grant amounts made available to a public housing agency from the capital fund, any portion of such amounts that are not used or obligated by the public housing agency for use for eligible activities under section 1203(a)(1) (or dedicated for use pursuant to section 1202(b)(2)(A)) before the expiration of the 24-month period beginning upon the award of such grant to the agency.

**SEC. 1203. ELIGIBLE AND REQUIRED ACTIVITIES.**

(a) ELIGIBLE ACTIVITIES.—Except as provided in subsection (b) and in section 1202(b)(2), grant amounts allocated and provided from the capital fund and grant amounts allocated and provided from the operating fund may be used for the following activities:

(1) CAPITAL FUND ACTIVITIES.—Grant amounts from the capital fund may be used for—

(A) the production and modernization of public housing developments, including the redesign, reconstruction, and reconfiguration of public housing sites and buildings and the production of mixed-income developments;

(B) vacancy reduction;

(C) addressing deferred maintenance needs and the replacement of dwelling equipment;

(D) planned code compliance;

(E) management improvements;

(F) demolition and replacement under section 1261;

(G) tenant relocation;

(H) capital expenditures to facilitate programs to improve the economic empowerment and self-sufficiency of public housing tenants; and

(I) capital expenditures to improve the security and safety of residents.

(2) OPERATING FUND ACTIVITIES.—Grant amounts from the operating fund may be used for—

(A) procedures and systems to maintain and ensure the efficient management and operation of public housing units;

(B) activities to ensure a program of routine preventative maintenance;

(C) anti-crime and anti-drug activities, including the costs of providing adequate security for public housing tenants;

(D) activities related to the provision of services, including service coordinators for elderly persons or persons with disabilities and including child care services for public housing residents;

(E) activities to provide for management and participation in the management of public housing by public housing tenants;

(F) the costs associated with the operation and management of mixed-income developments;

(G) the costs of insurance;

(H) the energy costs associated with public housing units, with an emphasis on energy conservation;

(I) the costs of administering a public housing community work program under section 1105, including the costs of any related insurance needs; and

(J) activities in connection with a homeownership program for public housing residents under subtitle D, including providing financing or assistance for purchasing housing, or the provision of financial assistance to resident management corporations or resident councils to obtain training, technical assistance, and educational assistance to promote homeownership opportunities.

(b) REQUIRED CONVERSION OF ASSISTANCE FOR PUBLIC HOUSING TO RENTAL HOUSING ASSISTANCE.—

(1) REQUIREMENT.—A public housing agency that receives grant amounts under this title shall provide assistance in the form of rental housing assistance under title XIII, or appropriate site revitalization or other appropriate capital improvements approved by the Secretary, in lieu of assisting the operation and modernization of any building or buildings of public housing, if the agency provides sufficient evidence to the Secretary that the building or buildings—

(A) are on the same or contiguous sites;

(B) consist of more than 300 dwelling units;

(C) have a vacancy rate of at least 10 percent of dwelling units not in funded, on-schedule modernization programs;

(D) are identified as distressed housing for which the public housing agency cannot assure the long-term viability as public housing through reasonable revitalization, density reduction, or achievement of a broader range of household income; and

(E) have an estimated cost of continued operation and modernization as public housing that exceeds the cost of providing choice-based rental assistance under title XIII for all families in occupancy, based on appropriate indicators of cost (such as the percentage of the total development cost required for modernization).

Public housing agencies shall identify properties that meet the definition of subparagraphs (A) through (E) and shall consult with the appropriate public housing residents and the appropriate unit of general local government in identifying such properties.

(2) USE OF OTHER AMOUNTS.—In addition to grant amounts under this title attributable (pursuant to the formulas under section 1204) to the building or buildings identified under paragraph (1), the Secretary may use amounts provided in appropriation Acts for choice-based housing assistance under title XIII for families residing in such building or buildings or for appropriate site revitalization or other appropriate capital improvements approved by the Secretary.

(3) ENFORCEMENT.—The Secretary shall take appropriate action to ensure conversion of any building or buildings identified under paragraph (1) and any other appropriate action under this subsection, if the public housing agency fails to take appropriate action under this subsection.

(4) FAILURE OF PHA'S TO COMPLY WITH CONVERSION REQUIREMENT.—If the Secretary determines that—

(A) a public housing agency has failed under paragraph (1) to identify a building or buildings in a timely manner,

(B) a public housing agency has failed to identify one or more buildings which the Secretary determines should have been identified under paragraph (1), or

(C) one or more of the buildings identified by the public housing agency pursuant to paragraph (1) should not, in the determination of the Secretary, have been identified under that paragraph,

the Secretary may identify a building or buildings for conversion and take other appropriate action pursuant to this subsection.

(5) CESSATION OF UNNECESSARY SPENDING.—Notwithstanding any other provision of law, if, in the determination of the Secretary, a building or buildings meets or is likely to meet the criteria set forth in paragraph (1), the Secretary may direct the public housing agency to cease additional spending in connection with such building or buildings, except to the extent that additional spending is necessary to ensure safe, clean, and healthy housing until the Secretary determines or approves an appropriate course of action with respect to such building or buildings under this subsection.

(6) USE OF BUDGET AUTHORITY.—Notwithstanding any other provision of law, if a building or buildings are identified pursuant to paragraph (1), the Secretary may authorize or direct the transfer, to the choice-based or tenant-based assistance program of such agency or to appropriate site revitalization or other capital improvements approved by the Secretary, of—

(A) in the case of an agency receiving assistance under the comprehensive improvement assistance program, any amounts obligated by the Secretary for the modernization of such building or buildings pursuant to section 14 of the United States Housing Act of 1937 (as in effect immediately before the effective date of the repeal under section 1601(b));

(B) in the case of an agency receiving public housing modernization assistance by formula pursuant to such section 14, any amounts provided to the agency which are attributable pursuant to the formula for al-

locating such assistance to such building or buildings;

(C) in the case of an agency receiving assistance for the major reconstruction of obsolete projects, any amounts obligated by the Secretary for the major reconstruction of such building or buildings pursuant to section 5(j)(2) of the United States Housing Act of 1937, as in effect immediately before the effective date of the repeal under section 1601(b); and

(D) in the case of an agency receiving assistance pursuant to the formulas under section 1204, any amounts provided to the agency which are attributable pursuant to the formulas for allocating such assistance to such building or buildings.

(7) RELOCATION REQUIREMENTS.—Any public housing agency carrying out conversion of public housing under this subsection shall—

(A) notify the families residing in the public housing development subject to the conversion, in accordance with any guidelines issued by the Secretary governing such notifications, that—

(i) the development will be removed from the inventory of the public housing agency; and

(ii) the families displaced by such action will receive choice-based housing assistance or occupancy in a unit operated or assisted by the public housing agency;

(B) ensure that each family that is a resident of the development is relocated to other safe, clean, and healthy affordable housing, which is, to the maximum extent practicable, housing of the family's choice, including choice-based assistance under title XIII (provided that with respect to choice-based assistance, the preceding requirement shall be fulfilled only upon the relocation of such family into such housing);

(C) provide any necessary counseling for families displaced by such action to facilitate relocation; and

(D) provide any reasonable relocation expenses for families displaced by such action.

(8) TRANSITION.—Any amounts made available to a public housing agency to carry out section 202 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 (enacted as section 101(e) of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (Public Law 104-134; 110 Stat. 1321-279)) may be used, to the extent or in such amounts as are or have been provided in advance in appropriation Acts, to carry out this section. The Secretary shall provide for public housing agencies to conform and continue actions taken under such section 202 in accordance with the requirements under this section.

(c) EXTENSION OF DEADLINES.—The Secretary may, for a public housing agency, extend any deadline established pursuant to this section or a local housing management plan for up to an additional 5 years if the Secretary makes a determination that the deadline is impracticable.

(d) COMPLIANCE WITH PLAN.—The local housing management plan submitted by a public housing agency (including any amendments to the plan), unless determined under section 1107 not to comply with the requirements under section 1106, shall be binding upon the Secretary and the public housing agency and the agency shall use any grant amounts provided under this title for eligible activities under subsection (a) in accordance with the plan. This subsection may not be construed to preclude changes or amendments to the plan, as authorized under section 1107 or any actions authorized by this division to be taken without regard to a local housing management plan.

(e) ELIGIBLE ACTIVITIES FOR INCREASED INCOME.—Any public housing agency that derives increased nonrental or rental income, as referred to in subsection (c)(2)(B) or (d)(1)(D) of section 1204 or pursuant to provision of mixed-income developments under section 1221(c)(2), may use such amounts for any eligible activity under paragraph (1) or (2) of subsection (a) of this section or for providing choice-based housing assistance under title XIII.

#### SEC. 1204. DETERMINATION OF GRANT ALLOCATION.

(a) IN GENERAL.—For each fiscal year, after reserving amounts under section 1111 from the aggregate amount made available for the fiscal year for carrying out this title, the Secretary shall allocate any remaining amounts among eligible public housing agencies in accordance with this section, so that the sum of all of the allocations for all eligible authorities is equal to such remaining amount.

(b) ALLOCATION AMOUNT.—The Secretary shall determine the amount of the allocation for each eligible public housing agency, which shall be—

(1) for any fiscal year beginning after the enactment of a law containing the formulas described in paragraphs (1) and (2) of subsection (c), the sum of the amounts determined for the agency under each such formula; or

(2) for any fiscal year beginning before the expiration of such period, the sum of—

(A) the operating allocation determined under subsection (d)(1) for the agency; and

(B) the capital improvement allocation determined under subsection (d)(2) for the agency.

(c) PERMANENT ALLOCATION FORMULAS FOR CAPITAL AND OPERATING FUNDS.—

(1) ESTABLISHMENT OF CAPITAL FUND FORMULA.—The formula under this paragraph shall provide for allocating assistance under the capital fund for a fiscal year. The formula may take into account such factors as—

(A) the number of public housing dwelling units owned or operated by the public housing agency, the characteristics and locations of the developments, and the characteristics of the families served and to be served (including the incomes of the families);

(B) the need of the public housing agency to carry out rehabilitation and modernization activities, and reconstruction, production, and demolition activities related to public housing dwelling units owned or operated by the public housing agency, including backlog and projected future needs of the agency;

(C) the cost of constructing and rehabilitating property in the area; and

(D) the need of the public housing agency to carry out activities that provide a safe and secure environment in public housing units owned or operated by the public housing agency.

(2) ESTABLISHMENT OF OPERATING FUND FORMULA.—

(A) IN GENERAL.—The formula under this paragraph shall provide for allocating assistance under the operating fund for a fiscal year. The formula may take into account such factors as—

(i) standards for the costs of operating and reasonable projections of income, taking into account the characteristics and locations of the public housing developments and characteristics of the families served and to be served (including the incomes of the families), or the costs of providing comparable services as determined in accordance with criteria or a formula representing the operations of a prototype well-managed public housing development;

(ii) the number of public housing dwelling units owned or operated by the public housing agency;

(iii) the need of the public housing agency to carry out anti-crime and anti-drug activities, including providing adequate security for public housing residents; and

(iv) any record by the public housing agency of exemplary performance in the operation of public housing.

(B) INCENTIVE TO INCREASE INCOME.—The formula shall provide an incentive to encourage public housing agencies to increase nonrental income and to increase rental income attributable to their units by encouraging occupancy by families whose incomes have increased while in occupancy and newly admitted families. Any such incentive shall provide that the agency shall derive the full benefit of any increase in nonrental or rental income, and such increase shall not result in a decrease in amounts provided to the agency under this title. In addition, an agency shall be permitted to retain, from each fiscal year, the full benefit of such an increase in nonrental or rental income, except to the extent that such benefit exceeds (i) 100 percent of the total amount of the operating allocation for which the agency is eligible under this section, and (ii) the maximum balance permitted for the agency's operating reserve under this section and any regulations issued under this section.

(C) TREATMENT OF UTILITY RATES.—The formula shall not take into account the amount of any cost reductions for a public housing agency due to the difference between projected and actual utility rates attributable to actions that are taken by the agency which lead to such reductions, as determined by the Secretary. In the case of any public housing agency that receives financing from any person or entity other than the Secretary or enters into a performance contract to undertake energy conservation improvements in a public housing development, under which the payment does not exceed the cost of the energy saved as a result of the improvements during a reasonable negotiated contract period, the formula shall not take into account the amount of any cost reductions for the agency due to the differences between projected and actual utility consumption attributable to actions that are taken by the agency which lead to such reductions, as determined by the Secretary. Notwithstanding the preceding 2 sentences, after the expiration of the 10-year period beginning upon the savings initially taking effect, the Secretary may reduce the amount allocated to the agency under the formula by up to 50 percent of such differences.

(3) CONSIDERATION OF PERFORMANCE, COSTS, AND OTHER FACTORS.—The formulas under paragraphs (1) and (2) should each reward performance and may each consider appropriate factors that reflect the different characteristics and sizes of public housing agencies, the relative needs, revenues, costs, and capital improvements of agencies, and the relative costs to agencies of operating a well-managed agency that meets the performance targets for the agency established in the local housing management plan for the agency.

(4) DEVELOPMENT UNDER NEGOTIATED RULEMAKING PROCEDURE.—The formulas under this subsection shall be developed according to procedures for issuance of regulations under the negotiated rulemaking procedure under subchapter III of chapter 5 of title 5, United States Code, except that the formulas shall not be contained in a regulation.

(5) REPORT.—Not later than the expiration of the 12-month period beginning upon the enactment of this Act, the Secretary shall submit a report to the Congress containing the proposed formulas established pursuant

to paragraph (4) that meets the requirements of this subsection.

(d) INTERIM ALLOCATION REQUIREMENTS.—

(1) OPERATING ALLOCATION.—

(A) APPLICABILITY TO APPROPRIATED AMOUNTS.—Of any amounts available for allocation under this subsection for a fiscal year, an amount shall be used only to provide amounts for operating allocations under this paragraph for eligible public housing agencies that bears the same ratio to such total amount available for allocation that the amount appropriated for fiscal year 1997 for operating subsidies under section 9 of the United States Housing Act of 1937 bears to the sum of such operating subsidy amounts plus the amounts appropriated for such fiscal year for modernization under section 14 of such Act.

(B) DETERMINATION.—The operating allocation under this paragraph for a public housing agency for a fiscal year shall be an amount determined by applying, to the amount to be allocated under this paragraph, the formula used for determining the distribution of operating subsidies for fiscal year 1997 to public housing agencies (as modified under subparagraphs (C) and (D)) under section 9 of the United States Housing Act of 1937, as in effect immediately before the effective date of the repeal under section 1601(b).

(C) TREATMENT OF CHRONICALLY VACANT UNITS.—The Secretary shall revise the formula referred to in subparagraph (B) so that the formula does not provide any amounts, other than utility costs and other necessary costs (such as costs necessary for the protection of persons and property), attributable to any dwelling unit of a public housing agency that has been vacant continuously for 6 or more months. A unit shall not be considered vacant for purposes of this paragraph if the unit is unoccupied because of rehabilitation or renovation that is on schedule.

(D) TREATMENT OF INCREASES IN INCOME.—The Secretary shall revise the formula referred to in subparagraph (B) to provide an incentive to encourage public housing agencies to increase nonrental income and to increase rental income attributable to their units by encouraging occupancy by families whose incomes have increased while in occupancy and newly admitted families. Any such incentive shall provide that the agency shall derive the full benefit of any increase in nonrental or rental income, and such increase shall not result in a decrease in amounts provided to the agency under this title. In addition, an agency shall be permitted to retain, from each fiscal year, the full benefit of such an increase in nonrental or rental income, except that such benefit may not be retained if—

(i) the agency's operating allocation equals 100 percent of the amount for which it is eligible under section 9 of the United States Housing Act of 1937, as in effect immediately before the effective date of the repeal under section 1601(b) of this Act; and

(ii) the agency's operating reserve balance is equal to the maximum amount permitted under section 9 of the United States Housing Act of 1937, as in effect immediately before the effective date of the repeal under section 1601(b) of this Act.

(2) CAPITAL IMPROVEMENT ALLOCATION.—

(A) APPLICABILITY TO APPROPRIATED AMOUNTS.—Of any amounts available for allocation under this subsection for a fiscal year, an amount shall be used only to provide amounts for capital improvement allocations under this paragraph for eligible public housing agencies that bears the same ratio to such total amount available for allocation that the amount appropriated for fiscal year 1997 for modernization under section 14 of the United States Housing Act of 1937

bears to the sum of such modernization amounts plus the amounts appropriated for such fiscal year for operating subsidies under section 9 of such Act.

(B) DETERMINATION.—The capital improvement allocation under this paragraph for an eligible public housing agency for a fiscal year shall be determined by applying, to the amount to be allocated under this paragraph, the formula used for determining the distribution of modernization assistance for fiscal year 1997 to public housing agencies under section 14 of the United States Housing Act of 1937, as in effect immediately before the effective date of the repeal under section 1601(b), except that the Secretary shall establish a method for taking into consideration allocation of amounts under the comprehensive improvement assistance program.

(e) ELIGIBILITY OF UNITS ACQUIRED FROM PROCEEDS OF SALES UNDER DEMOLITION OR DISPOSITION PLAN.—If a public housing agency uses proceeds from the sale of units under a homeownership program in accordance with section 1251 to acquire additional units to be sold to low-income families, the additional units shall be counted as public housing for purposes of determining the amount of the allocation to the agency under this section until sale by the agency, but in any case no longer than 5 years.

#### SEC. 1205. SANCTIONS FOR IMPROPER USE OF AMOUNTS.

(a) IN GENERAL.—In addition to any other actions authorized under this title, if the Secretary finds pursuant to an audit under section 1541 that a public housing agency receiving grant amounts under this title has failed to comply substantially with any provision of this title, the Secretary may—

(1) terminate payments under this title to the agency;

(2) withhold from the agency amounts from the total allocation for the agency pursuant to section 1204;

(3) reduce the amount of future grant payments under this title to the agency by an amount equal to the amount of such payments that were not expended in accordance with this title;

(4) limit the availability of grant amounts provided to the agency under this title to programs, projects, or activities not affected by such failure to comply;

(5) withhold from the agency amounts allocated for the agency under title XIII; or

(6) order other corrective action with respect to the agency.

(b) TERMINATION OF COMPLIANCE ACTION.—If the Secretary takes action under subsection (a) with respect to a public housing agency, the Secretary shall—

(1) in the case of action under subsection (a)(1), resume payments of grant amounts under this title to the agency in the full amount of the total allocation under section 1204 for the agency at the time that the Secretary first determines that the agency will comply with the provisions of this title;

(2) in the case of action under paragraph (2), (5), or (6) of subsection (a), make withheld amounts available as the Secretary considers appropriate to ensure that the agency complies with the provisions of this title; or

(3) in the case of action under subsection (a)(4), release such restrictions at the time that the Secretary first determines that the agency will comply with the provisions of this title.

#### Subtitle B—Admissions and Occupancy Requirements

#### SEC. 1221. LOW-INCOME HOUSING REQUIREMENT.

(a) PRODUCTION ASSISTANCE.—Any public housing produced using amounts provided under a grant under this title or under the

United States Housing Act of 1937 shall be operated as public housing for the 40-year period beginning upon such production.

(b) OPERATING ASSISTANCE.—No portion of any public housing development operated with amounts from a grant under this title or operating assistance provided under the United States Housing Act of 1937 may be disposed of before the expiration of the 10-year period beginning upon the conclusion of the fiscal year for which the grant or such assistance was provided, except as provided in this Act.

(c) CAPITAL IMPROVEMENTS ASSISTANCE.—Amounts may be used for eligible activities under section 1203(a)(1) only for the following housing developments:

(1) LOW-INCOME DEVELOPMENTS.—Amounts may be used for a low-income housing development that—

(A) is owned by public housing agencies;

(B) is operated as low-income rental housing and produced or operated with assistance provided under a grant under this title; and

(C) is consistent with the purposes of this title.

Any development, or portion thereof, referred to in this paragraph for which activities under section 1203(a)(1) are conducted using amounts from a grant under this title shall be maintained and used as public housing for the 20-year period beginning upon the receipt of such grant. Any public housing development, or portion thereof, that received the benefit of a grant pursuant to section 14 of the United States Housing Act of 1937 shall be maintained and used as public housing for the 20-year period beginning upon receipt of such amounts.

(2) MIXED INCOME DEVELOPMENTS.—Amounts may be used for eligible activities under section 1203(a)(1) for mixed-income developments, which shall be a housing development that—

(A) contains dwelling units that are available for occupancy by families other than low-income families;

(B) contains a number of dwelling units—

(i) which units are made available (by master contract or individual lease) for occupancy only by low- and very low-income families identified by the public housing agency;

(ii) which number is not less than a reasonable number of units, including related amenities, taking into account the amount of the assistance provided by the agency compared to the total investment (including costs of operation) in the development;

(iii) which units are subject to the statutory and regulatory requirements of the public housing program, except that the Secretary may grant appropriate waivers to such statutory and regulatory requirements if reductions in funding or other changes to the program make continued application of such requirements impracticable;

(iv) which units are specially designated as dwelling units under this subparagraph, except the equivalent units in the development may be substituted for designated units during the period the units are subject to the requirements of the public housing program; and

(v) which units shall be eligible for assistance under this title; and

(C) is owned by the public housing agency, an affiliate controlled by it, or another appropriate entity.

Notwithstanding any other provision of this title, to facilitate the establishment of socioeconomically mixed communities, a public housing agency that uses grant amounts under this title for a mixed income development under this paragraph may, to the extent that income from such a development reduces the amount of grant amounts used for operating or other costs relating to public housing, use such resulting savings to

rent privately developed dwelling units in the neighborhood of the mixed income development. Such units shall be made available for occupancy only by low-income families eligible for residency in public housing.

#### SEC. 1222. FAMILY ELIGIBILITY.

(a) IN GENERAL.—Dwelling units in public housing may be rented only to families who are low-income families at the time of their initial occupancy of such units.

(b) INCOME MIX WITHIN DEVELOPMENTS.—A public housing agency may establish and utilize income-mix criteria for the selection of residents for dwelling units in public housing developments that limit admission to a development by selecting applicants having incomes appropriate so that the mix of incomes of families occupying the development at any time is proportional to the income mix in the eligible population of the jurisdiction of the agency at such time, as adjusted to take into consideration the severity of housing need. Any criteria established under this subsection shall be subject to the provisions of subsection (c).

(c) INCOME MIX.—

(1) PHA INCOME MIX.—Of the public housing dwelling units of a public housing agency made available for occupancy by eligible families, not less than 35 percent shall be occupied by families whose incomes at the time of occupancy do not exceed 30 percent of the area median income, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary, may for purposes of this subsection, establish income ceilings higher or lower than 30 percent of the median for the area on the basis of the Secretary's findings that such variations are necessary because of unusually high or low family incomes. This paragraph may not be construed to create any authority on the part of any public housing agency to evict any family residing in public housing solely because of the income of the family or because of any noncompliance or overcompliance with the requirement of this paragraph.

(2) PROHIBITION OF CONCENTRATION OF LOW-INCOME FAMILIES.—A public housing agency may not, in complying with the requirements under paragraph (1), concentrate very low-income families (or other families with relatively low incomes) in public housing dwelling units in certain public housing developments or certain buildings within developments. The Secretary may review the income and occupancy characteristics of the public housing developments, and the buildings of such developments, of public housing agencies to ensure compliance with the provisions of this paragraph.

(3) FUNGIBILITY WITH CHOICE-BASED ASSISTANCE.—If, during a fiscal year, a public housing agency provides choice-based housing assistance under title XIII for a number of low-income families, who are initially assisted by the agency in such year and have incomes described in section 1321(b) (relating to income targeting), which exceeds the number of families that is required for the agency to comply with the percentage requirement under such section 1321(b) for such fiscal year, notwithstanding paragraph (1) of this subsection, the number of public housing dwelling units that the agency must otherwise make available in accordance with such paragraph to comply with the percentage requirement under such paragraph shall be reduced by such excess number of families for such fiscal year.

(d) WAIVER OF ELIGIBILITY REQUIREMENTS FOR OCCUPANCY BY POLICE OFFICERS.—

(1) AUTHORITY AND WAIVER.—To the extent necessary to provide occupancy in public housing dwelling units to police officers and other law enforcement or security personnel

(who are not otherwise eligible for residence in public housing) and to increase security for other public housing residents in developments where crime has been a problem, a public housing agency may, with respect to such units and subject to paragraph (2)—

(A) waive—

(i) the provisions of subsection (a) of this section and section 1225(a); and

(ii) the applicability of—

(I) any preferences for occupancy established under section 1223;

(II) the minimum rental amount established pursuant to section 1225(c) and any maximum monthly rental amount established pursuant to section 1225(b);

(III) any criteria relating to income mix within developments established under subsection (b);

(IV) the income mix requirements under subsection (c); and

(V) any other occupancy limitations or requirements; and

(B) establish special rent requirements and other terms and conditions of occupancy.

(2) **CONDITIONS OF WAIVER.**—A public housing agency may take the actions authorized in paragraph (1) only if agency determines that such actions will increase security in the public housing developments involved and will not result in a significant reduction of units available for residence by low-income families.

#### **SEC. 1223. PREFERENCES FOR OCCUPANCY.**

(a) **AUTHORITY TO ESTABLISH.**—Each public housing agency may establish a system for making dwelling units in public housing available for occupancy that provides preference for such occupancy to families having certain characteristics.

(b) **CONTENT.**—Each system of preferences established pursuant to this section shall be based upon local housing needs and priorities, as determined by the public housing agency using generally accepted data sources, including any information obtained pursuant to an opportunity for public comment as provided under section 1106(e) and under the requirements applicable to the comprehensive housing affordability strategy for the relevant jurisdiction.

(c) **SENSE OF THE CONGRESS.**—It is the sense of the Congress that, to the greatest extent practicable, public housing agencies involved in the selection of tenants under the provisions of this title should adopt preferences for individuals who are victims of domestic violence.

#### **SEC. 1224. ADMISSION PROCEDURES.**

(a) **ADMISSION REQUIREMENTS.**—A public housing agency shall ensure that each family residing in a public housing development owned or administered by the agency is admitted in accordance with the procedures established under this title by the agency and the income limits under section 1222.

(b) **NOTIFICATION OF APPLICATION DECISIONS.**—A public housing agency shall establish procedures designed to provide for notification to an applicant for admission to public housing of the determination with respect to such application, the basis for the determination, and, if the applicant is determined to be eligible for admission, the projected date of occupancy (to the extent such date can reasonably be determined). If an agency denies an applicant admission to public housing, the agency shall notify the applicant that the applicant may request an informal hearing on the denial within a reasonable time of such notification.

(c) **SITE-BASED WAITING LISTS.**—A public housing agency may establish procedures for maintaining waiting lists for admissions to public housing developments of the agency, which may include (notwithstanding any other law, regulation, handbook, or notice to

the contrary) a system of site-based waiting lists whereby applicants may apply directly at or otherwise designate the development or developments in which they seek to reside. All such procedures shall comply with all provisions of title VI of the Civil Rights Act of 1964, the Fair Housing Act, and other applicable civil rights laws.

(d) **CONFIDENTIALITY FOR VICTIMS OF DOMESTIC VIOLENCE.**—A public housing agency shall be subject to the restrictions regarding release of information relating to the identity and new residence of any family in public housing that was a victim of domestic violence that are applicable to shelters pursuant to the Family Violence Prevention and Services Act. The agency shall work with the United States Postal Service to establish procedures consistent with the confidentiality provisions in the Violence Against Women Act of 1994.

(e) **TRANSFERS.**—A public housing agency may apply, to each public housing resident seeking to transfer from one development to another development owned or operated by the agency, the screening procedures applicable at such time to new applicants for public housing.

#### **SEC. 1225. FAMILY CHOICE OF RENTAL PAYMENT.**

(a) **RENTAL CONTRIBUTION BY RESIDENT.**—A family residing in a public housing dwelling shall pay as monthly rent for the unit the amount determined under paragraph (1) or (2) of subsection (b), subject to the requirement under subsection (c). Each public housing agency shall provide for each family residing in a public housing dwelling unit owned or administered by the agency to elect annually whether the rent paid by such family shall be determined under paragraph (1) or (2) of subsection (b).

(b) **ALLOWABLE RENT STRUCTURES.**—

(1) **FLAT RENTS.**—Each public housing agency shall establish, for each dwelling unit in public housing owned or administered by the agency, a flat rental amount for the dwelling unit, which shall—

(A) be based on the rental value of the unit, as determined by the public housing agency; and

(B) be designed in accordance with subsection (e) so that the rent structures do not create a disincentive for continued residency in public housing by families who are attempting to become economically self-sufficient through employment or who have attained a level of self-sufficiency through their own efforts.

The rental amount for a dwelling unit shall be considered to comply with the requirements of this paragraph if such amount does not exceed the actual monthly costs to the public housing agency attributable to providing and operating the dwelling unit. The preceding sentence may not be construed to require establishment of rental amounts equal to or based on operating costs or to prevent public housing agencies from developing flat rents required under this paragraph in any other manner that may comply with this paragraph.

(2) **INCOME-BASED RENTS.**—The monthly rental amount determined under this paragraph for a family shall be an amount, determined by the public housing agency, that does not exceed the greatest of the following amounts (rounded to the nearest dollar):

(A) 30 percent of the monthly adjusted income of the family.

(B) 10 percent of the monthly income of the family.

(C) If the family is receiving payments for welfare assistance from a public agency and a part of such payments, adjusted in accordance with the actual housing costs of the family, is specifically designated by such agency to meet the housing costs of the fam-

ily, the portion of such payments that is so designated.

Nothing in this paragraph may be construed to require a public housing agency to charge a monthly rent in the maximum amount permitted under this paragraph.

(c) **MINIMUM RENTAL AMOUNT.**—Notwithstanding the method for rent determination elected by a family pursuant to subsection (a), each public housing agency shall require that the monthly rent for each dwelling unit in public housing owned or administered by the agency shall not be less than a minimum amount (which amount shall include any amount allowed for utilities), which shall be an amount determined by the agency that is not less than \$25 nor more than \$50.

(d) **HARDSHIP PROVISIONS.**—

(1) **MINIMUM RENTAL.**—

(A) **IN GENERAL.**—Notwithstanding subsection (c), a public housing agency shall grant an exemption from application of the minimum monthly rental under such subsection to any family unable to pay such amount because of financial hardship, which shall include situations in which (i) the family has lost eligibility for or is awaiting an eligibility determination for a Federal, State, or local assistance program, including a family that includes a member who is an alien lawfully admitted for permanent residence under the Immigration and Nationality Act who would be entitled to public benefits but for title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996; (ii) the family would be evicted as a result of the imposition of the minimum rent requirement under subsection (c); (iii) the income of the family has decreased because of changed circumstance, including loss of employment; and (iv) a death in the family has occurred; and other situations as may be determined by the agency.

(B) **WAITING PERIOD.**—If a resident requests a hardship exemption under this paragraph and the public housing agency reasonably determines the hardship to be of a temporary nature, an exemption shall not be granted during the 90-day period beginning upon the making of a request for the exemption. A resident may not be evicted during such 90-day period for nonpayment of rent. In such a case, if the resident thereafter demonstrates that the financial hardship is of a long-term basis, the agency shall retroactively exempt the resident from the applicability of the minimum rent requirement for such 90-day period.

(2) **SWITCHING RENT DETERMINATION METHODS.**—Notwithstanding subsection (a), in the case of a family that has elected to pay rent in the amount determined under subsection (b)(1), a public housing agency shall provide for the family to pay rent in the amount determined under subsection (b)(2) during the period for which such election was made if the family is unable to pay the amount determined under subsection (b)(1) because of financial hardship, including—

(A) situations in which the income of the family has decreased because of changed circumstances, loss of reduction of employment, death in the family, and reduction in or loss of income or other assistance;

(B) an increase, because of changed circumstances, in the family's expenses for—

(i) medical costs;

(ii) child care;

(iii) transportation;

(iv) education; or

(v) similar items; and

(C) such other situations as may be determined by the agency.

(e) **ENCOURAGEMENT OF SELF-SUFFICIENCY.**—The rental policy developed by each public housing agency shall encourage and reward employment and economic self-sufficiency.

(f) **INCOME REVIEWS.**—Each public housing agency shall review the income of each family occupying a dwelling unit in public housing owned or administered by the agency not less than annually, except that, in the case of families that are paying rent in the amount determined under subsection (b)(1), the agency shall review the income of such family not less than once every 3 years.

(g) **DISALLOWANCE OF EARNED INCOME FROM RENT DETERMINATIONS.**—

(1) **IN GENERAL.**—Notwithstanding any other provision of law, the rent payable under this section by a family whose income increases as a result of employment of a member of the family who was previously unemployed for 1 or more years (including a family whose income increases as a result of the participation of a family member in any family self-sufficiency or other job training program) may not be increased as a result of the increased income due to such employment during the 18-month period beginning on the date on which the employment is commenced.

(2) **PHASE-IN OF RENT INCREASES.**—After the expiration of the 18-month period referred to in paragraph (1), rent increases due to the continued employment of the family member described in paragraph (1) shall be phased in over a subsequent 3-year period.

(3) **TRANSITION.**—Notwithstanding the provisions of paragraphs (1) and (2), any resident of public housing participating in the program under the authority contained in the undesignated paragraph at the end of section 3(c)(3) of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of this Act) shall be governed by such authority after such date.

(h) **PHASE-IN OF RENT CONTRIBUTION INCREASES AFTER EFFECTIVE DATE.**—

(1) **IN GENERAL.**—Except as provided in paragraph (2), for any family residing in a dwelling unit in public housing upon the effective date of this division, if the monthly contribution for rental of an assisted dwelling unit to be paid by the family upon initial applicability of this title is greater than the amount paid by the family under the provisions of the United States Housing Act of 1937 immediately before such applicability, any such resulting increase in rent contribution shall be—

(A) phased in equally over a period of not less than 3 years, if such increase is 30 percent or more of such contribution before initial applicability; and

(B) limited to not more than 10 percent per year if such increase is more than 10 percent but less than 30 percent of such contribution before initial applicability.

(2) **EXCEPTION.**—The minimum rental amount under subsection (c) shall apply to each family described in paragraph (1) of this subsection, notwithstanding such paragraph.

#### **SEC. 1226. LEASE REQUIREMENTS.**

In renting dwelling units in a public housing development, each public housing agency shall utilize leases that—

(1) do not contain unreasonable terms and conditions;

(2) obligate the public housing agency to maintain the development in compliance with the housing quality requirements under section 1232;

(3) require the public housing agency to give adequate written notice of termination of the lease, which shall not be less than—

(A) the period provided under the applicable law of the jurisdiction or 14 days, whichever is less, in the case of nonpayment of rent;

(B) a reasonable period of time, but not to exceed 14 days, when the health or safety of other residents or public housing agency employees is threatened; and

(C) the period of time provided under the applicable law of the jurisdiction, in any other case;

(4) contain the provisions required under sections 1642 and 1643 (relating to limitations on occupancy in federally assisted housing); and

(5) specify that, with respect to any notice of eviction or termination, notwithstanding any State law, a public housing resident shall be informed of the opportunity, prior to any hearing or trial, to examine any relevant documents, records or regulations directly related to the eviction or termination.

#### **SEC. 1227. DESIGNATED HOUSING FOR ELDERLY AND DISABLED FAMILIES.**

(a) **AUTHORITY TO PROVIDE DESIGNATED HOUSING.**—

(1) **IN GENERAL.**—Subject only to provisions of this section and notwithstanding any other provision of law, a public housing agency for which the information required under subsection (d) is in effect may provide public housing developments (or portions of developments) designated for occupancy by (A) only elderly families, (B) only disabled families, or (C) elderly and disabled families.

(2) **PRIORITY FOR OCCUPANCY.**—In determining priority for admission to public housing developments (or portions of developments) that are designated for occupancy as provided in paragraph (1), the public housing agency may make units in such developments (or portions) available only to the types of families for whom the development is designated.

(3) **ELIGIBILITY OF NEAR-ELDERLY FAMILIES.**—If a public housing agency determines that there are insufficient numbers of elderly families to fill all the units in a development (or portion of a development) designated under paragraph (1) for occupancy by only elderly families, the agency may provide that near-elderly families may occupy dwelling units in the development (or portion).

(b) **STANDARDS REGARDING EVICTIONS.**—Except as provided in subtitle C of title XVI, any tenant who is lawfully residing in a dwelling unit in a public housing development may not be evicted or otherwise required to vacate such unit because of the designation of the development (or portion of a development) pursuant to this section or because of any action taken by the Secretary or any public housing agency pursuant to this section.

(c) **RELOCATION ASSISTANCE.**—A public housing agency that designates any existing development or building, or portion thereof, for occupancy as provided under subsection (a)(1) shall provide, to each person and family who agrees to be relocated in connection with such designation—

(1) notice of the designation and an explanation of available relocation benefits, as soon as is practicable for the agency and the person or family;

(2) access to comparable housing (including appropriate services and design features), which may include choice-based rental housing assistance under title XIII, at a rental rate paid by the tenant that is comparable to that applicable to the unit from which the person or family has vacated; and

(3) payment of actual, reasonable moving expenses.

(d) **REQUIRED INCLUSIONS IN LOCAL HOUSING MANAGEMENT PLAN.**—A public housing agency may designate a development (or portion of a development) for occupancy under subsection (a)(1) only if the agency, as part of the agency's local housing management plan—

(1) establishes that the designation of the development is necessary—

(A) to achieve the housing goals for the jurisdiction under the comprehensive housing

affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act; or

(B) to meet the housing needs of the low-income population of the jurisdiction; and

(2) includes a description of—

(A) the development (or portion of a development) to be designated;

(B) the types of tenants for which the development is to be designated;

(C) any supportive services to be provided to tenants of the designated development (or portion);

(D) how the design and related facilities (as such term is defined in section 202(d)(8) of the Housing Act of 1959) of the development accommodate the special environmental needs of the intended occupants; and

(E) any plans to secure additional resources or housing assistance to provide assistance to families that may have been housed if occupancy in the development were not restricted pursuant to this section.

For purposes of this subsection, the term "supportive services" means services designed to meet the special needs of residents. Notwithstanding section 1107, the Secretary may approve a local housing management plan without approving the portion of the plan covering designation of a development pursuant to this section.

(e) **EFFECTIVENESS.**—

(1) **INITIAL 5-YEAR EFFECTIVENESS.**—The information required under subsection (d) shall be in effect for purposes of this section during the 5-year period that begins upon notification under section 1107(a) of the public housing agency that the information complies with the requirements under section 1106 and this section.

(2) **RENEWAL.**—Upon the expiration of the 5-year period under paragraph (1) or any 2-year period under this paragraph, an agency may extend the effectiveness of the designation and information for an additional 2-year period (that begins upon such expiration) by submitting to the Secretary any information needed to update the information. The Secretary may not limit the number of times a public housing agency extends the effectiveness of a designation and information under this paragraph.

(3) **TREATMENT OF EXISTING PLANS.**—Notwithstanding any other provision of this section, a public housing agency shall be considered to have submitted the information required under this section if the agency has submitted to the Secretary an application and allocation plan under section 7 of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of this Act) that has not been approved or disapproved before such effective date.

(4) **TRANSITION PROVISION.**—Any application and allocation plan approved under section 7 of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of this Act) before such effective date shall be considered to be the information required to be submitted under this section and that is in effect for purposes of this section for the 5-year period beginning upon such approval.

(f) **INAPPLICABILITY OF UNIFORM RELOCATION ASSISTANCE AND REAL PROPERTY ACQUISITIONS POLICY ACT OF 1970.**—No resident of a public housing development shall be considered to be displaced for purposes of the Uniform Relocation Assistance and Real Property Acquisitions Policy Act of 1970 because of the designation of any existing development or building, or portion thereof, for occupancy as provided under subsection (a) of this section.

(g) **USE OF AMOUNTS.**—Any amounts appropriated pursuant to section 10(b) of the Housing Opportunity Program Extension Act of



1996 (Public Law 104-120) may also be used, to the extent or in such amounts as are or have been provided in advance in appropriation Acts, for choice-based rental housing assistance under title XIII for public housing agencies to implement this section.

#### Subtitle C—Management

##### SEC. 1231. MANAGEMENT PROCEDURES.

(a) **SOUND MANAGEMENT.**—A public housing agency that receives grant amounts under this title shall establish and comply with procedures and practices sufficient to ensure that the public housing developments owned or administered by the agency are operated in a sound manner.

(b) **ACCOUNTING SYSTEM FOR RENTAL COLLECTIONS AND COSTS.**—

(1) **ESTABLISHMENT.**—Each public housing agency that receives grant amounts under this title shall establish and maintain a system of accounting for rental collections and costs (including administrative, utility, maintenance, repair, and other operating costs) for each project and operating cost center (as determined by the Secretary).

(2) **ACCESS TO RECORDS.**—Each public housing agency shall make available to the general public the information required pursuant to paragraph (1) regarding collections and costs.

(3) **EXEMPTION.**—The Secretary may permit authorities owning or operating fewer than 500 dwelling units to comply with the requirements of this subsection by accounting on an agency-wide basis.

(c) **MANAGEMENT BY OTHER ENTITIES.**—Except as otherwise provided under this division, a public housing agency may contract with any other entity to perform any of the management functions for public housing owned or operated by the public housing agency.

##### SEC. 1232. HOUSING QUALITY REQUIREMENTS.

(a) **IN GENERAL.**—Each public housing agency that receives grant amounts under this division shall maintain its public housing in a condition that complies—

(1) in the case of public housing located in a jurisdiction which has in effect laws, regulations, standards, or codes regarding habitability of residential dwellings, with such applicable laws, regulations, standards, or codes; or

(2) in the case of public housing located in a jurisdiction which does not have in effect laws, regulations, standards, or codes described in paragraph (1), with the housing quality standards established under subsection (b).

(b) **FEDERAL HOUSING QUALITY STANDARDS.**—The Secretary shall establish housing quality standards under this subsection that ensure that public housing dwelling units are safe, clean, and healthy. Such standards shall include requirements relating to habitability, including maintenance, health and sanitation factors, condition, and construction of dwellings, and shall, to the greatest extent practicable, be consistent with the standards established under section 1328(c). The Secretary shall differentiate between major and minor violations of such standards.

(c) **DETERMINATIONS.**—Each public housing agency providing housing assistance shall identify, in the local housing management plan of the agency, whether the agency is utilizing the standard under paragraph (1) or (2) of subsection (a).

(d) **ANNUAL INSPECTIONS.**—Each public housing agency that owns or operates public housing shall make an annual inspection of each public housing development to determine whether units in the development are maintained in accordance with the requirements under subsection (a). The agency shall retain the results of such inspections and,

upon the request of the Secretary, the Inspector General for the Department of Housing and Urban Development, or any auditor conducting an audit under section 1541, shall make such results available.

##### SEC. 1233. EMPLOYMENT OF RESIDENTS.

Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u) is amended—

(1) in subsection (c)(1)—

(A) in subparagraph (A)—

(i) by striking “public and Indian housing agencies” and inserting “public housing agencies and recipients of grants under the Native American Housing Assistance and Self-Determination Act of 1996”; and

(ii) by striking “development assistance” and all that follows through the end and inserting “assistance provided under title XII of the Housing Opportunity and Responsibility Act of 1997 and used for the housing production, operation, or capital needs.”; and

(B) in subparagraph (B)(ii), by striking “managed by the public or Indian housing agency” and inserting “assisted by the public housing agency or the recipient of a grant under the Native American Housing Assistance and Self-Determination Act of 1996”;

(2) in subsection (d)(1)—

(A) in subparagraph (A)—

(i) by striking “public and Indian housing agencies” and inserting “public housing agencies and recipients of grants under the Native American Housing Assistance and Self-Determination Act of 1996”; and

(ii) by striking “development assistance” and all that follows through “section 14 of that Act” and inserting “assistance provided under title XII of the Housing Opportunity and Responsibility Act of 1997 and used for the housing production, operation, or capital needs”; and

(B) in subparagraph (B)(ii), by striking “operated by the public or Indian housing agency” and inserting “assisted by the public housing agency or the recipient of a grant under the Native American Housing Assistance and Self-Determination Act of 1996”;

(3) in subsections (c)(1)(A) and (d)(1)(A), by striking “make their best efforts,” each place it appears and inserting “to the maximum extent that is possible and”;

(4) in subsection (c)(1)(A), by striking “to give” and inserting “give”; and

(5) in subsection (d)(1)(A), by striking “to award” and inserting “award”.

##### SEC. 1234. RESIDENT COUNCILS AND RESIDENT MANAGEMENT CORPORATIONS.

(a) **RESIDENT COUNCILS.**—The residents of a public housing development may establish a resident council for the development for purposes of consideration of issues relating to residents, representation of resident interests, and coordination and consultation with a public housing agency. A resident council shall be an organization or association that—

(1) is nonprofit in character;

(2) is representative of the residents of the eligible housing;

(3) adopts written procedures providing for the election of officers on a regular basis; and

(4) has a democratically elected governing board, which is elected by the residents of the eligible housing on a regular basis.

(b) **RESIDENT MANAGEMENT CORPORATIONS.**—

(1) **ESTABLISHMENT.**—The residents of a public housing development may establish a resident management corporation for the purpose of assuming the responsibility for the management of the development under section 1235 or purchasing a development.

(2) **REQUIREMENTS.**—A resident management corporation shall be a corporation that—

(A) is nonprofit in character;

(B) is organized under the laws of the State in which the development is located;

(C) has as its sole voting members the residents of the development; and

(D) is established by the resident council for the development or, if there is not a resident council, by a majority of the households of the development.

##### SEC. 1235. MANAGEMENT BY RESIDENT MANAGEMENT CORPORATION.

(a) **AUTHORITY.**—A public housing agency may enter into a contract under this section with a resident management corporation to provide for the management of public housing developments by the corporation.

(b) **CONTRACT.**—A contract under this section for management of public housing developments by a resident management corporation shall establish the respective management rights and responsibilities of the corporation and the public housing agency. The contract shall be consistent with the requirements of this division applicable to public housing development and may include specific terms governing management personnel and compensation, access to public housing records, submission of and adherence to budgets, rent collection procedures, resident income verification, resident eligibility determinations, resident eviction, the acquisition of supplies and materials and such other matters as may be appropriate. The contract shall be treated as a contracting out of services.

(c) **BONDING AND INSURANCE.**—Before assuming any management responsibility for a public housing development, the resident management corporation shall provide fidelity bonding and insurance, or equivalent protection. Such bonding and insurance, or its equivalent, shall be adequate to protect the Secretary and the public housing agency against loss, theft, embezzlement, or fraudulent acts on the part of the resident management corporation or its employees.

(d) **BLOCK GRANT ASSISTANCE AND INCOME.**—A contract under this section shall provide for—

(1) the public housing agency to provide a portion of the block grant assistance under this title to the resident management corporation for purposes of operating the public housing development covered by the contract and performing such other eligible activities with respect to the development as may be provided under the contract;

(2) the amount of income expected to be derived from the development itself (from sources such as rents and charges);

(3) the amount of income to be provided to the development from the other sources of income of the public housing agency (such as interest income, administrative fees, and rents); and

(4) any income generated by a resident management corporation of a public housing development that exceeds the income estimated under the contract shall be used for eligible activities under section 1203(a).

(e) **CALCULATION OF TOTAL INCOME.**—

(1) **MAINTENANCE OF SUPPORT.**—Subject to paragraph (2), the amount of assistance provided by a public housing agency to a public housing development managed by a resident management corporation may not be reduced during the 3-year period beginning on the date on which the resident management corporation is first established for the development.

(2) **REDUCTIONS AND INCREASES IN SUPPORT.**—If the total income of a public housing agency is reduced or increased, the income provided by the public housing agency to a public housing development managed by a resident management corporation shall be reduced or increased in proportion to the reduction or increase in the total income of

the agency, except that any reduction in block grant amounts under this title to the agency that occurs as a result of fraud, waste, or mismanagement by the agency shall not affect the amount provided to the resident management corporation.

**SEC. 1236. TRANSFER OF MANAGEMENT OF CERTAIN HOUSING TO INDEPENDENT MANAGER AT REQUEST OF RESIDENTS.**

(a) **AUTHORITY.**—The Secretary may transfer the responsibility and authority for management of specified housing (as such term is defined in subsection (h)) from a public housing agency to an eligible management entity, in accordance with the requirements of this section, if—

(1) such housing is owned or operated by a public housing agency that is designated as a troubled agency under section 1533(a); and

(2) the Secretary determines that—

(A) such housing has deferred maintenance, physical deterioration, or obsolescence of major systems and other deficiencies in the physical plant of the project;

(B) such housing is occupied predominantly by families with children who are in a severe state of distress, characterized by such factors as high rates of unemployment, teenage pregnancy, single-parent households, long-term dependency on public assistance and minimal educational achievement;

(C) such housing is located in an area such that the housing is subject to recurrent vandalism and criminal activity (including drug-related criminal activity); and

(D) the residents can demonstrate that the elements of distress for such housing specified in subparagraphs (A) through (C) can be remedied by an entity that has a demonstrated capacity to manage, with reasonable expenses for modernization.

Such a transfer may be made only as provided in this section, pursuant to the approval by the Secretary of a request for the transfer made by a majority vote of the residents for the specified housing, after consultation with the public housing agency for the specified housing.

(b) **BLOCK GRANT ASSISTANCE.**—Pursuant to a contract under subsection (c), the Secretary shall require the public housing agency for specified housing to provide to the manager for the housing, from any block grant amounts under this title for the agency, fair and reasonable amounts for operating costs for the housing. The amount made available under this subsection to a manager shall be determined by the Secretary based on the share for the specified housing of the total block grant amounts for the public housing agency transferring the housing, taking into consideration the operating and capital improvement needs of the specified housing, the operating and capital improvement needs of the remaining public housing units managed by the public housing agency, and the local housing management plan of such agency.

(c) **CONTRACT BETWEEN SECRETARY AND MANAGER.**—

(1) **REQUIREMENTS.**—Pursuant to the approval of a request under this section for transfer of the management of specified housing, the Secretary shall enter into a contract with the eligible management entity.

(2) **TERMS.**—A contract under this subsection shall contain provisions establishing the rights and responsibilities of the manager with respect to the specified housing and the Secretary and shall be consistent with the requirements of this division applicable to public housing developments.

(d) **COMPLIANCE WITH LOCAL HOUSING MANAGEMENT PLAN.**—A manager of specified housing under this section shall comply with

the approved local housing management plan applicable to the housing and shall submit such information to the public housing agency from which management was transferred as may be necessary for such agency to prepare and update its local housing management plan.

(e) **DEMOLITION AND DISPOSITION BY MANAGER.**—A manager under this section may demolish or dispose of specified housing only if, and in the manner, provided for in the local housing management plan for the agency transferring management of the housing.

(f) **LIMITATION ON PHA LIABILITY.**—A public housing agency that is not a manager for specified housing shall not be liable for any act or failure to act by a manager or resident council for the specified housing.

(g) **TREATMENT OF MANAGER.**—To the extent not inconsistent with this section and to the extent the Secretary determines not inconsistent with the purposes of this division, a manager of specified housing under this section shall be considered to be a public housing agency for purposes of this title.

(h) **DEFINITIONS.**—For purposes of this section, the following definitions shall apply:

(1) **ELIGIBLE MANAGEMENT ENTITY.**—The term “eligible management entity” means, with respect to any public housing development, any of the following entities:

(A) **NONPROFIT ORGANIZATION.**—A public or private nonprofit organization, which shall—

(i) include a resident management corporation or resident management organization and, as determined by the Secretary, a public or private nonprofit organization sponsored by the public housing agency that owns the development; and

(ii) not include the public housing agency that owns the development.

(B) **FOR-PROFIT ENTITY.**—A for-profit entity that has demonstrated experience in providing low-income housing.

(C) **STATE OR LOCAL GOVERNMENT.**—A State or local government, including an agency or instrumentality thereof.

(D) **PUBLIC HOUSING AGENCY.**—A public housing agency (other than the public housing agency that owns the development).

The term does not include a resident council.

(2) **MANAGER.**—The term “manager” means any eligible management entity that has entered into a contract under this section with the Secretary for the management of specified housing.

(3) **NONPROFIT.**—The term “nonprofit” means, with respect to an organization, association, corporation, or other entity, that no part of the net earnings of the entity inures to the benefit of any member, founder, contributor, or individual.

(4) **PRIVATE NONPROFIT ORGANIZATION.**—The term “private nonprofit organization” means any private organization (including a State or locally chartered organization) that—

(A) is incorporated under State or local law;

(B) is nonprofit in character;

(C) complies with standards of financial accountability acceptable to the Secretary; and

(D) has among its purposes significant activities related to the provision of decent housing that is affordable to low-income families.

(5) **PUBLIC HOUSING AGENCY.**—The term “public housing agency” has the meaning given such term in section 1103(a).

(6) **PUBLIC NONPROFIT ORGANIZATION.**—The term “public nonprofit organization” means any public entity that is nonprofit in character.

(7) **SPECIFIED HOUSING.**—The term “specified housing” means a public housing development or developments, or a portion of a development or developments, for which the

transfer of management is requested under this section. The term includes one or more contiguous buildings and an area of contiguous row houses, but in the case of a single building, the building shall be sufficiently separable from the remainder of the development of which it is part to make transfer of the management of the building feasible for purposes of this section.

**SEC. 1237. RESIDENT OPPORTUNITY PROGRAM.**

(a) **PURPOSE.**—The purpose of this section is to encourage increased resident management of public housing developments, as a means of improving existing living conditions in public housing developments, by providing increased flexibility for public housing developments that are managed by residents by—

(1) permitting the retention, and use for certain purposes, of any revenues exceeding operating and project costs; and

(2) providing funding, from amounts otherwise available, for technical assistance to promote formation and development of resident management entities.

For purposes of this section, the term “public housing development” includes one or more contiguous buildings or an area of contiguous row houses the elected resident councils of which approve the establishment of a resident management corporation and otherwise meet the requirements of this section.

(b) **PROGRAM REQUIREMENTS.**—

(1) **RESIDENT COUNCIL.**—As a condition of entering into a resident opportunity program, the elected resident council of a public housing development shall approve the establishment of a resident management corporation that complies with the requirements of section 1234(b)(2). When such approval is made by the elected resident council of a building or row house area, the resident opportunity program shall not interfere with the rights of other families residing in the development or harm the efficient operation of the development. The resident management corporation and the resident council may be the same organization, if the organization complies with the requirements applicable to both the corporation and council.

(2) **PUBLIC HOUSING MANAGEMENT SPECIALIST.**—The resident council of a public housing development, in cooperation with the public housing agency, shall select a qualified public housing management specialist to assist in determining the feasibility of, and to help establish, a resident management corporation and to provide training and other duties agreed to in the daily operations of the development.

(3) **MANAGEMENT RESPONSIBILITIES.**—A resident management corporation that qualifies under this section, and that supplies insurance and bonding or equivalent protection sufficient to the Secretary and the public housing agency, shall enter into a contract with the agency establishing the respective management rights and responsibilities of the corporation and the agency. The contract shall be treated as a contracting out of services and shall be subject to the requirements under section 1235 for such contracts.

(4) **ANNUAL AUDIT.**—The books and records of a resident management corporation operating a public housing development shall be audited annually by a certified public accountant. A written report of each such audit shall be forwarded to the public housing agency and the Secretary.

(c) **COMPREHENSIVE IMPROVEMENT ASSISTANCE.**—Public housing developments managed by resident management corporations may be provided with modernization assistance from grant amounts under this title for purposes of renovating such developments. If

such renovation activities (including the planning and architectural design of the rehabilitation) are administered by a resident management corporation, the public housing agency involved may not retain, for any administrative or other reason, any portion of the assistance provided pursuant to this subsection unless otherwise provided by contract.

(d) **WAIVER OF FEDERAL REQUIREMENTS.**—

(1) **WAIVER OF REGULATORY REQUIREMENTS.**—Upon the request of any resident management corporation and public housing agency, and after notice and an opportunity to comment is afforded to the affected residents, the Secretary may waive (for both the resident management corporation and the public housing agency) any requirement established by the Secretary (and not specified in any statute) that the Secretary determines to unnecessarily increase the costs or restrict the income of a public housing development.

(2) **WAIVER TO PERMIT EMPLOYMENT.**—Upon the request of any resident management corporation, the Secretary may, subject to applicable collective bargaining agreements, permit residents of such development to volunteer a portion of their labor.

(3) **EXCEPTIONS.**—The Secretary may not waive under this subsection any requirement with respect to income eligibility for purposes of section 1222, family rental payments under section 1225, tenant or applicant protections, employee organizing rights, or rights of employees under collective bargaining agreements.

(e) **OPERATING ASSISTANCE AND DEVELOPMENT INCOME.**—

(1) **CALCULATION OF OPERATING SUBSIDY.**—The grant amounts received under this title by a public housing agency used for operating fund activities under section 1203(a)(2) that are allocated to a public housing development managed by a resident management corporation shall not be less than per unit monthly amount of such assistance used by the public housing agency in the previous year, as determined on an individual development basis.

(2) **CONTRACT REQUIREMENTS.**—Any contract for management of a public housing development entered into by a public housing agency and a resident management corporation shall specify the amount of income expected to be derived from the development itself (from sources such as rents and charges) and the amount of income funds to be provided to the development from the other sources of income of the agency (such as assistance for operating activities under section 1203(a)(2), interest income, administrative fees, and rents).

(f) **RESIDENT MANAGEMENT TECHNICAL ASSISTANCE AND TRAINING.**—

(1) **FINANCIAL ASSISTANCE.**—To the extent budget authority is available under this title, the Secretary shall provide financial assistance to resident management corporations or resident councils that obtain, by contract or otherwise, technical assistance for the development of resident management entities, including the formation of such entities, the development of the management capability of newly formed or existing entities, the identification of the social support needs of residents of public housing developments, and the securing of such support. In addition, the Secretary may provide financial assistance to resident management corporations or resident councils for activities sponsored by resident organizations for economic uplift, such as job training, economic development, security, and other self-sufficiency activities beyond those related to the management of public housing. The Secretary may require resident councils or resident management corporations to utilize

public housing agencies or other qualified organizations as contract administrators with respect to financial assistance provided under this paragraph.

(2) **LIMITATION ON ASSISTANCE.**—The financial assistance provided under this subsection with respect to any public housing development may not exceed \$100,000.

(3) **PROHIBITION.**—A resident management corporation or resident council may not, before the award to the corporation or council of a grant amount under this subsection, enter into any contract or other agreement with any entity to provide such entity with amounts from the grant for providing technical assistance or carrying out other activities eligible for assistance with amounts under this subsection. Any such agreement entered into in violation of this paragraph shall be void and unenforceable.

(4) **FUNDING.**—Of any amounts made available under section 1282(1) for use under the capital fund, the Secretary may use to carry out this subsection \$15,000,000 for fiscal year 1998.

(5) **LIMITATION REGARDING ASSISTANCE UNDER HOPE GRANT PROGRAM.**—The Secretary may not provide financial assistance under this subsection to any resident management corporation or resident council with respect to which assistance for the development or formation of such entity is provided under title III of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of this Act).

(6) **TECHNICAL ASSISTANCE AND CLEARINGHOUSE.**—The Secretary may use up to 10 percent of the amount made available pursuant to paragraph (4)—

(A) to provide technical assistance, directly or by grant or contract, and

(B) to receive, collect, process, assemble, and disseminate information, in connection with activities under this subsection.

(g) **ASSESSMENT AND REPORT BY SECRETARY.**—Not later than 3 years after the date of the enactment of this Act, the Secretary shall—

(1) conduct an evaluation and assessment of resident management, and particularly of the effect of resident management on living conditions in public housing; and

(2) submit to the Congress a report setting forth the findings of the Secretary as a result of the evaluation and assessment and including any recommendations the Secretary determines to be appropriate.

(h) **APPLICABILITY.**—Any management contract between a public housing agency and a resident management corporation that is entered into after the date of the enactment of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 shall be subject to this section and any regulations issued to carry out this section.

#### **Subtitle D—Homeownership**

#### **SEC. 1251. RESIDENT HOMEOWNERSHIP PROGRAMS.**

(a) **IN GENERAL.**—A public housing agency may carry out a homeownership program in accordance with this section and the local housing management plan of the agency to make public housing dwelling units, public housing developments, and other housing projects available for purchase by low-income families. An agency may transfer a unit only pursuant to a homeownership program approved by the Secretary. Notwithstanding section 1107, the Secretary may approve a local housing management plan without approving the portion of the plan regarding a homeownership program pursuant to this section. In the case of the portion of a plan regarding the homeownership program that is submitted separately pursuant to the preceding sentence, the Secretary

shall approve or disapprove such portion not later than 60 days after the submission of such portion.

(b) **PARTICIPATING UNITS.**—A program under this section may cover any existing public housing dwelling units or projects, and may include other dwelling units and housing owned, operated, or assisted, or otherwise acquired for use under such program, by the public housing agency.

(c) **ELIGIBLE PURCHASERS.**—

(1) **LOW-INCOME REQUIREMENT.**—Only low-income families assisted by a public housing agency, other low-income families, and entities formed to facilitate such sales by purchasing units for resale to low-income families shall be eligible to purchase housing under a homeownership program under this section.

(2) **OTHER REQUIREMENTS.**—A public housing agency may establish other requirements or limitations for families to purchase housing under a homeownership program under this section, including requirements or limitations regarding employment or participation in employment counseling or training activities, criminal activity, participation in homeownership counseling programs, evidence of regular income, and other requirements. In the case of purchase by an entity for resale to low-income families, the entity shall sell the units to low-income families within 5 years from the date of its acquisition of the units. The entity shall use any net proceeds from the resale and from managing the units, as determined in accordance with guidelines of the Secretary, for housing purposes, such as funding resident organizations and reserves for capital replacements.

(d) **FINANCING AND ASSISTANCE.**—A homeownership program under this section may provide financing for acquisition of housing by families purchasing under the program or by the public housing agency for sale under this program in any manner considered appropriate by the agency (including sale to a resident management corporation).

(e) **DOWNPAYMENT REQUIREMENT.**—

(1) **IN GENERAL.**—Each family purchasing housing under a homeownership program under this section shall be required to provide from its own resources a downpayment in connection with any loan for acquisition of the housing, in an amount determined by the public housing agency. Except as provided in paragraph (2), the agency shall permit the family to use grant amounts, gifts from relatives, contributions from private sources, and similar amounts as downpayment amounts in such purchase.

(2) **DIRECT FAMILY CONTRIBUTION.**—In purchasing housing pursuant to this section, each family shall contribute an amount of the downpayment, from resources of the family other than grants, gifts, contributions, or other similar amounts referred to in paragraph (1), that is not less than 1 percent of the purchase price.

(f) **OWNERSHIP INTERESTS.**—A homeownership program under this section may provide for sale to the purchasing family of any ownership interest that the public housing agency considers appropriate under the program, including ownership in fee simple, a condominium interest, an interest in a limited dividend cooperative, a shared appreciation interest with a public housing agency providing financing.

(g) **RESALE.**—

(1) **AUTHORITY AND LIMITATION.**—A homeownership program under this section shall permit the resale of a dwelling unit purchased under the program by an eligible family, but shall provide such limitations on resale as the agency considers appropriate (whether the family purchases directly from the agency or from another entity) for the agency to recapture—

(A) from any economic gain derived from any such resale occurring during the 5-year period beginning upon purchase of the dwelling unit by the eligible family, a portion of the amount of any financial assistance provided under the program by the agency to the eligible family; and

(B) after the expiration of such 5-year period, only such amounts as are equivalent to the assistance provided under this section by the agency to the purchaser.

(2) CONSIDERATIONS.—The limitations referred to in paragraph (1) may provide for consideration of the aggregate amount of assistance provided under the program to the family, the contribution to equity provided by the purchasing eligible family, the period of time elapsed between purchase under the homeownership program and resale, the reason for resale, any improvements to the property made by the eligible family, any appreciation in the value of the property, and any other factors that the agency considers appropriate.

(h) SALE OF CERTAIN SCATTERED-SITE HOUSING.—A public housing agency that the Secretary has determined to be a high-performing agency may use the proceeds from the disposition of scattered-site public housing under a homeownership program under this section to purchase replacement scattered-site dwelling units, to the extent such use is provided for in the local housing management plan for the agency approved under section 1107. Any such replacement dwelling units shall be considered public housing for purposes of this division.

(i) INAPPLICABILITY OF DISPOSITION REQUIREMENTS.—The provisions of section 1261 shall not apply to disposition of public housing dwelling units under a homeownership program under this section, except that any dwelling units sold under such a program shall be treated as public housing dwelling units for purposes of subsections (e) and (f) of section 1261.

#### **Subtitle E—Disposition, Demolition, and Revitalization of Developments**

#### **SEC. 1261. REQUIREMENTS FOR DEMOLITION AND DISPOSITION OF DEVELOPMENTS.**

(a) AUTHORITY AND FLEXIBILITY.—A public housing agency may demolish, dispose of, or demolish and dispose of nonviable or non-marketable public housing developments of the agency in accordance with this section.

(b) LOCAL HOUSING MANAGEMENT PLAN REQUIREMENT.—A public housing agency may take any action to demolish or dispose of a public housing development (or a portion of a development) only if such demolition or disposition complies with the provisions of this section and is in accordance with the local housing management plan for the agency. Notwithstanding section 1107, the Secretary may approve a local housing management plan without approving the portion of the plan covering demolition or disposition pursuant to this section.

(c) PURPOSE OF DEMOLITION OR DISPOSITION.—A public housing agency may demolish or dispose of a public housing development (or portion of a development) only if the agency provides sufficient evidence to the Secretary that—

(1) the development (or portion thereof) is severely distressed or obsolete;

(2) the development (or portion thereof) is in a location making it unsuitable for housing purposes;

(3) the development (or portion thereof) has design or construction deficiencies that make cost-effective rehabilitation infeasible;

(4) assuming that reasonable rehabilitation and management intervention for the development has been completed and paid for, the anticipated revenue that would be derived

from charging market-based rents for units in the development (or portion thereof) would not cover the anticipated operating costs and replacement reserves of the development (or portion) at full occupancy and the development (or portion) would constitute a substantial burden on the resources of the public housing agency;

(5) retention of the development (or portion thereof) is not in the best interests of the residents of the public housing agency because—

(A) developmental changes in the area surrounding the development adversely affect the health or safety of the residents or the feasible operation of the development by the public housing agency;

(B) demolition or disposition will allow the acquisition, development, or rehabilitation of other properties which will be more efficiently or effectively operated as low-income housing; or

(C) other factors exist that the agency determines are consistent with the best interests of the residents and the agency and not inconsistent with other provisions of this division;

(6) in the case only of demolition or disposition of a portion of a development, the demolition or disposition will help to ensure the remaining useful life of the remainder of the development; or

(7) in the case only of property other than dwelling units—

(A) the property is excess to the needs of a development; or

(B) the demolition or disposition is incidental to, or does not interfere with, continued operation of a development.

The evidence required under this subsection shall include, as a condition of demolishing or disposing of a public housing development (or portion of a development) estimated to have a value of \$100,000 or more, a statement of the market value of the development (or portion), which has been determined by a party not having any interest in the housing or the public housing agency and pursuant to not less than 2 professional, independent appraisals of the development (or portion).

(d) CONSULTATION.—A public housing agency may demolish or dispose of a public housing development (or portion of a development) only if the agency notifies and confers regarding the demolition or disposition with—

(1) the residents of the development (or portion); and

(2) appropriate local government officials.

(e) COUNSELING.—A public housing agency may demolish or dispose of a public housing development (or a portion of a development) only if the agency provides any necessary counseling for families displaced by such action to facilitate relocation.

(f) USE OF PROCEEDS.—Any net proceeds from the disposition of a public housing development (or portion of a development) shall be used for—

(1) housing assistance for low-income families that is consistent with the low-income housing needs of the community, through acquisition, development, or rehabilitation of, or homeownership programs for, other low-income housing or the provision of choice-based assistance under title XIII for such families;

(2) supportive services relating to job training or child care for residents of a development or developments; or

(3) leveraging amounts for securing commercial enterprises, on-site in public housing developments of the public housing agency, appropriate to serve the needs of the residents.

(g) RELOCATION.—A public housing agency that demolishes or disposes of a public housing development (or portion of a development thereof) shall ensure that—

(1) each family that is a resident of the development (or portion) that is demolished or disposed of is relocated to other safe, clean, healthy, and affordable housing, which is, to the maximum extent practicable, housing of the family's choice, including choice-based assistance under title XIII (provided that with respect to choice-based assistance, the preceding requirement shall be fulfilled only upon the relocation of the such family into such housing);

(2) the public housing agency does not take any action to dispose of any unit until any resident to be displaced is relocated in accordance with paragraph (1); and

(3) each resident family to be displaced is paid relocation expenses, and the rent to be paid initially by the resident following relocation does not exceed the amount permitted under section 1225(a).

(h) RIGHT OF FIRST REFUSAL FOR RESIDENT ORGANIZATIONS AND RESIDENT MANAGEMENT CORPORATIONS.—

(1) IN GENERAL.—A public housing agency may not dispose of a public housing development (or portion of a development) unless the agency has, before such disposition, offered to sell the property, as provided in this subsection, to each resident organization and resident management corporation operating at the development for continued use as low-income housing, and no such organization or corporation purchases the property pursuant to such offer. A resident organization may act, for purposes of this subsection, through an entity formed to facilitate homeownership under subtitle D.

(2) TIMING.—Disposition of a development (or portion thereof) under this section may not take place—

(A) before the expiration of the period during which any such organization or corporation may notify the agency of interest in purchasing the property, which shall be the 30-day period beginning on the date that the agency first provides notice of the proposed disposition of the property to such resident organizations and resident management corporations;

(B) if an organization or corporation submits notice of interest in accordance with subparagraph (A), before the expiration of the period during which such organization or corporation may obtain a commitment for financing to purchase the property, which shall be the 60-day period beginning upon the submission to the agency of the notice of interest; or

(C) if, during the period under subparagraph (B), an organization or corporation obtains such financing commitment and makes a bona fide offer to the agency to purchase the property for a price equal to or exceeding the applicable offer price under paragraph (3).

The agency shall sell the property pursuant to any purchase offer described in subparagraph (C).

(3) TERMS OF OFFER.—An offer by a public housing agency to sell a property in accordance with this subsection shall involve a purchase price that reflects the market value of the property, the reason for the sale, the impact of the sale on the surrounding community, and any other factors that the agency considers appropriate.

(i) INFORMATION FOR LOCAL HOUSING MANAGEMENT PLAN.—A public housing agency may demolish or dispose of a public housing development (or portion thereof) only if it includes in the applicable local housing management plan information sufficient to describe—

(1) the housing to be demolished or disposed of;

(2) the purpose of the demolition or disposition under subsection (c) and why the demolition or disposition complies with the

requirements under subsection (c), and includes evidence of the market value of the development (or portion) required under subsection (c);

(3) how the consultations required under subsection (d) will be made;

(4) how the net proceeds of the disposition will be used in accordance with subsection (f);

(5) how the agency will relocate residents, if necessary, as required under subsection (g); and

(6) that the agency has offered the property for acquisition by resident organizations and resident management corporations in accordance with subsection (h).

(j) **SITE AND NEIGHBORHOOD STANDARDS EXEMPTION.**—Notwithstanding any other provision of law, a public housing agency may provide for development of public housing dwelling units on the same site or in the same neighborhood as any dwelling units demolished, pursuant to a plan under this section, but only if such development provides for significantly fewer dwelling units.

(k) **TREATMENT OF REPLACEMENT UNITS.**—

(1) **PROVISION OF OTHER HOUSING ASSISTANCE.**—In connection with any demolition or disposition of public housing under this section, a public housing agency may provide for other housing assistance for low-income families that is consistent with the low-income housing needs of the community, including—

(A) the provision of choice-based assistance under title XIII; and

(B) the development, acquisition, or lease by the agency of dwelling units, which dwelling units shall—

(i) be eligible to receive assistance with grant amounts provided under this title; and

(ii) be made available for occupancy, operated, and managed in the manner required for public housing, and subject to the other requirements applicable to public housing dwelling units.

(2) **TREATMENT OF INDIVIDUALS.**—For purposes of this subsection, an individual between the ages of 18 and 21, inclusive, shall, at the discretion of the individual, be considered a family.

(l) **USE OF NEW DWELLING UNITS.**—A public housing agency demolishing or disposing of a public housing development (or portion thereof) under this section shall seek, where practical, to ensure that, if housing units are provided on any property that was previously used for the public housing demolished or disposed of, not less than 25 percent of such dwelling units shall be dwelling units reserved for occupancy during the remaining useful life of the housing by low-income families.

(m) **PERMISSIBLE RELOCATION WITHOUT PLAN.**—If a public housing agency determines that because of an emergency situation public housing dwelling units are severely uninhabitable, the public housing agency may relocate residents of such dwelling units before the submission of a local housing management plan providing for demolition or disposition of such units.

(n) **CONSOLIDATION OF OCCUPANCY WITHIN OR AMONG BUILDINGS.**—Nothing in this section may be construed to prevent a public housing agency from consolidating occupancy within or among buildings of a public housing development, or among developments, or with other housing for the purpose of improving living conditions of, or providing more efficient services to, residents.

(o) **DE MINIMIS EXCEPTION TO DEMOLITION REQUIREMENTS.**—Notwithstanding any other provision of this section, in any 5-year period a public housing agency may demolish not more than the lesser of 5 dwelling units or 5 percent of the total dwelling units owned and operated by the public housing agency,

without providing for such demolition in a local housing management plan, but only if the space occupied by the demolished unit is used for meeting the service or other needs of public housing residents or the demolished unit was beyond repair.

**SEC. 1262. DEMOLITION, SITE REVITALIZATION, REPLACEMENT HOUSING, AND CHOICE-BASED ASSISTANCE GRANTS FOR DEVELOPMENTS.**

(a) **PURPOSES.**—The purpose of this section is to provide assistance to public housing agencies for the purposes of—

(1) reducing the density and improving the living environment for public housing residents of severely distressed public housing developments through the demolition of obsolete public housing developments (or portions thereof);

(2) revitalizing sites (including remaining public housing dwelling units) on which such public housing developments are located and contributing to the improvement of the surrounding neighborhood;

(3) providing housing that will avoid or decrease the concentration of very low-income families; and

(4) providing choice-based assistance in accordance with title XIII for the purpose of providing replacement housing and assisting residents to be displaced by the demolition.

(b) **GRANT AUTHORITY.**—The Secretary may make grants available to public housing agencies as provided in this section.

(c) **CONTRIBUTION REQUIREMENT.**—The Secretary may not make any grant under this section to any applicant unless the applicant certifies to the Secretary that the applicant will supplement the amount of assistance provided under this section with an amount of funds from sources other than this section equal to not less than 5 percent of the amount provided under this section, including amounts from other Federal sources, any State or local government sources, any private contributions, and the value of any in-kind services or administrative costs provided.

(d) **ELIGIBLE ACTIVITIES.**—Grants under this section may be used for activities to carry out revitalization programs for severely distressed public housing, including—

(1) architectural and engineering work, including the redesign, reconstruction, or redevelopment of a severely distressed public housing development, including the site on which the development is located;

(2) the demolition, sale, or lease of the site, in whole or in part;

(3) covering the administrative costs of the applicant, which may not exceed such portion of the assistance provided under this section as the Secretary may prescribe;

(4) payment of reasonable legal fees;

(5) providing reasonable moving expenses for residents displaced as a result of the revitalization of the development;

(6) economic development activities that promote the economic self-sufficiency of residents under the revitalization program;

(7) necessary management improvements;

(8) leveraging other resources, including additional housing resources, retail supportive services, jobs, and other economic development uses on or near the development that will benefit future residents of the site;

(9) replacement housing and housing assistance under title XIII;

(10) transitional security activities; and

(11) necessary supportive services, except that not more than 10 percent of the amount of any grant may be used for activities under this paragraph.

(e) **APPLICATION AND SELECTION.**—

(1) **APPLICATION.**—An application for a grant under this section shall contain such information and shall be submitted at such time and in accordance with such procedures, as the Secretary shall prescribe.

(2) **SELECTION CRITERIA.**—The Secretary shall establish selection criteria for the award of grants under this section, which shall include—

(A) the relationship of the grant to the local housing management plan for the public housing agency and how the grant will result in a revitalized site that will enhance the neighborhood in which the development is located;

(B) the capability and record of the applicant public housing agency, or any alternative management agency for the agency, for managing large-scale redevelopment or modernization projects, meeting construction timetables, and obligating amounts in a timely manner;

(C) the extent to which the public housing agency could undertake such activities without a grant under this section;

(D) the extent of involvement of residents, State and local governments, private service providers, financing entities, and developers, in the development of a revitalization program for the development; and

(E) the amount of funds and other resources to be leveraged by the grant.

The Secretary shall give preference in selection to any public housing agency that has been awarded a planning grant under section 24(c) of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of this Act).

(f) **COST LIMITS.**—Subject to the provisions of this section, the Secretary—

(1) shall establish cost limits on eligible activities under this section sufficient to provide for effective revitalization programs; and

(2) may establish other cost limits on eligible activities under this section.

(g) **DEMOLITION AND REPLACEMENT.**—Any severely distressed public housing demolished or disposed of pursuant to a revitalization plan and any public housing produced in lieu of such severely distressed housing, shall be subject to the provisions of section 1261.

(h) **ADMINISTRATION BY OTHER ENTITIES.**—The Secretary may require a grantee under this section to make arrangements satisfactory to the Secretary for use of an entity other than the public housing agency to carry out activities assisted under the revitalization plan, if the Secretary determines that such action will help to effectuate the purposes of this section.

(i) **WITHDRAWAL OF FUNDING.**—If a grantee under this section does not proceed expeditiously, in the determination of the Secretary, the Secretary shall withdraw any grant amounts under this section that have not been obligated by the public housing agency. The Secretary shall redistribute any withdrawn amounts to one or more public housing agencies eligible for assistance under this section or to one or more other entities capable of proceeding expeditiously in the same locality in carrying out the revitalization plan of the original grantee.

(j) **DEFINITIONS.**—For purposes of this section, the following definitions shall apply:

(1) **APPLICANT.**—The term “applicant” means—

(A) any public housing agency that is not designated as troubled pursuant to section 1533(a);

(B) any public housing agency or private housing management agent selected, or receiver appointed pursuant, to section 1545; and

(C) any public housing agency that is designated as troubled pursuant to section 1533(a) that—

(i) is so designated principally for reasons that will not affect the capacity of the agency to carry out a revitalization program;

(ii) is making substantial progress toward eliminating the deficiencies of the agency; or

(iii) is otherwise determined by the Secretary to be capable of carrying out a revitalization program.

(2) PRIVATE NONPROFIT CORPORATION.—The term “private nonprofit organization” means any private nonprofit organization (including a State or locally chartered nonprofit organization) that—

(A) is incorporated under State or local law;

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

(C) complies with standards of financial accountability acceptable to the Secretary; and

(D) has among its purposes significant activities related to the provision of decent housing that is affordable to very low-income families.

(3) SEVERELY DISTRESSED PUBLIC HOUSING.—The term “severely distressed public housing” means a public housing development (or building in a development) that—

(A) requires major redesign, reconstruction or redevelopment, or partial or total demolition, to correct serious deficiencies in the original design (including inappropriately high population density), deferred maintenance, physical deterioration or obsolescence of major systems and other deficiencies in the physical plant of the development;

(B) is a significant contributing factor to the physical decline of and disinvestment by public and private entities in the surrounding neighborhood;

(C)(i) is occupied predominantly by families who are very low-income families with children, are unemployed, and dependent on various forms of public assistance; and

(ii) has high rates of vandalism and criminal activity (including drug-related criminal activity) in comparison to other housing in the area;

(D) cannot be revitalized through assistance under other programs, such as the public housing block grant program under this title, or the programs under sections 9 and 14 of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of this Act), because of cost constraints and inadequacy of available amounts; and

(E) in the case of individual buildings, is, in the Secretary's determination, sufficiently separable from the remainder of the development of which the building is part to make use of the building feasible for purposes of this section.

(4) SUPPORTIVE SERVICES.—The term “supportive services” includes all activities that will promote upward mobility, self-sufficiency, and improved quality of life for the residents of the public housing development involved, including literacy training, job training, day care, and economic development activities.

(k) ANNUAL REPORT.—The Secretary shall submit to the Congress an annual report setting forth—

(1) the number, type, and cost of public housing units revitalized pursuant to this section;

(2) the status of developments identified as severely distressed public housing;

(3) the amount and type of financial assistance provided under and in conjunction with this section; and

(4) the recommendations of the Secretary for statutory and regulatory improvements to the program established by this section.

(l) FUNDING.—

(1) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated for grants under this section \$500,000,000 for each of fiscal years 1998, 1999, and 2000.

(2) TECHNICAL ASSISTANCE.—Of the amount appropriated pursuant to paragraph (1) for any fiscal year, the Secretary may use not more than 0.50 percent for technical assistance. Such assistance may be provided directly or indirectly by grants, contracts, or cooperative agreements, and shall include training, and the cost of necessary travel for participants in such training, by or to officials of the Department of Housing and Urban Development, of public housing agencies, and of residents.

(m) SUNSET.—No assistance may be provided under this section after September 30, 2000.

(n) TREATMENT OF PREVIOUS SELECTIONS.—A public housing agency that has been selected to receive amounts under the notice of funding availability for fiscal year 1996 amounts for the HOPE VI program (provided under the heading “PUBLIC HOUSING DEMOLITION, SITE REVITALIZATION, AND REPLACEMENT HOUSING GRANTS” in title II of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 (42 U.S.C. 14371 note) (enacted as section 101(e) of Omnibus Consolidated Rescissions and Appropriations Act of 1996 (Public Law 104-134; 110 Stat. 1321-269)) may apply to the Secretary of Housing and Urban Development for a waiver of the total development cost rehabilitation requirement otherwise applicable under such program, and the Secretary may waive such requirement, but only (1) to the extent that a designated site for use of such amounts does not have dwelling units that are considered to be obsolete under Department of Housing and Urban Development regulations in effect upon the date of the enactment of this Act, and (2) if the Secretary determines that the public housing agency will continue to comply with the purposes of the program notwithstanding such waiver.

#### SEC. 1263. VOLUNTARY VOUCHER SYSTEM FOR PUBLIC HOUSING.

(a) IN GENERAL.—A public housing agency may convert any public housing development (or portion thereof) owned and operated by the agency to a system of choice-based rental housing assistance under title XIII, in accordance with this section.

(b) ASSESSMENT AND PLAN REQUIREMENT.—In converting under this section to a choice-based rental housing assistance system, the public housing agency shall develop a conversion assessment and plan under this subsection, in consultation with the appropriate public officials and with significant participation by the residents of the development (or portion thereof), which assessment and plan shall—

(1) be consistent with and part of the local housing management plan for the agency;

(2) describe the conversion and future use or disposition of the public housing development, including an impact analysis on the affected community;

(3) include a cost analysis that demonstrates whether or not the cost (both on a net present value basis and in terms of new budget authority requirements) of providing choice-based rental housing assistance under title XIII for the same families in substantially similar dwellings over the same period of time is less expensive than continuing public housing assistance in the public housing development proposed for conversion for the remaining useful life of the development;

(4) identify the actions, if any, that the public housing agency will take with regard to converting any public housing development or developments (or portions thereof) of the agency to a system of choice-based rental housing assistance under title XIII;

(5) require the public housing agency to—

(A) notify the families residing in the public housing development subject to the con-

version, in accordance with any guidelines issued by the Secretary governing such notifications, that—

(i) the development will be removed from the inventory of the public housing agency; and

(ii) the families displaced by such action will receive choice-based housing assistance;

(B) provide any necessary counseling for families displaced by such action to facilitate relocation; and

(C) provide any reasonable relocation expenses for families displaced by such action; and

(6) ensure that each family that is a resident of the development is relocated to other safe, clean, and healthy affordable housing, which is, to the maximum extent practicable, housing of the family's choice, including choice-based assistance under title XIII (provided that with respect to choice-based assistance, the preceding requirement shall be fulfilled only upon the relocation of such family into such housing).

(c) STREAMLINED ASSESSMENT AND PLAN.—At the discretion of the Secretary or at the request of a public housing agency, the Secretary may waive any or all of the requirements of subsection (b) or otherwise require a streamlined assessment with respect to any public housing development or class of public housing developments.

(d) IMPLEMENTATION OF CONVERSION PLAN.—

(1) IN GENERAL.—A public housing agency may implement a conversion plan only if the conversion assessment under this section demonstrates that the conversion—

(A) will not be more expensive than continuing to operate the public housing development (or portion thereof) as public housing; and

(B) will principally benefit the residents of the public housing development (or portion thereof) to be converted, the public housing agency, and the community.

(2) DISAPPROVAL.—The Secretary shall disapprove a conversion plan only if the plan is plainly inconsistent with the conversion assessment under subsection (b) or there is reliable information and data available to the Secretary that contradicts that conversion assessment.

(e) OTHER REQUIREMENTS.—To the extent approved by the Secretary, the funds used by the public housing agency to provide choice-based rental housing assistance under title XIII shall be added to the housing assistance payment contract administered by the public housing agency or any entity administering the contract on behalf of the public housing agency.

(f) SAVINGS PROVISION.—This section does not affect any contract or other agreement entered into under section 22 of the United States Housing Act of 1937 (as such section existed before the effective date of the repeal under section 1601(b) of this Act).

#### Subtitle F—Mixed-Finance Public Housing

##### SEC. 1271. AUTHORITY.

Notwithstanding sections 1203 and 1262, the Secretary may, upon such terms and conditions as the Secretary may prescribe, authorize a public housing agency to provide for the use of grant amounts allocated and provided from the capital fund or from a grant under section 1262, to produce mixed-finance housing developments, or replace or revitalize existing public housing dwelling units with mixed-finance housing developments, but only if the agency submits to the Secretary a plan for such housing that is approved pursuant to section 1273 by the Secretary.

##### SEC. 1272. MIXED-FINANCE HOUSING DEVELOPMENTS.

(a) IN GENERAL.—For purposes of this subtitle, the term “mixed-finance housing”

means low-income housing or mixed-income housing (as described in section 1221(c)(2)) for which the financing for production or revitalization is provided, in part, from entities other than the public housing agency.

(b) **PRODUCTION.**—A mixed-finance housing development shall be produced or revitalized, and owned—

(1) by a public housing agency or by an entity affiliated with a public housing agency;

(2) by a partnership, a limited liability company, or other entity in which the public housing agency (or an entity affiliated with a public housing agency) is a general partner, is a managing member, or otherwise participates in the activities of the entity;

(3) by any entity that grants to the public housing agency the option to purchase the public housing project during the 20-year period beginning on the date of initial occupancy of the public housing project in accordance with section 42(l)(7) of the Internal Revenue Code of 1986; or

(4) in accordance with such other terms and conditions as the Secretary may prescribe by regulation.

This subsection may not be construed to require production or revitalization, and ownership, by the same entity.

#### **SEC. 1273. MIXED-FINANCE HOUSING PLAN.**

The Secretary may approve a plan for production or revitalization of mixed-finance housing under this subtitle only if the Secretary determines that—

(1) the public housing agency has the ability, or has provided for an entity under section 1272(b) that has the ability, to use the amounts provided for use under the plan for such housing, effectively, either directly or through contract management;

(2) the plan provides permanent financing commitments from a sufficient number of sources other than the public housing agency, which may include banks and other conventional lenders, States, units of general local government, State housing finance agencies, secondary market entities, and other financial institutions;

(3) the plan provides for use of amounts provided under section 1271 by the public housing agency for financing the mixed-income housing in the form of grants, loans, advances, or other debt or equity investments, including collateral or credit enhancement of bonds issued by the agency or any State or local governmental agency for production or revitalization of the development; and

(4) the plan complies with any other criteria that the Secretary may establish.

#### **SEC. 1274. RENT LEVELS FOR HOUSING FINANCED WITH LOW-INCOME HOUSING TAX CREDIT.**

With respect to any dwelling unit in a mixed-finance housing development that is a low-income dwelling unit for which amounts from a block grant under this title are used and that is assisted pursuant to the low-income housing tax credit under section 42 of the Internal Revenue Code of 1986, the rents charged to the residents of the unit shall be determined in accordance with this title, but shall not in any case exceed the amounts allowable under such section 42.

#### **SEC. 1275. CARRY-OVER OF ASSISTANCE FOR REPLACED HOUSING.**

In the case of a mixed-finance housing development that is replacement housing for public housing demolished or disposed of, or is the result of the revitalization of existing public housing, the share of assistance received from the capital fund and the operating fund by the public housing agency that owned or operated the housing demolished, disposed of, or revitalized shall not be reduced because of such demolition, disposition, or revitalization after the commence-

ment of such demolition, disposition, or revitalization, unless—

(1) upon the expiration of the 18-month period beginning upon the approval of the plan under section 1273 for the mixed-finance housing development, the agency does not have binding commitments for production or revitalization, or a construction contract, for such development;

(2) upon the expiration of the 4-year period beginning upon the approval of the plan, the mixed-finance housing development is not substantially ready for occupancy and is placed under the block grant contract for the agency under section 1201; or

(3) the number of dwelling units in the mixed-finance housing development that are made available for occupancy only by low-income families is substantially less than the number of such dwelling units in the public housing demolished, disposed of, or revitalized.

The Secretary may extend the period under paragraph (1) or (2) for a public housing agency if the Secretary determines that circumstances beyond the control of the agency caused the agency to fail to meet the deadline under such paragraph.

#### **Subtitle G—General Provisions**

##### **SEC. 1281. PAYMENT OF NON-FEDERAL SHARE.**

Rental or use-value of buildings or facilities paid for, in whole or in part, from production, modernization, or operation costs financed under this title may be used as the non-Federal share required in connection with activities undertaken under Federal grant-in-aid programs which provide social, educational, employment, and other services to the residents in a project assisted under this title.

##### **SEC. 1282. AUTHORIZATION OF APPROPRIATIONS FOR BLOCK GRANTS.**

There are authorized to be appropriated for grants under this title, the following amounts:

(1) **CAPITAL FUND.**—For the allocations from the capital fund for grants, \$2,500,000,000 for each of fiscal years 1998, 1999, 2000, 2001, and 2002.

(2) **OPERATING FUND.**—For the allocations from the operating fund for grants, \$2,900,000,000 for each of fiscal years 1998, 1999, 2000, 2001, and 2002.

##### **SEC. 1283. FUNDING FOR OPERATION SAFE HOME.**

Of any amounts made available for fiscal years 1998 and 1999 for carrying out the Community Partnerships Against Crime Act of 1997 (as so designated pursuant to section 1624(a) of this Act), not more than \$20,000,000 shall be available in each such fiscal year, for use under the Operation Safe Home program administered by the Office of the Inspector General of the Department of Housing and Urban Development, for law enforcement efforts to combat violent crime on or near the premises of public and federally assisted housing.

##### **SEC. 1284. FUNDING FOR RELOCATION OF VICTIMS OF DOMESTIC VIOLENCE.**

Of any amounts made available for fiscal years 1998, 1999, 2000, 2001, and 2002 for choice-based housing assistance under title XIII of this Act, not more than \$700,000 shall be available in each such fiscal year for relocating residents of public housing (including providing assistance for costs of relocation and housing assistance under title XIII of this Act) who are residing in public housing, who have been subject to domestic violence, and for whom provision of assistance is likely to reduce or eliminate the threat of subsequent violence to the members of the family. The Secretary shall establish procedures for eligibility and administration of assistance under this section.

## **TITLE XIII—CHOICE-BASED RENTAL HOUSING AND HOMEOWNERSHIP ASSISTANCE FOR LOW-INCOME FAMILIES**

### **Subtitle A—Allocation**

#### **SEC. 1301. AUTHORITY TO PROVIDE HOUSING ASSISTANCE AMOUNTS.**

To the extent that amounts to carry out this title are made available, the Secretary may enter into contracts with public housing agencies for each fiscal year to provide housing assistance under this title.

#### **SEC. 1302. CONTRACTS WITH PHA'S.**

(a) **CONDITION OF ASSISTANCE.**—The Secretary may provide amounts under this title to a public housing agency for a fiscal year only if the Secretary has entered into a contract under this section with the public housing agency, under which the Secretary shall provide such agency with amounts (in the amount of the allocation for the agency determined pursuant to section 1304) for housing assistance under this title for low-income families.

(b) **USE FOR HOUSING ASSISTANCE.**—A contract under this section shall require a public housing agency to use amounts provided under this title to provide housing assistance in any manner authorized under this title.

(c) **ANNUAL OBLIGATION OF AUTHORITY.**—A contract under this title shall provide amounts for housing assistance for 1 fiscal year covered by the contract.

(d) **ENFORCEMENT OF HOUSING QUALITY REQUIREMENTS.**—Each contract under this section shall require the public housing agency administering assistance provided under the contract—

(1) to ensure compliance, under each housing assistance payments contract entered into pursuant to the contract under this section, with the provisions of the housing assistance payments contract included pursuant to section 1351(c)(4); and

(2) to establish procedures for assisted families to notify the agency of any noncompliance with such provisions.

#### **SEC. 1303. ELIGIBILITY OF PHA'S FOR ASSISTANCE AMOUNTS.**

The Secretary may provide amounts available for housing assistance under this title pursuant to the formula established under section 1304(a) to a public housing agency only if—

(1) the agency has submitted a local housing management plan to the Secretary for such fiscal year and applied to the Secretary for such assistance;

(2) the plan has been determined to comply with the requirements under section 1106 and the Secretary has not notified the agency that the plan fails to comply with such requirements;

(3) no member of the board of directors or other governing body of the agency, or the executive director, has been convicted of a felony; and

(4) the agency has not been disqualified for assistance pursuant to title XV.

#### **SEC. 1304. ALLOCATION OF AMOUNTS.**

(a) **FORMULA ALLOCATION.**—

(1) **IN GENERAL.**—When amounts for assistance under this title are first made available for reservation, after reserving amounts in accordance with subsections (b)(3) and (c), the Secretary shall allocate such amounts, only among public housing agencies meeting the requirements under this title to receive such assistance, on the basis of a formula that is established in accordance with paragraph (2) and based upon appropriate criteria to reflect the needs of different States, areas, and communities, using the most recent data available from the Bureau of the Census of the Department of Commerce and the comprehensive housing affordability strategy under section 105 of the Cranston-Gonzalez National Affordable Housing Act (or any



consolidated plan incorporating such strategy) for the applicable jurisdiction. The Secretary may establish a minimum allocation amount, in which case only the public housing agencies that, pursuant to the formula, are provided an amount equal to or greater than the minimum allocation amount, shall receive an allocation.

(2) REGULATIONS.—The formula under this subsection shall be established by regulation issued by the Secretary. Notwithstanding sections 563(a) and 565(a) of title 5, United States Code, any proposed regulation containing such formula shall be issued pursuant to a negotiated rulemaking procedure under subchapter III of chapter 5 of such title and the Secretary shall establish a negotiated rulemaking committee for development of any such proposed regulations.

(b) ALLOCATION CONSIDERATIONS.—

(1) LIMITATION ON REALLOCATION FOR ANOTHER STATE.—Any amounts allocated for a State or areas or communities within a State that are not likely to be used within the fiscal year for which the amounts are provided shall not be reallocated for use in another State, unless the Secretary determines that other areas or communities within the same State (that are eligible for amounts under this title) cannot use the amounts within the same fiscal year.

(2) EFFECT OF RECEIPT OF TENANT-BASED ASSISTANCE FOR DISABLED FAMILIES.—The Secretary may not consider the receipt by a public housing agency of assistance under section 811(b)(1) of the Cranston-Gonzalez National Affordable Housing Act, or the amount received, in approving amounts under this title for the agency or in determining the amount of such assistance to be provided to the agency.

(3) EXEMPTION FROM FORMULA ALLOCATION.—The formula allocation requirements of subsection (a) shall not apply to any assistance under this title that is approved in appropriation Acts for uses that the Secretary determines are incapable of geographic allocation, including amendments of existing housing assistance payments contracts, renewal of such contracts, assistance to families that would otherwise lose assistance due to the decision of the project owner to prepay the project mortgage or not to renew the housing assistance payments contract, assistance to prevent displacement from public or assisted housing or to provide replacement housing in connection with the demolition or disposition of public housing, assistance for relocation from public housing, assistance in connection with protection of crime witnesses, assistance for conversion from leased housing contracts under section 23 of the United States Housing Act of 1937 (as in effect before the enactment of the Housing and Community Development Act of 1974), and assistance in support of the property disposition and portfolio management functions of the Secretary.

(c) RECAPTURE OF AMOUNTS.—

(1) AUTHORITY.—In each fiscal year, from any budget authority made available for assistance under this title or section 8 of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of this Act) that is obligated to a public housing agency but remains unobligated by the agency upon the expiration of the 8-month period beginning upon the initial availability of such amounts for obligation by the agency, the Secretary may deobligate an amount, as determined by the Secretary, not exceeding 50 percent of such unobligated amount.

(2) USE.—The Secretary may reallocate and transfer any amounts deobligated under paragraph (1) only to public housing agencies in areas that the Secretary determines have

received less funding than other areas, based on the relative needs of all areas.

#### SEC. 1305. ADMINISTRATIVE FEES.

(a) FEE FOR ONGOING COSTS OF ADMINISTRATION.—

(1) IN GENERAL.—The Secretary shall establish fees for the costs of administering the choice-based housing assistance program under this title.

(2) FISCAL YEAR 1998.—

(A) CALCULATION.—For fiscal year 1998, the fee for each month for which a dwelling unit is covered by a contract for assistance under this title shall be—

(i) in the case of a public housing agency that, on an annual basis, is administering a program for not more than 600 dwelling units, 7.65 percent of the base amount; and

(ii) in the case of an agency that, on an annual basis, is administering a program for more than 600 dwelling units—

(I) for the first 600 units, 7.65 percent of the base amount; and

(II) for any additional dwelling units under the program, 7.0 percent of the base amount.

(B) BASE AMOUNT.—For purposes of this paragraph, the base amount shall be the higher of—

(i) the fair market rental established under section 8(c) of the United States Housing Act of 1937 (as in effect immediately before the effective date of the repeal under section 1601(b) of this Act) for fiscal year 1993 for a 2-bedroom existing rental dwelling unit in the market area of the agency, and

(ii) the amount that is the lesser of (I) such fair market rental for fiscal year 1994 or (II) 103.5 percent of the amount determined under clause (i),

adjusted based on changes in wage data or other objectively measurable data that reflect the costs of administering the program, as determined by the Secretary. The Secretary may require that the base amount be not less than a minimum amount and not more than a maximum amount.

(3) SUBSEQUENT FISCAL YEARS.—For subsequent fiscal years, the Secretary shall publish a notice in the Federal Register, for each geographic area, establishing the amount of the fee that would apply for public housing agencies administering the program, based on changes in wage data or other objectively measurable data that reflect the costs of administering the program, as determined by the Secretary.

(4) INCREASE.—The Secretary may increase the fee if necessary to reflect the higher costs of administering small programs and programs operating over large geographic areas.

(b) FEE FOR PRELIMINARY EXPENSES.—The Secretary shall also establish reasonable fees (as determined by the Secretary) for—

(1) the costs of preliminary expenses, in the amount of \$500, for a public housing agency, but only in the first year that the agency administers a choice-based housing assistance program under this title, and only if, immediately before the effective date of this division, the agency was not administering a tenant-based rental assistance program under the United States Housing Act of 1937 (as in effect immediately before such effective date), in connection with its initial increment of assistance received;

(2) the costs incurred in assisting families who experience difficulty (as determined by the Secretary) in obtaining appropriate housing under the programs; and

(3) extraordinary costs approved by the Secretary.

(c) TRANSFER OF FEES IN CASES OF CONCURRENT GEOGRAPHICAL JURISDICTION.—In each fiscal year, if any public housing agency provides tenant-based rental assistance under section 8 of the United States Housing Act of

1937 or housing assistance under this title on behalf of a family who uses such assistance for a dwelling unit that is located within the jurisdiction of such agency but is also within the jurisdiction of another public housing agency, the Secretary shall take such steps as may be necessary to ensure that the public housing agency that provides the services for a family receives all or part of the administrative fee under this section (as appropriate).

#### SEC. 1306. AUTHORIZATIONS OF APPROPRIATIONS.

(a) IN GENERAL.—There is authorized to be appropriated for providing public housing agencies with housing assistance under this title, such sums as may be necessary for each of fiscal years 1998, 1999, 2000, 2001, and 2002 to provide amounts for incremental assistance under this title, for renewal of expiring contracts under section 1302 of this Act and renewal under this title of expiring contracts for tenant-based rental assistance under section 8 of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of this Act), and for replacement needs for public housing under title XII.

(b) ASSISTANCE FOR DISABLED FAMILIES.—

(1) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated, for choice-based housing assistance under this title to be used in accordance with paragraph (2), \$50,000,000 for fiscal year 1998, and such sums as may be necessary for each subsequent fiscal year.

(2) USE.—The Secretary shall provide amounts made available under paragraph (1) to public housing agencies only for use to provide housing assistance under this title for nonelderly disabled families (including such families relocating pursuant to designation of a public housing development under section 1227 or the establishment of occupancy restrictions in accordance with section 658 of the Housing and Community Development Act of 1992 and other nonelderly disabled families who have applied to the agency for housing assistance under this title).

(3) ALLOCATION OF AMOUNTS.—The Secretary shall allocate and provide amounts made available under paragraph (1) to public housing agencies as the Secretary determines appropriate based on the relative levels of need among the authorities for assistance for families described in paragraph (1).

(c) ASSISTANCE FOR WITNESS RELOCATION.—Of the amounts made available for choice-based housing assistance under this title for each fiscal year, the Secretary, in consultation with the Inspector General, shall make available such sums as may be necessary for such housing assistance for the relocation of witnesses in connection with efforts to combat crime in public and assisted housing pursuant to requests from law enforcement and prosecutive agencies.

#### SEC. 1307. CONVERSION OF SECTION 8 ASSISTANCE.

(a) IN GENERAL.—Any amounts made available to a public housing agency under a contract for annual contributions for assistance under section 8 of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of this Act) that have not been obligated for such assistance by such agency before such effective date shall be used to provide assistance under this title, except to the extent the Secretary determines such use is inconsistent with existing commitments.

(b) EXCEPTION.—Subsection (a) shall not apply to any amounts made available under a contract for housing constructed or substantially rehabilitated pursuant to section 8(b)(2) of the United States Housing Act of 1937, as in effect before October 1, 1983.

**SEC. 1308. RECAPTURE AND REUSE OF ANNUAL CONTRACT PROJECT RESERVES UNDER CHOICE-BASED HOUSING ASSISTANCE AND SECTION 8 TENANT-BASED ASSISTANCE PROGRAMS.**

To the extent that the Secretary determines that the amount in the reserve account for annual contributions contracts (for housing assistance under this title or tenant-based assistance under section 8 of the United States Housing Act of 1937) that is under contract with a public housing agency for such assistance is in excess of the amounts needed by the agency, the Secretary shall recapture such excess amount. The Secretary may hold recaptured amounts in reserve until needed to enter into, amend, or renew contracts under this title or to amend or renew contracts under section 8 of such Act for tenant-based assistance with any agency.

**Subtitle B—Choice-Based Housing Assistance for Eligible Families**

**SEC. 1321. ELIGIBLE FAMILIES AND PREFERENCES FOR ASSISTANCE.**

(a) **LOW-INCOME REQUIREMENT.**—Housing assistance under this title may be provided only on behalf of a family that—

(1) at the time that such assistance is initially provided on behalf of the family, is determined by the public housing agency to be a low-income family; or

(2) qualifies to receive such assistance under any other provision of Federal law.

(b) **INCOME TARGETING.**—Of the families initially assisted under this title by a public housing agency in any year, not less than 40 percent shall be families whose incomes do not exceed 30 percent of the area median income, as determined by the Secretary with adjustments for smaller and larger families. The Secretary may establish income ceiling higher or lower than 30 percent of the area median income on the basis of the Secretary's findings that such variations are necessary because of unusually high or low family incomes.

(c) **REVIEWS OF FAMILY INCOMES.**—

(1) **IN GENERAL.**—Reviews of family incomes for purposes of this title shall be subject to the provisions of section 904 of the Stewart B. McKinney Homeless Assistance Amendments Act of 1988 and shall be conducted upon the initial provision of housing assistance for the family and thereafter not less than annually.

(2) **PROCEDURES.**—Each public housing agency administering housing assistance under this title shall establish procedures that are appropriate and necessary to ensure that income data provided to the agency and owners by families applying for or receiving housing assistance from the agency is complete and accurate.

(d) **PREFERENCES FOR ASSISTANCE.**—

(1) **AUTHORITY TO ESTABLISH.**—Any public housing agency that receives amounts under this title may establish a system for making housing assistance available on behalf of eligible families that provides preference for such assistance to eligible families having certain characteristics.

(2) **CONTENT.**—Each system of preferences established pursuant to this subsection shall be based upon local housing needs and priorities, as determined by the public housing agency using generally accepted data sources, including any information obtained pursuant to an opportunity for public comment as provided under section 1106(e) and under the requirements applicable to the comprehensive housing affordability strategy for the relevant jurisdiction.

(3) **SENSE OF THE CONGRESS.**—It is the sense of the Congress that, to the greatest extent practicable, public housing agencies involved in the selection of tenants under the provisions of this title should adopt preferences

for individuals who are victims of domestic violence.

(e) **PORTABILITY OF HOUSING ASSISTANCE.**—

(1) **NATIONAL PORTABILITY.**—An eligible family that is selected to receive or is receiving assistance under this title may rent any eligible dwelling unit in any area where a program is being administered under this title. Notwithstanding the preceding sentence, a public housing agency may require that any family not living within the jurisdiction of the public housing agency at the time the family applies for assistance from the agency shall, during the 12-month period beginning on the date of initial receipt of housing assistance made available on behalf of the family from such agency, lease and occupy an eligible dwelling unit located within the jurisdiction served by the agency. The agency for the jurisdiction into which the family moves shall have the responsibility for administering assistance for the family.

(2) **SOURCE OF FUNDING FOR A FAMILY THAT MOVES.**—For a family that has moved into the jurisdiction of a public housing agency and that, at the time of the move, has been selected to receive, or is receiving, assistance provided by another agency, the agency for the jurisdiction into which the family has moved may, in its discretion, cover the cost of assisting the family under its contract with the Secretary or through reimbursement from the other agency under that agency's contract.

(3) **AUTHORITY TO DENY ASSISTANCE TO CERTAIN FAMILIES WHO MOVE.**—A family may not receive housing assistance as provided under this subsection if the family has moved from a dwelling unit in violation of the lease for the dwelling unit.

(4) **FUNDING ALLOCATIONS.**—In providing assistance amounts under this title for public housing agencies for any fiscal year, the Secretary may give consideration to any reduction or increase in the number of resident families under the program of an agency in the preceding fiscal year as a result of this subsection.

(f) **CONFIDENTIALITY FOR VICTIMS OF DOMESTIC VIOLENCE.**—A public housing agency shall be subject to the restrictions regarding release of information relating to the identity and new residence of any family receiving housing assistance who was a victim of domestic violence that are applicable to shelters pursuant to the Family Violence Prevention and Services Act. The agency shall work with the United States Postal Service to establish procedures consistent with the confidentiality provisions in the Violence Against Women Act of 1994.

**SEC. 1322. RESIDENT CONTRIBUTION.**

(a) **AMOUNT.**—

(1) **MONTHLY RENT CONTRIBUTION.**—An assisted family shall contribute on a monthly basis for the rental of an assisted dwelling unit an amount that the public housing agency determines is appropriate with respect to the family and the unit, but which—

(A) shall not be less than the minimum monthly rental contribution determined under subsection (b); and

(B) shall not exceed the greatest of—

(i) 30 percent of the monthly adjusted income of the family;

(ii) 10 percent of the monthly income of the family; and

(iii) if the family is receiving payments for welfare assistance from a public agency and a part of such payments, adjusted in accordance with the actual housing costs of the family, is specifically designated by such agency to meet the housing costs of the family, the portion of such payments that is so designated.

(2) **EXCESS RENTAL AMOUNT.**—In any case in which the monthly rent charged for a dwell-

ing unit pursuant to the housing assistance payments contract exceeds the applicable payment standard (established under section 1353) for the dwelling unit, the assisted family residing in the unit shall contribute (in addition to the amount of the monthly rent contribution otherwise determined under paragraph (1) for such family) such entire excess rental amount.

(b) **MINIMUM MONTHLY RENTAL CONTRIBUTION.**—

(1) **IN GENERAL.**—The public housing agency shall determine the amount of the minimum monthly rental contribution of an assisted family (which rent shall include any amount allowed for utilities), which—

(A) shall be based upon factors including the adjusted income of the family and any other factors that the agency considers appropriate;

(B) shall be not less than \$25, nor more than \$50; and

(C) may be increased annually by the agency, except that no such annual increase may exceed 10 percent of the amount of the minimum monthly contribution in effect for the preceding year.

(2) **HARDSHIP PROVISIONS.**—

(A) **IN GENERAL.**—Notwithstanding paragraph (1), a public housing agency shall grant an exemption in whole or in part from payment of the minimum monthly rental contribution established under this paragraph to any assisted family unable to pay such amount because of financial hardship, which shall include situations in which (i) the family has lost eligibility for or is awaiting an eligibility determination for a Federal, State, or local assistance program, including a family that includes a member who is an alien lawfully admitted for permanent residence under the Immigration and Nationality Act who would be entitled to public benefits but for title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996; (ii) the family would be evicted as a result of imposition of the minimum rent; (iii) the income of the family has decreased because of changed circumstance, including loss of employment; and (iv) a death in the family has occurred; and other situations as may be determined by the agency.

(B) **WAITING PERIOD.**—If an assisted family requests a hardship exemption under this paragraph and the public housing agency reasonably determines the hardship to be of a temporary nature, an exemption shall not be granted during the 90-day period beginning upon the making of a request for the exemption. An assisted family may not be evicted during such 90-day period for nonpayment of rent. In such a case, if the assisted family thereafter demonstrates that the financial hardship is of a long-term basis, the agency shall retroactively exempt the family from the applicability of the minimum rent requirement for such 90-day period.

(c) **TREATMENT OF CHANGES IN RENTAL CONTRIBUTION.**—

(1) **NOTIFICATION OF CHANGES.**—A public housing agency shall promptly notify the owner of an assisted dwelling unit of any change in the resident contribution by the assisted family residing in the unit that takes effect immediately or at a later date.

(2) **COLLECTION OF RETROACTIVE CHANGES.**—In the case of any change in the rental contribution of an assisted family that affects rental payments previously made, the public housing agency shall collect any additional amounts required to be paid by the family under such change directly from the family and shall refund any excess rental contribution paid by the family directly to the family.

(d) PHASE-IN OF RENT CONTRIBUTION INCREASES.—

(1) IN GENERAL.—Except as provided in paragraph (2), for any family that is receiving tenant-based rental assistance under section 8 of the United States Housing Act of 1937 upon the initial applicability of the provisions of this title to such family, if the monthly contribution for rental of an assisted dwelling unit to be paid by the family upon such initial applicability is greater than the amount paid by the family under the provisions of the United States Housing Act of 1937 immediately before such applicability, any such resulting increase in rent contribution shall be—

(A) phased in equally over a period of not less than 3 years, if such increase is 30 percent or more of such contribution before initial applicability; and

(B) limited to not more than 10 percent per year if such increase is more than 10 percent but less than 30 percent of such contribution before initial applicability.

(2) EXCEPTION.—The minimum rent contribution requirement under subsection (b)(1) shall apply to each family described in paragraph (1) of this subsection, notwithstanding such paragraph.

#### SEC. 1323. RENTAL INDICATORS.

(a) IN GENERAL.—The Secretary shall establish and issue rental indicators under this section periodically, but not less than annually, for existing rental dwelling units that are eligible dwelling units. The Secretary shall establish and issue the rental indicators by housing market area (as the Secretary shall establish) for various sizes and types of dwelling units.

(b) AMOUNT.—For a market area, the rental indicator established under subsection (a) for a dwelling unit of a particular size and type in the market area shall be a dollar amount that reflects the rental amount for a standard quality rental unit of such size and type in the market area that is an eligible dwelling unit.

(c) EFFECTIVE DATE.—The Secretary shall cause the proposed rental indicators established under subsection (a) for each market area to be published in the Federal Register with reasonable time for public comment, and such rental indicators shall become effective upon the date of publication in final form in the Federal Register.

(d) ANNUAL ADJUSTMENT.—Each rental indicator in effect under this section shall be adjusted to be effective on October 1 of each year to reflect changes, based on the most recent available data trended so that the indicators will be current for the year to which they apply, in rents for existing rental dwelling units of various sizes and types in the market area suitable for occupancy by families assisted under this title.

#### SEC. 1324. LEASE TERMS.

Rental assistance may be provided for an eligible dwelling unit only if the assisted family and the owner of the dwelling unit enter into a lease for the unit that—

(1) provides for a single lease term of 12 months and continued tenancy after such term under a periodic tenancy on a month-to-month basis;

(2) contains terms and conditions specifying that termination of tenancy during the term of a lease shall be subject to the provisions set forth in sections 1642 and 1643; and

(3) is set forth in the standard form, which is used in the local housing market area by the owner and applies generally to any other tenants in the property who are not assisted families, together with any addendum necessary to include the many terms required under this section.

A lease may include any addenda appropriate to set forth the provisions under this title.

#### SEC. 1325. TERMINATION OF TENANCY.

Each housing assistance payments contract shall provide that the owner shall conduct the termination of tenancy of any tenant of an assisted dwelling unit under the contract in accordance with applicable State or local laws, including providing any notice of termination required under such laws.

#### SEC. 1326. ELIGIBLE OWNERS.

(a) OWNERSHIP ENTITY.—Rental assistance under this title may be provided for any eligible dwelling unit for which the owner is any public agency, private person or entity (including a cooperative), nonprofit organization, agency of the Federal Government, or public housing agency.

(b) INELIGIBLE OWNERS.—

(1) IN GENERAL.—Notwithstanding subsection (a), a public housing agency—

(A) may not enter into a housing assistance payments contract (or renew an existing contract) covering a dwelling unit that is owned by an owner who is debarred, suspended, or subject to limited denial of participation under part 24 of title 24, Code of Federal Regulations;

(B) may prohibit, or authorize the termination or suspension of, payment of housing assistance under a housing assistance payments contract in effect at the time such debarment, suspension, or limited denial of participation takes effect.

If the public housing agency takes action under subparagraph (B), the agency shall take such actions as may be necessary to protect assisted families who are affected by the action, which may include the provision of additional assistance under this title to such families.

(2) PROHIBITION OF SALE OR RENTAL TO RELATED PARTIES.—The Secretary shall establish guidelines to prevent housing assistance payments for a dwelling unit that is owned by any spouse, child, or other party who allows an owner described in paragraph (1) to maintain control of the unit.

#### SEC. 1327. SELECTION OF DWELLING UNITS.

(a) FAMILY CHOICE.—The determination of the dwelling unit in which an assisted family resides and for which housing assistance is provided under this title shall be made solely by the assisted family, subject to the provisions of this title and any applicable law.

(b) DEED RESTRICTIONS.—Housing assistance may not be used in any manner that abrogates any local deed restriction that applies to any housing consisting of 1 to 4 dwelling units. Nothing in this section may be construed to affect the provisions or applicability of the Fair Housing Act.

#### SEC. 1328. ELIGIBLE DWELLING UNITS.

(a) IN GENERAL.—A dwelling unit shall be an eligible dwelling unit for purposes of this title only if the public housing agency to provide housing assistance for the dwelling unit determines that the dwelling unit—

(1) is an existing dwelling unit that is not located within a nursing home or the grounds of any penal, reformatory, medical, mental, or similar public or private institution; and

(2) complies—

(A) in the case of a dwelling unit located in a jurisdiction which has in effect laws, regulations, standards, or codes regarding habitability of residential dwellings, with such applicable laws, regulations, standards, or codes; or

(B) in the case of a dwelling unit located in a jurisdiction which does not have in effect laws, regulations, standards, or codes described in subparagraph (A), with the housing quality standards established under subsection (c).

Each public housing agency providing housing assistance shall identify, in the local housing management plan for the agency,

whether the agency is utilizing the standard under subparagraph (A) or (B) of paragraph (2).

(b) DETERMINATIONS.—

(1) IN GENERAL.—A public housing agency shall make the determinations required under subsection (a) pursuant to an inspection of the dwelling unit conducted before any assistance payment is made for the unit.

(2) EXPEDITIOUS INSPECTION.—Inspections of dwelling units under this subsection shall be made before the expiration of the 15-day period beginning upon a request by the resident or landlord to the public housing agency. The performance of the agency in meeting the 15-day inspection deadline shall be taken into account in assessing the performance of the agency.

(c) FEDERAL HOUSING QUALITY STANDARDS.—The Secretary shall establish housing quality standards under this subsection that ensure that assisted dwelling units are safe, clean, and healthy. Such standards shall include requirements relating to habitability, including maintenance, health and sanitation factors, condition, and construction of dwellings, and shall, to the greatest extent practicable, be consistent with the standards established under section 1232(b). The Secretary shall differentiate between major and minor violations of such standards.

(d) ANNUAL INSPECTIONS.—Each public housing agency providing housing assistance shall make an annual inspection of each assisted dwelling unit during the term of the housing assistance payments contracts for the unit to determine whether the unit is maintained in accordance with the requirements under subsection (a)(2). The agency shall retain the records of the inspection for a reasonable time and shall make the records available upon request to the Secretary, the Inspector General for the Department of Housing and Urban Development, and any auditor conducting an audit under section 1541.

(e) INSPECTION GUIDELINES.—The Secretary shall establish procedural guidelines and performance standards to facilitate inspections of dwelling units and conform such inspections with practices utilized in the private housing market. Such guidelines and standards shall take into consideration variations in local laws and practices of public housing agencies and shall provide flexibility to authorities appropriate to facilitate efficient provision of assistance under this title.

(f) RULE OF CONSTRUCTION.—This section may not be construed to prevent the provision of housing assistance in connection with supportive services for elderly or disabled families.

#### SEC. 1329. HOMEOWNERSHIP OPTION.

(a) IN GENERAL.—A public housing agency providing housing assistance under this title may provide homeownership assistance to assist eligible families to purchase a dwelling unit (including purchase under lease-purchase homeownership plans).

(b) REQUIREMENTS.—A public housing agency providing homeownership assistance under this section shall, as a condition of an eligible family receiving such assistance, require the family to—

(1) demonstrate that the family has sufficient income from employment or other sources (other than public assistance), as determined in accordance with requirements established by the agency; and

(2) meet any other initial or continuing requirements established by the public housing agency.

(c) DOWNPAYMENT REQUIREMENT.—

(1) IN GENERAL.—A public housing agency may establish minimum downpayment requirements, if appropriate, in connection with loans made for the purchase of dwelling

units for which homeownership assistance is provided under this section. If the agency establishes a minimum downpayment requirement, the agency shall permit the family to use grant amounts, gifts from relatives, contributions from private sources, and similar amounts as downpayment amounts in such purchase, subject to the requirements of paragraph (2).

(2) **DIRECT FAMILY CONTRIBUTION.**—In purchasing housing pursuant to this section subject to a downpayment requirement, each family shall contribute an amount of the downpayment, from resources of the family other than grants, gifts, contributions, or other similar amounts referred to in paragraph (1), that is not less than 1 percent of the purchase price.

(d) **INELIGIBILITY UNDER OTHER PROGRAMS.**—A family may not receive homeownership assistance pursuant to this section during any period when assistance is being provided for the family under other Federal homeownership assistance programs, as determined by the Secretary, including assistance under the HOME Investment Partnerships Act, the Homeownership and Opportunity Through HOPE Act, title II of the Housing and Community Development Act of 1987, and section 502 of the Housing Act of 1949.

**SEC. 1330. ASSISTANCE FOR RENTAL OF MANUFACTURED HOMES.**

(a) **AUTHORITY.**—Nothing in this title may be construed to prevent a public housing agency from providing housing assistance under this title on behalf of a low-income family for the rental of—

(1) a manufactured home that is the principal residence of the family and the real property on which the home is located; or

(2) the real property on which is located a manufactured home, which is owned by the family and is the principal residence of the family.

(b) **ASSISTANCE FOR CERTAIN FAMILIES OWNING MANUFACTURED HOMES.**—

(1) **AUTHORITY.**—Notwithstanding section 1351 or any other provision of this title, a public housing agency that receives amounts under a contract under section 1302 may enter into a housing assistance payment contract to make assistance payments under this title to a family that owns a manufactured home, but only as provided in paragraph (2).

(2) **LIMITATIONS.**—In the case only of a low-income family that owns a manufactured home, rents the real property on which it is located, and to whom housing assistance under this title has been made available for the rental of such property, the public housing agency making such assistance available shall enter into a contract to make housing assistance payments under this title directly to the family (rather than to the owner of such real property) if—

(A) the owner of the real property refuses to enter into a contract to receive housing assistance payments pursuant to section 1351(a);

(B) the family was residing in such manufactured home on such real property at the time such housing assistance was initially made available on behalf of the family;

(C) the family provides such assurances to the agency, as the Secretary may require, to ensure that amounts from the housing assistance payments are used for rental of the real property; and

(D) the rental of the real property otherwise complies with the requirements for assistance under this title.

A contract pursuant to this subsection shall be subject to the provisions of section 1351 and any other provisions applicable to housing assistance payments contracts under this title, except that the Secretary may provide

such exceptions as the Secretary considers appropriate to facilitate the provision of assistance under this subsection.

**Subtitle C—Payment of Housing Assistance on Behalf of Assisted Families**

**SEC. 1351. HOUSING ASSISTANCE PAYMENTS CONTRACTS.**

(a) **IN GENERAL.**—Each public housing agency that receives amounts under a contract under section 1302 may enter into housing assistance payments contracts with owners of existing dwelling units to make housing assistance payments to such owners in accordance with this title.

(b) **PHA ACTING AS OWNER.**—A public housing agency may enter into a housing assistance payments contract to make housing assistance payments under this title to itself (or any agency or instrumentality thereof) as the owner of dwelling units (other than public housing), and the agency shall be subject to the same requirements that are applicable to other owners, except that the determinations under sections 1328(a) and 1354(b) shall be made by a competent party not affiliated with the agency, and the agency shall be responsible for any expenses of such determinations.

(c) **PROVISIONS.**—Each housing assistance payments contract shall—

(1) have a term of not more than 12 months;

(2) require that the assisted dwelling unit may be rented only pursuant to a lease that complies with the requirements of section 1324;

(3) comply with the requirements of sections 1325, 1642, and 1643 (relating to termination of tenancy);

(4) require the owner to maintain the dwelling unit in accordance with the applicable standards under section 1328(a)(2); and

(5) provide that the screening and selection of eligible families for assisted dwelling units shall be the function of the owner.

**SEC. 1352. AMOUNT OF MONTHLY ASSISTANCE PAYMENT.**

(a) **UNITS HAVING GROSS RENT EXCEEDING PAYMENT STANDARD.**—In the case of a dwelling unit bearing a gross rent that exceeds the payment standard established under section 1353 for a dwelling unit of the applicable size and located in the market area in which such assisted dwelling unit is located, the amount of the monthly assistance payment shall be the amount by which such payment standard exceeds the amount of the resident contribution determined in accordance with section 1322(a)(1).

(b) **SHOPPING INCENTIVE FOR UNITS HAVING GROSS RENT NOT EXCEEDING PAYMENT STANDARD.**—In the case of an assisted family renting an eligible dwelling unit bearing a gross rent that does not exceed the payment standard established under section 1353 for a dwelling unit of the applicable size and located in the market area in which such assisted dwelling unit is located, the following requirements shall apply:

(1) **AMOUNT OF MONTHLY ASSISTANCE PAYMENT.**—The amount of the monthly assistance payment for housing assistance under this title on behalf of the assisted family shall be the amount by which the gross rent for the dwelling unit exceeds the amount of the resident contribution.

(2) **ESCROW OF SHOPPING INCENTIVE SAVINGS.**—An amount equal to 50 percent of the difference between payment standard and the gross rent for the dwelling unit shall be placed in an interest bearing escrow account on behalf of such family on a monthly basis by the public housing agency. Amounts in the escrow account shall be made available to the assisted family on an annual basis.

(3) **DEFICIT REDUCTION.**—The public housing agency making housing assistance payments

on behalf of such assisted family in a fiscal year shall reserve from amounts made available to the agency for assistance payments for such fiscal year an amount equal to the amount described in paragraph (2). At the end of each fiscal year, the Secretary shall recapture any such amounts reserved by public housing agencies and such amounts shall be covered into the General Fund of the Treasury of the United States.

For purposes of this section, in the case of a family receiving homeownership assistance under section 1329, the term "gross rent" shall mean the homeownership costs to the family as determined in accordance with guidelines of the Secretary.

**SEC. 1353. PAYMENT STANDARDS.**

(a) **ESTABLISHMENT.**—Each public housing agency providing housing assistance under this title shall establish payment standards under this section for various areas, and sizes and types of dwelling units, for use in determining the amount of monthly housing assistance payment to be provided on behalf of assisted families.

(b) **USE OF RENTAL INDICATORS.**—The payment standard for each size and type of housing for each market area shall be an amount that is not less than 80 percent, and not greater than 120 percent, of the rental indicator established under section 1323 for such size and type for such area.

(c) **REVIEW.**—If the Secretary determines, at any time, that a significant percentage of the assisted families who are assisted by a public housing agency and are occupying dwelling units of a particular size are paying more than 30 percent of their adjusted incomes for rent, the Secretary shall review the payment standard established by the agency for such size dwellings. If, pursuant to the review, the Secretary determines that such payment standard is not appropriate to serve the needs of the low-income population of the jurisdiction served by the agency (taking into consideration rental costs in the area), as identified in the approved community improvement plan of the agency, the Secretary may require the public housing agency to modify the payment standard.

**SEC. 1354. REASONABLE RENTS.**

(a) **ESTABLISHMENT.**—The rent charged for a dwelling unit for which rental assistance is provided under this title shall be established pursuant to negotiation and agreement between the assisted family and the owner of the dwelling unit.

(b) **REASONABLENESS.**—

(1) **DETERMINATION.**—A public housing agency providing rental assistance under this title for a dwelling unit shall, before commencing assistance payments for a unit (with respect to initial contract rents and any rent revisions), determine whether the rent charged for the unit exceeds the rents charged for comparable units in the applicable private unassisted market.

(2) **UNREASONABLE RENTS.**—If the agency determines that the rent charged for a dwelling unit exceeds such comparable rents, the agency shall—

(A) inform the assisted family renting the unit that such rent exceeds the rents for comparable unassisted units in the market; and

(B) refuse to provide housing assistance payments for such unit.

**SEC. 1355. PROHIBITION OF ASSISTANCE FOR VACANT RENTAL UNITS.**

If an assisted family vacates a dwelling unit for which rental assistance is provided under a housing assistance payments contract before the expiration of the term of the lease for the unit, rental assistance pursuant to such contract may not be provided for the unit after the month during which the unit was vacated.

**Subtitle D—General and Miscellaneous  
Provisions**

**SEC. 1371. DEFINITIONS.**

For purposes of this title:

(1) **ASSISTED DWELLING UNIT.**—The term “assisted dwelling unit” means a dwelling unit in which an assisted family resides and for which housing assistance payments are made under this title.

(2) **ASSISTED FAMILY.**—The term “assisted family” means an eligible family on whose behalf housing assistance payments are made under this title or who has been selected and approved for housing assistance.

(3) **CHOICE-BASED.**—The term “choice-based” means, with respect to housing assistance, that the assistance is not attached to a dwelling unit but can be used for any eligible dwelling unit selected by the eligible family.

(4) **ELIGIBLE DWELLING UNIT.**—The term “eligible dwelling unit” means a dwelling unit that complies with the requirements under section 1328 for consideration as an eligible dwelling unit.

(5) **ELIGIBLE FAMILY.**—The term “eligible family” means a family that meets the requirements under section 1321(a) for assistance under this title.

(6) **HOMEOWNERSHIP ASSISTANCE.**—The term “homeownership assistance” means housing assistance provided under section 1329 for the ownership of a dwelling unit.

(7) **HOUSING ASSISTANCE.**—The term “housing assistance” means choice-based assistance provided under this title on behalf of low-income families for the rental or ownership of an eligible dwelling unit.

(8) **HOUSING ASSISTANCE PAYMENTS CONTRACT.**—The term “housing assistance payments contract” means a contract under section 1351 between a public housing agency (or the Secretary) and an owner to make housing assistance payments under this title to the owner on behalf of an assisted family.

(9) **PUBLIC HOUSING AGENCY.**—The terms “public housing agency” and “agency” have the meaning given such terms in section 1103, except that the terms include—

(A) a consortia of public housing agencies that the Secretary determines has the capacity and capability to administer a program for housing assistance under this title in an efficient manner;

(B) any other entity that, upon the effective date of this division, was administering any program for tenant-based rental assistance under section 8 of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of this Act), pursuant to a contract with the Secretary or a public housing agency; and

(C) with respect to any area in which no public housing agency has been organized or where the Secretary determines that a public housing agency is unwilling or unable to implement this title, or is not performing effectively—

(i) the Secretary or another entity that by contract agrees to receive assistance amounts under this title and enter into housing assistance payments contracts with owners and perform the other functions of public housing agency under this title; or

(ii) notwithstanding any provision of State or local law, a public housing agency for another area that contracts with the Secretary to administer a program for housing assistance under this title, without regard to any otherwise applicable limitations on its area of operation.

(10) **OWNER.**—The term “owner” means the person or entity having the legal right to lease or sublease dwelling units. Such term includes any principals, general partners, primary shareholders, and other similar par-

ticipants in any entity owning a multifamily housing project, as well as the entity itself.

(11) **RENT.**—The terms “rent” and “rental” include, with respect to members of a cooperative, the charges under the occupancy agreements between such members and the cooperative.

(12) **RENTAL ASSISTANCE.**—The term “rental assistance” means housing assistance provided under this title for the rental of a dwelling unit.

**SEC. 1372. RENTAL ASSISTANCE FRAUD RECOVERIES.**

(a) **AUTHORITY TO RETAIN RECOVERED AMOUNTS.**—The Secretary shall permit public housing agencies administering housing assistance under this title to retain, out of amounts obtained by the authorities from tenants that are due as a result of fraud and abuse, an amount (determined in accordance with regulations issued by the Secretary) equal to the greater of—

(1) 50 percent of the amount actually collected; or

(2) the actual, reasonable, and necessary expenses related to the collection, including costs of investigation, legal fees, and collection agency fees.

(b) **USE.**—Amounts retained by an agency shall be made available for use in support of the affected program or project, in accordance with regulations issued by the Secretary. If the Secretary is the principal party initiating or sustaining an action to recover amounts from families or owners, the provisions of this section shall not apply.

(c) **RECOVERY.**—Amounts may be recovered under this section—

(1) by an agency through a lawsuit (including settlement of the lawsuit) brought by the agency or through court-ordered restitution pursuant to a criminal proceeding resulting from an agency's investigation where the agency seeks prosecution of a family or where an agency seeks prosecution of an owner;

(2) through administrative repayment agreements with a family or owner entered into as a result of an administrative grievance procedure conducted by an impartial decisionmaker in accordance with section 1110; or

(3) through an agreement between the parties.

**SEC. 1373. STUDY REGARDING GEOGRAPHIC CONCENTRATION OF ASSISTED FAMILIES.**

(a) **IN GENERAL.**—The Secretary shall conduct a study of the geographic areas in the State of Illinois served by the Housing Authority of Cook County and the Chicago Housing Authority and submit to the Congress a report and a specific proposal, which addresses and resolves the issues of—

(1) the adverse impact on local communities due to geographic concentration of assisted households under the tenant-based housing programs under section 8 of the United States Housing Act of 1937 (as in effect upon the enactment of this Act) and under this title; and

(2) facilitating the deconcentration of such assisted households by providing broader housing choices to such households. The study shall be completed, and the report shall be submitted, not later than 90 days after the date of the enactment of this Act.

(b) **CONCENTRATION.**—For purposes of this section, the term “concentration” means, with respect to any area within a census tract, that—

(1) 15 percent or more of the households residing within such area have incomes which do not exceed the poverty level; or

(2) 15 percent or more of the total affordable housing stock located within such area is assisted housing.

(c) **EFFECTIVE DATE.**—This section shall take effect on the date of the enactment of this Act.

**SEC. 1374. STUDY REGARDING RENTAL ASSISTANCE.**

The Secretary shall conduct a nationwide study of the choice-based housing assistance program under this title and the tenant-based rental assistance program under section 8 of the United States Housing Act of 1937 (as in effect pursuant to sections 1601(c) and 1602(b)). The study shall, for various localities—

(1) determine who are the providers of the housing in which families assisted under such programs reside;

(2) describe and analyze the physical and demographic characteristics of the housing in which such assistance is used, including, for housing in which at least one such assisted family resides, the total number of units in the housing and the number of units in the housing for which such assistance is provided;

(3) determine the total number of units for which such assistance is provided;

(4) describe the durations that families remain on waiting lists before being provided such housing assistance; and

(5) assess the extent and quality of participation of housing owners in such assistance programs in relation to the local housing market, including comparing—

(A) the quality of the housing assisted to the housing generally available in the same market; and

(B) the extent to which housing is available to be occupied using such assistance to the extent to which housing is generally available in the same market.

The Secretary shall submit a report describing the results of the study to the Congress not later than the expiration of the 2-year period beginning on the date of the enactment of this Act.

**TITLE XIV—HOME RULE FLEXIBLE GRANT OPTION****SEC. 1401. PURPOSE.**

The purpose of this title is to give local governments and municipalities the flexibility to design creative approaches for providing and administering Federal housing assistance based on the particular needs of the communities that—

(1) give incentives to low-income families with children where the head of household is working, seeking work, or preparing for work by participating in job training, educational programs, or programs that assist people to obtain employment and become economically self-sufficient;

(2) reduce cost and achieve greater cost-effectiveness in Federal housing assistance expenditures;

(3) increase housing choices for low-income families; and

(4) reduce excessive geographic concentration of assisted families.

**SEC. 1402. FLEXIBLE GRANT PROGRAM.**

(a) **AUTHORITY AND USE.**—The Secretary shall carry out a program under which a jurisdiction may, upon the application of the jurisdiction and the review and approval of the Secretary, receive, combine, and enter into performance-based contracts for the use of amounts of covered housing assistance in a period consisting of not less than 1 nor more than 5 fiscal years in the manner determined appropriate by the participating jurisdiction—

(1) to provide housing assistance and services for low-income families in a manner that facilitates the transition of such families to work;

(2) to reduce homelessness;

(3) to increase homeownership among low-income families; and

(4) for other housing purposes for low-income families determined by the participating jurisdiction.

(b) INAPPLICABILITY OF CATEGORICAL PROGRAM REQUIREMENTS.—

(1) IN GENERAL.—Except as provided in paragraph (2) and section 1405, the provisions of this division regarding use of amounts made available under each of the programs included as covered housing assistance and the program requirements applicable to each such program shall not apply to amounts received by a jurisdiction pursuant to this title.

(2) APPLICABILITY OF CERTAIN LAWS.—This title may not be construed to exempt assistance under this division from, or make inapplicable any provision of this division or of any other law that requires that assistance under this division be provided in compliance with—

(A) title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et seq.);

(B) the Fair Housing Act (42 U.S.C. 3601 et seq.);

(C) section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 701 et seq.);

(D) title IX of the Education Amendments of 1972 (86 Stat. 373 et seq.);

(E) the Age Discrimination Act of 1975 (42 U.S.C. 6101 et seq.);

(F) the Americans with Disabilities Act of 1990; or

(G) the National Environmental Policy Act of 1969 and other provisions of law that further protection of the environment (as specified in regulations that shall be issued by the Secretary).

(c) EFFECT ON PROGRAM ALLOCATIONS FOR COVERED HOUSING ASSISTANCE.—The amount of assistance received pursuant to this title by a participating jurisdiction shall not be decreased, because of participation in the program under this title, from the sum of the amounts that otherwise would be made available for or within the participating jurisdiction under the programs included as covered housing assistance.

#### SEC. 1403. COVERED HOUSING ASSISTANCE.

For purposes of this title, the term "covered housing assistance" means—

(1) operating assistance provided under section 9 of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of this Act);

(2) modernization assistance provided under section 14 of such Act;

(3) assistance provided under section 8 of such Act for the certificate and voucher programs;

(4) assistance for public housing provided under title XII of this Act; and

(5) choice-based rental assistance provided under title XIII of this Act.

Such term does not include any amounts obligated for assistance under existing contracts for project-based assistance under section 8 of the United States Housing Act of 1937 or section 1601(f) of this Act.

#### SEC. 1404. PROGRAM REQUIREMENTS.

(a) ELIGIBLE FAMILIES.—Each family on behalf of whom assistance is provided for rental or homeownership of a dwelling unit using amounts made available pursuant to this title shall be a low-income family. Each dwelling unit assisted using amounts made available pursuant to this title shall be available for occupancy only by families that are low-income families at the time of their initial occupancy of the unit.

(b) COMPLIANCE WITH ASSISTANCE PLAN.—A participating jurisdiction shall provide assistance using amounts received pursuant to this title in the manner set forth in the plan of the jurisdiction approved by the Secretary under section 1406(a)(2).

(c) RENT POLICY.—A participating jurisdiction shall ensure that the rental contribu-

tions charged to families assisted with amounts received pursuant to this title—

(1) do not exceed the amount that would be chargeable under title XII to such families were such families residing in public housing assisted under such title; or

(2) are established, pursuant to approval by the Secretary of a proposed rent structure included in the application under section 1406, at levels that are reasonable and designed to eliminate any disincentives for members of the family to obtain employment and attain economic self-sufficiency.

(d) HOUSING QUALITY STANDARDS.—

(1) COMPLIANCE.—A participating jurisdiction shall ensure that housing assisted with amounts received pursuant to this title is maintained in a condition that complies—

(A) in the case of housing located in a jurisdiction which has in effect laws, regulations, standards, or codes regarding habitability of residential dwellings, with such applicable laws, regulations, standards, or codes; or

(B) in the case of housing located in a jurisdiction which does not have in effect laws, regulations, standards, or codes described in paragraph (1), with the housing quality standards established under paragraph (2).

(2) FEDERAL HOUSING QUALITY STANDARDS.—The Secretary shall establish housing quality standards under this paragraph that ensure that dwelling units assisted under this title are safe, clean, and healthy. Such standards shall include requirements relating to habitability, including maintenance, health and sanitation factors, condition, and construction of dwellings, and shall, to the greatest extent practicable, be consistent with the standards established under sections 1232(b) and 1328(c). The Secretary shall differentiate between major and minor violations of such standards.

(e) NUMBER OF FAMILIES ASSISTED.—A participating jurisdiction shall ensure that, in providing assistance with amounts received pursuant to this title in each fiscal year, not less than substantially the same total number of eligible low-income families are assisted as would have been assisted had the amounts of covered housing assistance not been combined for use under this title.

(f) CONSISTENCY WITH WELFARE PROGRAM.—A participating jurisdiction shall ensure that assistance provided with amounts received pursuant to this title is provided in a manner that is consistent with the welfare, public assistance, or other economic self-sufficiency programs operating in the jurisdiction by facilitating the transition of assisted families to work, which may include requiring compliance with the requirements under such welfare, public assistance, or self-sufficiency programs as a condition of receiving housing assistance with amounts provided under this title.

(g) TREATMENT OF CURRENTLY ASSISTED FAMILIES.—

(1) CONTINUATION OF ASSISTANCE.—A participating jurisdiction shall ensure that each family that was receiving housing assistance or residing in an assisted dwelling unit pursuant to any of the programs included as covered housing assistance immediately before the jurisdiction initially provides assistance pursuant to this title shall be offered assistance or an assisted dwelling unit under the program of the jurisdiction under this title.

(2) PHASE-IN OF RENT CONTRIBUTION INCREASES.—For any family that was receiving housing assistance pursuant to any of the programs included as covered housing assistance immediately before the jurisdiction initially provides assistance pursuant to this title, if the monthly contribution for rental of a dwelling unit assisted under this title to be paid by the family upon initial applicabil-

ity of this title is greater than the amount paid by the family immediately before such applicability, any such resulting increase in rent contribution shall be—

(A) phased in equally over a period of not less than 3 years, if such increase is 30 percent or more of such contribution before initial applicability; and

(B) limited to not more than 10 percent per year if such increase is more than 10 percent but less than 30 percent of such contribution before initial applicability.

(h) AMOUNT OF ASSISTANCE.—In providing housing assistance using amounts received pursuant to this title, the amount of assistance provided by a participating jurisdiction on behalf of each assisted low-income family shall be sufficient so that if the family used such assistance to rent a dwelling unit having a rent equal to the 40th percentile of rents for standard quality rental units of the same size and type in the same market area, the contribution toward rental paid by the family would be affordable (as such term is defined by the jurisdiction) to the family.

(i) PORTABILITY.—A participating jurisdiction shall ensure that financial assistance for housing provided with amounts received pursuant to this title may be used by a family moving from an assisted dwelling unit located within the jurisdiction to obtain a dwelling unit located outside of the jurisdiction.

(j) PREFERENCES.—In providing housing assistance using amounts received pursuant to this title, a participating jurisdiction may establish a system for making housing assistance available that provides preference for assistance to families having certain characteristics. A system of preferences established pursuant to this subsection shall be based on local housing needs and priorities, as determined by the jurisdiction using generally accepted data sources.

(k) COMMUNITY WORK REQUIREMENT.—

(1) APPLICABILITY OF REQUIREMENTS FOR PHA'S.—Except as provided in paragraph (2), participating jurisdictions, families assisted with amounts received pursuant to this title, and dwelling units assisted with amounts received pursuant to this title, shall be subject to the provisions of section 1105 to the same extent that such provisions apply with respect to public housing agencies, families residing in public housing dwelling units and families assisted under title XIII, and public housing dwelling units and dwelling units assisted under title XIII.

(2) LOCAL COMMUNITY SERVICE ALTERNATIVE.—Paragraph (1) shall not apply to a participating jurisdiction that, pursuant to approval by the Secretary of a proposal included in the application under section 1406, is carrying out a local program that is designed to foster community service by families assisted with amounts received pursuant to this title.

(l) INCOME TARGETING.—In providing housing assistance using amounts received pursuant to this title in any fiscal year, a participating jurisdiction shall ensure that the number of families having incomes that do not exceed 30 percent of the area median income that are initially assisted under this title during such fiscal year is not less than substantially the same number of families having such incomes that would be initially assisted in such jurisdiction during such fiscal year under titles XII and XIII pursuant to sections 1222(c) and 1321(b)).

#### SEC. 1405. APPLICABILITY OF CERTAIN PROVISIONS.

(a) PUBLIC HOUSING DEMOLITION AND DISPOSITION REQUIREMENTS.—section 1261 shall continue to apply to public housing notwithstanding any use of the housing under this title.

(b) LABOR STANDARDS.—section 1112 shall apply to housing assisted with amounts provided pursuant to this title, other than housing assisted solely due to occupancy by families receiving tenant-based assistance.

#### SEC. 1406. APPLICATION.

(a) IN GENERAL.—The Secretary shall provide for jurisdictions to submit applications to receive and use covered housing assistance amounts as authorized in this title for periods of not less than 1 and not more than 5 fiscal years. An application—

(1) shall be submitted only after the jurisdiction provides for citizen participation through a public hearing and, if appropriate, other means;

(2) shall include a plan developed by the jurisdiction for the provision of housing assistance with amounts received pursuant to this title that takes into consideration comments from the public hearing and any other public comments on the proposed program, and comments from current and prospective residents who would be affected, and that includes criteria for meeting each of the requirements under section 1404 and this title;

(3) shall describe how the plan for use of amounts will assist in meeting the goals set forth in section 1401;

(4) shall propose standards for measuring performance in using assistance provided pursuant to this title based on the performance standards under subsection (b)(2);

(5) shall propose the length of the period for which the jurisdiction is applying for assistance under this title;

(6) may include a request assistance for training and technical assistance to assist with design of the program and to participate in a detailed evaluation;

(7) shall—

(A) in the case of the application of any jurisdiction within whose boundaries are areas subject to any other unit of general local government, include the signed consent of the appropriate executive official of such unit to the application; and

(B) in the case of the application of a consortia of units of general local government (as provided under section 1409(1)(B)), include the signed consent of the appropriate executive officials of each unit included in the consortia;

(8) shall include information sufficient, in the determination of the Secretary—

(A) to demonstrate that the jurisdiction has or will have management and administrative capacity sufficient to carry out the plan under paragraph (2);

(B) to demonstrate that carrying out the plan will not result in excessive duplication of administrative efforts and costs, particularly with respect to activities performed by public housing agencies operating within the boundaries of the jurisdiction;

(C) to describe the function and activities to be carried out by such public housing agencies affected by the plan; and

(D) to demonstrate that the amounts received by the jurisdiction will be maintained separate from other funds available to the jurisdiction and will be used only to carry out the plan; and

(9) shall include information describing how the jurisdiction will make decisions regarding asset management of housing for low-income families under programs for covered housing assistance or assisted with grant amounts under this title.

A plan required under paragraph (2) to be included in the application may be contained in a memorandum of agreement or other document executed by a jurisdiction and public housing agency, if such document is submitted together with the application.

(b) REVIEW, APPROVAL, AND PERFORMANCE STANDARDS.—

(1) REVIEW.—The Secretary shall review applications for assistance pursuant to this title and shall approve or disapprove such applications within 60 days after their submission. The Secretary shall provide affected public housing agencies an opportunity to review an application submitted under this subsection and to provide written comments on the application, which shall be a period of not less than 30 days ending before the Secretary approves or disapproves the application. If the Secretary determines that the application complies with the requirements of this title, the Secretary shall offer to enter into an agreement with jurisdiction providing for assistance pursuant to this title and incorporating a requirement that the jurisdiction achieve a particular level of performance in each of the areas for which performance standards are established under paragraph (2). If the Secretary determines that an application does not comply with the requirements of this title, the Secretary shall notify the jurisdiction submitting the application of the reasons for such disapproval and actions that may be taken to make the application approvable. Upon approving or disapproving an application under this paragraph, the Secretary shall make such determination publicly available in writing together with a written statement of the reasons for such determination.

(2) PERFORMANCE STANDARDS.—The Secretary shall establish standards for measuring performance of jurisdictions in the following areas:

(A) Success in moving dependent low-income families to economic self-sufficiency.

(B) Success in reducing the numbers of long-term homeless families.

(C) Decrease in the per-family cost of providing assistance.

(D) Reduction of excessive geographic concentration of assisted families.

(E) Any other performance goals that the Secretary may prescribe.

(3) APPROVAL.—If the Secretary and a jurisdiction that the Secretary determines has submitted an application meeting the requirements of this title enter into an agreement referred to in paragraph (1), the Secretary shall approve the application and provide covered housing assistance for the jurisdiction in the manner authorized under this title. The Secretary may not approve any application for assistance pursuant to this title unless the Secretary and jurisdiction enter into an agreement referred to in paragraph (1). The Secretary shall establish requirements for the approval of applications under this section submitted by public housing agencies designated under section 1533(a) as troubled, which may include additional or different criteria determined by the Secretary to be more appropriate for such agencies.

(c) STATUS OF PHA'S.—Nothing in this section or title may be construed to require any change in the legal status of any public housing agency or in any legal relationship between a jurisdiction and a public housing agency as a condition of participation in the program under this title.

#### SEC. 1407. TRAINING.

The Secretary, in consultation with representatives of public and assisted housing interests, shall provide training and technical assistance relating to providing assistance under this title and conduct detailed evaluations of up to 30 jurisdictions for the purpose of identifying replicable program models that are successful at carrying out the purposes of this title.

#### SEC. 1408. ACCOUNTABILITY.

(a) PERFORMANCE GOALS.—The Secretary shall monitor the performance of participating jurisdictions in providing assistance pur-

suant to this title based on the performance standards contained in the agreements entered into pursuant to section 1406(b)(1).

(b) KEEPING RECORDS.—Each participating jurisdiction shall keep such records as the Secretary may prescribe as reasonably necessary to disclose the amounts and the disposition of amounts provided pursuant to this title, to ensure compliance with the requirements of this title and to measure performance against the performance goals under subsection (a).

(c) REPORTS.—Each participating jurisdiction agency shall submit to the Secretary a report, or series of reports, in a form and at a time specified by the Secretary. The reports shall—

(1) document the use of funds made available under this title;

(2) provide such information as the Secretary may request to assist the Secretary in assessing the program under this title; and

(3) describe and analyze the effect of assisted activities in addressing the purposes of this title.

(d) ACCESS TO DOCUMENTS BY SECRETARY.—The Secretary shall have access for the purpose of audit and examination to any books, documents, papers, and records that are pertinent to assistance in connection with, and the requirements of, this title.

(e) ACCESS TO DOCUMENTS BY COMPTROLLER GENERAL.—The Comptroller General of the United States, or any of the duly authorized representatives of the Comptroller General, shall have access for the purpose of audit and examination to any books, documents, papers, and records that are pertinent to assistance in connection with, and the requirements of, this title.

#### SEC. 1409. DEFINITIONS.

For purposes of this title, the following definitions shall apply:

(1) JURISDICTION.—The term "jurisdiction" means—

(A) a unit of general local government (as such term is defined in section 104 of the Cranston-Gonzalez National Affordable Housing Act) that has boundaries, for purposes of carrying out this title, that—

(i) wholly contain the area within which a public housing agency is authorized to operate; and

(ii) do not contain any areas contained within the boundaries of any other participating jurisdiction; and

(B) a consortia of such units of general local government, organized for purposes of this title.

(2) PARTICIPATING JURISDICTION.—The term "participating jurisdiction" means, with respect to a period for which such approval is made, a jurisdiction that has been approved under section 1406(b)(3) to receive assistance pursuant to this title for such fiscal year.

### TITLE XV—ACCOUNTABILITY AND OVERSIGHT OF PUBLIC HOUSING AGENCIES

#### Subtitle A—Study of Alternative Methods for Evaluating Public Housing Agencies

##### SEC. 1501. IN GENERAL.

The Secretary of Housing and Urban Development shall provide under section 1505 for a study to be conducted to determine the effectiveness of various alternative methods of evaluating the performance of public housing agencies and other providers of federally assisted housing.

##### SEC. 1502. PURPOSES.

The purposes of the study under this subtitle shall be—

(1) to identify and examine various methods of evaluating and improving the performance of public housing agencies in administering public housing and tenant-based rental assistance programs and of other providers of federally assisted housing, which



are alternatives to oversight by the Department of Housing and Urban Development; and

(2) to identify specific monitoring and oversight activities currently conducted by the Department of Housing and Urban Development that are insufficient or ineffective in accurately and efficiently assessing the performance of public housing agencies and other providers of federally assisted housing, and to evaluate whether such activities should be eliminated, modified, or transferred to other entities (including government and private entities) to increase accuracy and effectiveness and improve monitoring.

**SEC. 1503. EVALUATION OF VARIOUS PERFORMANCE EVALUATION SYSTEMS.**

To carry out the purpose under section 1502(1), the study under this subtitle shall identify, and analyze and assess the costs and benefits of, the following methods of regulating and evaluating the performance of public housing agencies and other providers of federally assisted housing:

(1) **CURRENT SYSTEM.**—The system pursuant to the United States Housing Act of 1937 (as in effect upon the enactment of this Act), including the methods and requirements under such system for reporting, auditing, reviewing, sanctioning, and monitoring of such agencies and housing providers and the public housing management assessment program pursuant to subtitle C of this title (and section 6(j) of the United States Housing Act of 1937 (as in effect upon the enactment of this Act)).

(2) **ACCREDITATION MODELS.**—Various models that are based upon accreditation of such agencies and housing providers, subject to the following requirements:

(A) The study shall identify and analyze various models used in other industries and professions for accreditation and determine the extent of their applicability to the programs for public housing and federally assisted housing.

(B) If any accreditation models are determined to be applicable to the public and federally assisted housing programs, the study shall identify appropriate goals, objectives, and procedures for an accreditation program for such agencies housing providers.

(C) The study shall evaluate the effectiveness of establishing an independent accreditation and evaluation entity to assist, supplement, or replace the role of the Department of Housing and Urban Development in assessing and monitoring the performance of such agencies and housing providers.

(D) The study shall identify the necessary and appropriate roles and responsibilities of various entities that would be involved in an accreditation program, including the Department of Housing and Urban Development, the Inspector General of the Department, an accreditation entity, independent auditors and examiners, local entities, and public housing agencies.

(E) The study shall determine the costs involved in developing and maintaining such an independent accreditation program.

(F) The study shall analyze the need for technical assistance to assist public housing agencies in improving performance and identify the most effective methods to provide such assistance.

(3) **PERFORMANCE BASED MODELS.**—Various performance-based models, including systems that establish performance goals or targets, assess the compliance with such goals or targets, and provide for incentives or sanctions based on performance relative to such goals or targets.

(4) **LOCAL REVIEW AND MONITORING MODELS.**—Various models providing for local, resident, and community review and monitoring of such agencies and housing provid-

ers, including systems for review and monitoring by local and State governmental bodies and agencies.

(5) **PRIVATE MODELS.**—Various models using private contractors for review and monitoring of such agencies and housing providers.

(6) **OTHER MODELS.**—Various models of any other systems that may be more effective and efficient in regulating and evaluating such agencies and housing providers.

**SEC. 1504. CONSULTATION.**

The entity that, pursuant to section 1505, carries out the study under this subtitle shall, in carrying out the study, consult with individuals and organization experienced in managing public housing, private real estate managers, representatives from State and local governments, residents of public housing, families and individuals receiving choice- or tenant-based assistance, the Secretary of Housing and Urban Development, the Inspector General of the Department of Housing and Urban Development, and the Comptroller General of the United States.

**SEC. 1505. CONTRACT TO CONDUCT STUDY.**

(a) **IN GENERAL.**—Subject to subsection (b), the Secretary shall enter into a contract with a public or nonprofit private entity to conduct the study under this subtitle, using amounts made available pursuant to section 1507.

(b) **NATIONAL ACADEMY OF PUBLIC ADMINISTRATION.**—The Secretary shall request the National Academy of Public Administration to enter into the contract under subsection (a) to conduct the study under this subtitle. If such Academy declines to conduct the study, the Secretary shall carry out such subsection through other public or nonprofit private entities.

**SEC. 1506. REPORT.**

(a) **INTERIM REPORT.**—The Secretary shall ensure that not later than the expiration of the 6-month period beginning on the date of the enactment of this Act, the entity conducting the study under this subtitle submits to the Congress an interim report describing the actions taken to carry out the study, the actions to be taken to complete the study, and any findings and recommendations available at the time.

(b) **FINAL REPORT.**—The Secretary shall ensure that—

(1) not later than the expiration of the 12-month period beginning on the date of the enactment of this Act, the study required under this subtitle is completed and a report describing the findings and recommendations as a result of the study is submitted to the Congress; and

(2) before submitting the report under this subsection to the Congress, the report is submitted to the Secretary and national organizations for public housing agencies at such time to provide the Secretary and such agencies an opportunity to review the report and provide written comments on the report, which shall be included together with the report upon submission to the Congress under paragraph (1).

**SEC. 1507. FUNDING.**

Of any amounts made available under title V of the Housing and Urban Development Act of 1970 for policy development and research for fiscal year 1998, \$500,000 shall be available to carry out this subtitle.

**SEC. 1508. EFFECTIVE DATE.**

This subtitle shall take effect on the date of the enactment of this Act.

**Subtitle B—Housing Evaluation and Accreditation Board**

**SEC. 1521. ESTABLISHMENT.**

(a) **IN GENERAL.**—There is established an independent agency in the executive branch of the Government to be known as the Housing Foundation and Accreditation Board (in this title referred to as the "Board").

(b) **REQUIREMENT FOR CONGRESSIONAL REVIEW OF STUDY.**—Notwithstanding any other provision of this division, sections 1523, 1524, and 1525 shall not take effect and the Board shall not have any authority to take any action under such sections (or otherwise) unless there is enacted a law specifically providing for the repeal of this subsection. This subsection may not be construed to prevent the appointment of the Board under section 1522.

(c) **EFFECTIVE DATE.**—This section shall take effect on the date of the enactment of this Act.

**SEC. 1522. MEMBERSHIP.**

(a) **IN GENERAL.**—The Board shall be composed of 12 members appointed by the President not later than 180 days after the date of the final report regarding the study required under subtitle A is submitted to the Congress pursuant to section 1506(b), as follows:

(1) 4 members shall be appointed from among 10 individuals recommended by the Secretary of Housing and Urban Development.

(2) 4 members shall be appointed from among 10 individuals recommended by the Chairman and Ranking Minority Member of the Committee on Banking, Housing, and Urban Affairs of the Senate.

(3) 4 members appointed from among 10 individuals recommended by the Chairman and Ranking Minority Member of the Committee on Banking and Financial Services of the House of Representatives.

(b) **QUALIFICATIONS.**—

(1) **REQUIRED REPRESENTATION.**—The Board shall at all times have the following members:

(A) 2 members who are residents of public housing or dwelling units assisted under title XIII of this Act or the provisions of section 8 of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of this Act).

(B) At least 2, but not more than 4 members who are executive directors of public housing agencies.

(C) 1 member who is a member of the Institute of Real Estate Managers.

(D) 1 member who is the owner of a multifamily housing project assisted under a program administered by the Secretary of Housing and Urban Development.

(2) **REQUIRED EXPERIENCE.**—The Board shall at all times have as members individuals with the following experience:

(A) At least 1 individual who has extensive experience in the residential real estate finance business.

(B) At least 1 individual who has extensive experience in operating a nonprofit organization that provides affordable housing.

(C) At least 1 individual who has extensive experience in construction of multifamily housing.

(D) At least 1 individual who has extensive experience in the management of a community development corporation.

(E) At least 1 individual who has extensive experience in auditing participants in government programs.

A single member of the board with the appropriate experience may satisfy the requirements of more than 1 subparagraph of this paragraph. A single member of the board with the appropriate qualifications and experience may satisfy the requirements of a subparagraph of paragraph (1) and a subparagraph of this paragraph.

(c) **POLITICAL AFFILIATION.**—Not more than 6 members of the Board may be of the same political party.

(d) **TERMS.**—

(1) **IN GENERAL.**—Each member of the Board shall be appointed for a term of 4 years, except as provided in paragraphs (2) and (3).

(2) TERMS OF INITIAL APPOINTEES.—As designated by the President at the time of appointment, of the members first appointed—

(A) 3 shall be appointed for terms of 1 year;

(B) 3 shall be appointed for terms of 2 years;

(C) 3 shall be appointed for terms of 3 years; and

(D) 3 shall be appointed for terms of 4 years.

(3) VACANCIES.—Any member appointed to fill a vacancy occurring before the expiration of the term for which the member's predecessor was appointed shall be appointed only for the remainder of that term. A member may serve after the expiration of that member's term until a successor has taken office. A vacancy in the Board shall be filled in the manner in which the original appointment was made.

(e) CHAIRPERSON.—The Board shall elect a chairperson from among members of the Board.

(f) QUORUM.—A majority of the members of the Board shall constitute a quorum for the transaction of business.

(g) VOTING.—Each member of the Board shall be entitled to 1 vote, which shall be equal to the vote of every other member of the Board.

(h) PROHIBITION ON ADDITIONAL PAY.—Members of the Board shall serve without compensation, but shall be reimbursed for travel, subsistence, and other necessary expenses incurred in the performance of their duties as members of the Board.

#### SEC. 1523. FUNCTIONS.

The purpose of this subtitle is to establish the Board as a nonpolitical entity to carry out, not later than the expiration of the 12-month period beginning upon the appointment under section 1522 of all of the initial members of the Board (or such other date as may be provided by law), the following functions:

(1) ESTABLISHMENT OF PERFORMANCE BENCHMARKS.—The Board shall establish standards and guidelines for use by the Board in measuring the performance and efficiency of public housing agencies and other owners and providers of federally assisted housing in carrying out operational and financial functions. The standards and guidelines shall be designed to replace the public housing management assessment program under section 6(j) of the United States Housing Act of 1937 (as in effect before the enactment of this Act) and improve the evaluation of the performance of housing providers relative to such program. In establishing such standards and guidelines, the Board shall consult with the Secretary, the Inspector General of the Department of Housing and Urban Development, and such other persons and entities as the Board considers appropriate.

(2) ESTABLISHMENT OF ACCREDITATION PROCEDURE AND ACCREDITATION.—The Board shall—

(A) establish a procedure for the Board to accredit public housing agencies to receive block grants under title XII for the operation, maintenance, and production of public housing and amounts for housing assistance under title XIII, based on the performance of agencies, as measured by the performance benchmarks established under paragraph (1) and any audits and reviews of agencies; and

(B) commence the review and accreditation of public housing agencies under the procedures established under subparagraph (A). In carrying out the functions under this section, the Board shall take into consideration the findings and recommendations contained in the report issued under section 1506(b).

#### SEC. 1524. POWERS.

(a) HEARINGS.—The Board may, for the purpose of carrying out this subtitle, hold such

hearings and sit and act at such times and places as the Board determines appropriate.

(b) RULES AND REGULATIONS.—The Board may adopt such rules and regulations as may be necessary to establish its procedures and to govern the manner of its operations, organization, and personnel.

(c) ASSISTANCE FROM FEDERAL AGENCIES.—

(1) INFORMATION.—The Board may secure directly from any department or agency of the Federal Government such information as the Board may require for carrying out its functions, including public housing agency plans submitted to the Secretary by public housing agencies under title XI. Upon request of the Board, any such department or agency shall furnish such information.

(2) GENERAL SERVICES ADMINISTRATION.—The Administrator of General Services shall provide to the Board, on a reimbursable basis, such administrative support services as the Board may request.

(3) DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.—Upon the request of the chairperson of the Board, the Secretary of Housing and Urban Development shall, to the extent possible and subject to the discretion of the Secretary, detail any of the personnel of the Department of Housing and Urban Development, on a nonreimbursable basis, to assist the Board in carrying out its functions under this subtitle.

(4) HUD INSPECTOR GENERAL.—The Inspector General of the Department of Housing and Urban Development shall serve the Board as a principal adviser with respect to all aspects of audits of public housing agencies. The Inspector General may advise the Board with respect to other activities and functions of the Board.

(d) MAILS.—The Board may use the United States mails in the same manner and under the same conditions as other Federal agencies.

(e) CONTRACTING.—The Board may, to such extent and in such amounts as are provided in appropriation Acts, enter into contracts with private firms, institutions, and individuals for the purpose of conducting evaluations of public housing agencies, audits of public housing agencies, and research and surveys necessary to enable the Board to discharge its functions under this subtitle.

(f) STAFF.—

(1) EXECUTIVE DIRECTOR.—The Board shall appoint an executive director of the Board, who shall be compensated at a rate fixed by the Board, but which shall not exceed the rate established for level V of the Executive Schedule under title 5, United States Code.

(2) OTHER PERSONNEL.—In addition to the executive director, the Board may appoint and fix the compensation of such personnel as the Board considers necessary, in accordance with the provisions of title 5, United States Code, governing appointments to the competitive service, and the provisions of chapter 51 and subchapter III of chapter 53 of such title, relating to classification and General Schedule pay rates.

(g) ACCESS TO DOCUMENTS.—The Board shall have access for the purposes of carrying out its functions under this subtitle to any books, documents, papers, and records of a public housing agency to which the Secretary has access under this division.

#### SEC. 1525. FEES.

(a) ACCREDITATION FEES.—The Board may establish and charge reasonable fees for the accreditation of public housing agencies as the Board considers necessary to cover the costs of the operations of the Board relating to its functions under section 1523.

(b) FUND.—Any fees collected under this section shall be deposited in an operations fund for the Board, which is hereby established in the Treasury of the United States.

Amounts in such fund shall be available, to the extent provided in appropriation Acts, for the expenses of the Board in carrying out its functions under this subtitle.

#### SEC. 1526. GAO AUDIT.

The activities and transactions of the Board shall be subject to audit by the Comptroller General of the United States under such rules and regulations as may be prescribed by the Comptroller General. The representatives of the General Accounting Office shall have access for the purpose of audit and examination to any books, documents, papers, and records of the Board that are necessary to facilitate an audit.

#### Subtitle C—Interim Applicability of Public Housing Management Assessment Program

##### SEC. 1531. INTERIM APPLICABILITY.

This subtitle shall be effective only during the period that begins on the effective date of this division and ends upon the date of the effectiveness of the standards and procedures required under section 1523.

##### SEC. 1532. MANAGEMENT ASSESSMENT INDICATORS.

(a) ESTABLISHMENT.—The Secretary shall develop and publish in the Federal Register indicators to assess the management performance of public housing agencies and other entities managing public housing (including resident management corporations, independent managers pursuant to section 1236, and management entities pursuant to subtitle D). The indicators shall be established by rule under section 553 of title 5, United States Code. Such indicators shall enable the Secretary to evaluate the performance of public housing agencies and such other managers of public housing in all major areas of management operations.

(b) CONTENT.—The management assessment indicators shall include the following indicators:

(1) The number and percentage of vacancies within an agency's or manager's inventory, including the progress that an agency or manager has made within the previous 3 years to reduce such vacancies.

(2) The amount and percentage of funds obligated to the public housing agency or manager from the capital fund or under section 14 of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of this Act), which remain unexpended after 3 years.

(3) The percentage of rents uncollected.

(4) The energy consumption (with appropriate adjustments to reflect different regions and unit sizes).

(5) The average period of time that an agency or manager requires to repair and turn-around vacant dwelling units.

(6) The proportion of maintenance work orders outstanding, including any progress that an agency or manager has made during the preceding 3 years to reduce the period of time required to complete maintenance work orders.

(7) The percentage of dwelling units that an agency or manager fails to inspect to ascertain maintenance or modernization needs within such period of time as the Secretary deems appropriate (with appropriate adjustments, if any, for large and small agencies or managers).

(8) The extent to which the rent policies of any public housing agency establishing rental amounts in accordance with section 1225(b) comply with the requirement under section 1225(c).

(9) Whether the agency is providing acceptable basic housing conditions, as determined by the Secretary.

(10) Whether the agency has conducted and regularly updated an assessment to identify any pest control problems in the public housing owned or operated by the agency and the

extent to which the agency is effective in carrying out a strategy to eradicate or control such problems, which assessment and strategy shall be included in the local housing management plan for the agency under section 1106.

(11) Any other factors as the Secretary deems appropriate.

(c) **CONSIDERATIONS IN EVALUATION.**—The Secretary shall—

(1) administer the system of evaluating public housing agencies and managers flexibly to ensure that agencies and managers are not penalized as result of circumstances beyond their control;

(2) reflect in the weights assigned to the various management assessment indicators the differences in the difficulty of managing individual developments that result from their physical condition and their neighborhood environment; and

(3) determine a public housing agency's or manager's status as "troubled with respect to modernization" under section 1533(b) based upon factors solely related to its ability to carry out modernization activities.

#### **SEC. 1533. DESIGNATION OF PHA'S.**

(a) **TROUBLED PHA'S.**—The Secretary shall, under the rulemaking procedures under section 553 of title 5, United States Code, establish procedures for designating troubled public housing agencies and managers, which procedures shall include identification of serious and substantial failure to perform as measured by (1) the performance indicators specified under section 1532 and such other factors as the Secretary may deem to be appropriate; or (2) such other evaluation system as is determined by the Secretary to assess the condition of the public housing agency or other entity managing public housing, which system may be in addition to or in lieu of the performance indicators established under section 1532. Such procedures shall provide that an agency that does not provide acceptable basic housing conditions shall be designated a troubled public housing agency.

(b) **AGENCIES TROUBLED WITH RESPECT TO CAPITAL ACTIVITIES.**—The Secretary shall designate, by rule under section 553 of title 5, United States Code, agencies and managers that are troubled with respect to capital activities.

(c) **AGENCIES AT RISK OF BECOMING TROUBLED.**—The Secretary shall designate, by rule under section 553 of title 5, United States Code, agencies and managers that are at risk of becoming troubled.

(d) **EXEMPLARY AGENCIES.**—The Secretary may also, in consultation with national organizations representing public housing agencies and managers and public officials (as the Secretary determines appropriate), identify and commend public housing agencies and managers that meet the performance standards established under section 1532 in an exemplary manner.

(e) **APPEAL OF DESIGNATION.**—The Secretary shall establish procedures for public housing agencies and managers to appeal designation as a troubled agency or manager (including designation as a troubled agency or manager for purposes of capital activities), to petition for removal of such designation, and to appeal any refusal to remove such designation.

#### **SEC. 1534. ON-SITE INSPECTION OF TROUBLED PHA'S.**

(a) **IN GENERAL.**—Upon designating a public housing agency or manager as troubled pursuant to section 1533 and determining that an assessment under this section will not duplicate any other review previously conducted or required to be conducted of the agency or manager, the Secretary shall provide for an on-site, independent assessment

of the management of the agency or manager.

(b) **CONTENT.**—To the extent the Secretary deems appropriate (taking into consideration an agency's or manager's performance under the indicators specified under section 1532, the assessment team shall also consider issues relating to the agency's or manager's resident population and physical inventory, including the extent to which—

(1) the public housing agency plan for the agency or manager adequately and appropriately addresses the rehabilitation needs of the public housing inventory;

(2) residents of the agency or manager are involved in and informed of significant management decisions; and

(3) any developments in the agency's or manager's inventory are severely distressed (as such term is defined under section 1262).

(c) **INDEPENDENT ASSESSMENT TEAM.**—An independent assessment under this section shall be carried out by a team of knowledgeable individuals selected by the Secretary (referred to in this title as the "assessment team") with expertise in public housing and real estate management. In conducting an assessment, the assessment team shall consult with the residents and with public and private entities in the jurisdiction in which the public housing is located. The assessment team shall provide to the Secretary and the public housing agency or manager a written report, which shall contain, at a minimum, recommendations for such management improvements as are necessary to eliminate or substantially remedy existing deficiencies.

#### **SEC. 1535. ADMINISTRATION.**

(a) **PHA'S.**—The Secretary shall carry out this subtitle with respect to public housing agencies substantially in the same manner as the public housing management assessment system under section 6(j) of the United States Housing Act of 1937 (as in effect immediately before the effective date of the repeal under section 1601(b) of this Act) was required to be carried out with respect to public housing agencies. The Secretary may comply with the requirements under this subtitle by using any regulations issued to carry out such system and issuing any additional regulations necessary to make such system comply with the requirements under this subtitle.

(b) **OTHER MANAGERS.**—The Secretary shall establish specific standards and procedures for carrying out this subtitle with respect to managers of public housing that are not public housing agencies. Such standards and procedures shall take in consideration special circumstances relating to entities hired, directed, or appointed to manage public housing.

#### **Subtitle D—Accountability and Oversight Standards and Procedures**

#### **SEC. 1541. AUDITS.**

(a) **BY SECRETARY AND COMPTROLLER GENERAL.**—Each block grant contract under section 1201 and each contract for housing assistance amounts under section 1302 shall provide that the Secretary, the Inspector General of the Department of Housing and Urban Development, and the Comptroller General of the United States, or any of their duly authorized representatives, shall, for the purpose of audit and examination, have access to any books, documents, papers, and records of the public housing agency (or other entity) entering into such contract that are pertinent to this division and to its operations with respect to financial assistance under this division.

(b) **BY PHA.**—

(1) **REQUIREMENT.**—Each public housing agency that owns or operates 250 or more public housing dwelling units and receives

assistance under this division shall have an audit made in accordance with chapter 75 of title 31, United States Code. The Secretary, the Inspector General of the Department of Housing and Urban Development, and the Comptroller General of the United States shall have access to all books, documents, papers, or other records that are pertinent to the activities carried out under this division in order to make audit examinations, excerpts, and transcripts.

(2) **WITHHOLDING OF AMOUNTS.**—The Secretary may, in the sole discretion of the Secretary, arrange for, and pay the costs of, an audit required under paragraph (1). In such circumstances, the Secretary may withhold, from assistance otherwise payable to the agency under this division, amounts sufficient to pay for the reasonable costs of conducting an acceptable audit, including, when appropriate, the reasonable costs of accounting services necessary to place the agency's books and records in auditable condition.

#### **SEC. 1542. PERFORMANCE AGREEMENTS FOR AUTHORITIES AT RISK OF BECOMING TROUBLED.**

(a) **IN GENERAL.**—Upon designation of a public housing agency as at risk of becoming troubled under section 1533(c), the Secretary shall seek to enter into an agreement with the agency providing for improvement of the elements of the agency that have been identified. An agreement under this section shall contain such terms and conditions as the Secretary determines are appropriate for addressing the elements identified, which may include an on-site, independent assessment of the management of the agency.

(b) **POWERS OF SECRETARY.**—If the Secretary determines that such action is necessary to prevent the public housing agency from becoming a troubled agency, the Secretary may—

(1) solicit competitive proposals from other public housing agencies and private housing management agents (which may be selected by existing tenants through administrative procedures established by the Secretary), for any case in which such agents may be needed for managing all, or part, of the housing or functions administered by the agency; or

(2) solicit competitive proposals from other public housing agencies and private entities with experience in construction management, for any case in which such authorities or firms may be needed to oversee implementation of assistance made available for capital improvement for public housing of the agency.

#### **SEC. 1543. PERFORMANCE AGREEMENTS AND CDBG SANCTIONS FOR TROUBLED PHA'S.**

(a) **IN GENERAL.**—Upon designation of a public housing agency as a troubled agency under section 1533(a) and after reviewing the report submitted pursuant to section 1534(c) and consulting with the assessment team for the agency under section 1534, the Secretary shall seek to enter into an agreement with the agency providing for improving the management performance of the agency.

(b) **CONTENTS.**—An agreement under this section between the Secretary and a public housing agency shall set forth—

(1) targets for improving performance, as measured by the guidelines and standards established under section 1532 and other requirements within a specified period of time, which shall include targets to be met upon the expiration of the 12-month period beginning upon entering into the agreement;

(2) strategies for meeting such targets;

(3) sanctions for failure to implement such strategies; and

(4) to the extent the Secretary deems appropriate, a plan for enhancing resident involvement in the management of the public housing agency.

(c) **LOCAL ASSISTANCE IN IMPLEMENTATION.**—The Secretary and the public housing agency shall, to the maximum extent practicable, seek the assistance of local public and private entities in carrying out an agreement under this section.

(d) **DEFAULT UNDER PERFORMANCE AGREEMENT.**—Upon the expiration of the 12-month period beginning upon entering into an agreement under this section with a public housing agency, the Secretary shall review the performance of the agency in relation to the performance targets and strategies under the agreement. If the Secretary determines that the agency has failed to comply with the performance targets established for such period, the Secretary shall take the action authorized under subsection (b)(2) or (b)(5) of section 1545.

(e) **CDBG SANCTION AGAINST LOCAL GOVERNMENT CONTRIBUTING TO TROUBLED STATUS OF PHA.**—If the Secretary determines that the actions or inaction of any unit of general local government within which any portion of the jurisdiction of a public housing agency is located has substantially contributed to the conditions resulting in the agency being designated under section 1533(a) as a troubled agency, the Secretary may redirect or withhold, from such unit of general local government any amounts allocated for such unit under section 106 of the Housing and Community Development Act of 1974.

**SEC. 1544. OPTION TO DEMAND CONVEYANCE OF TITLE TO OR POSSESSION OF PUBLIC HOUSING.**

(a) **AUTHORITY FOR CONVEYANCE.**—A contract under section 1201 for block grants under title XII (including contracts which amend or supersede contracts previously made (including contracts for contributions)) may provide that upon the occurrence of a substantial default with respect to the covenants or conditions to which the public housing agency is subject (as such substantial default shall be defined in such contract), the public housing agency shall be obligated, at the option of the Secretary, to—

(1) convey title in any case where, in the determination of the Secretary (which determination shall be final and conclusive), such conveyance of title is necessary to achieve the purposes of this division; or

(2) deliver to the Secretary possession of the development, as then constituted, to which such contract relates.

(b) **OBLIGATION TO RECONVEY.**—Any block grant contract under title XII containing the provisions authorized in subsection (a) shall also provide that the Secretary shall be obligated to reconvey or redeliver possession of the development, as constituted at the time of reconveyance or redelivery, to such public housing agency or to its successor (if such public housing agency or a successor exists) upon such terms as shall be prescribed in such contract, and as soon as practicable after—

(1) the Secretary is satisfied that all defaults with respect to the development have been cured, and that the development will, in order to fulfill the purposes of this division, thereafter be operated in accordance with the terms of such contract; or

(2) the termination of the obligation to make annual block grants to the agency, unless there are any obligations or covenants of the agency to the Secretary which are then in default. Any prior conveyances and reconveyances or deliveries and redeliveries of possession shall not exhaust the right to require a conveyance or delivery of possession of the development to the Secretary pursuant to subsection (a) upon the subsequent occurrence of a substantial default.

(c) **CONTINUED GRANTS FOR REPAYMENT OF BONDS AND NOTES UNDER 1937 ACT.**—If—

(1) a contract for block grants under title XII for an agency includes provisions that expressly state that the provisions are included pursuant to this subsection, and

(2) the portion of the block grant payable for debt service requirements pursuant to the contract has been pledged by the public housing agency as security for the payment of the principal and interest on any of its obligations, then—

(A) the Secretary shall (notwithstanding any other provisions of this division), continue to make the block grant payments for the agency so long as any of such obligations remain outstanding; and

(B) the Secretary may covenant in such a contract that in any event such block grant amounts shall in each year be at least equal to an amount which, together with such income or other funds as are actually available from the development for the purpose at the time such block grant payments are made, will suffice for the payment of all installments of principal and interest on the obligations for which the amounts provided for in the contract shall have been pledged as security that fall due within the next succeeding 12 months.

In no case shall such block grant amounts be in excess of the maximum sum specified in the contract involved, nor for longer than the remainder of the maximum period fixed by the contract.

**SEC. 1545. REMOVAL OF INEFFECTIVE PHA'S.**

(a) **CONDITIONS OF REMOVAL.**—The actions specified in subsection (b) may be taken only upon—

(1) the occurrence of events or conditions that constitute a substantial default by a public housing agency with respect to (A) the covenants or conditions to which the public housing agency is subject, or (B) an agreement entered into under section 1543; or

(2) submission to the Secretary of a petition by the residents of the public housing owned or operated by a public housing agency that is designated as troubled pursuant to section 1533(a).

(b) **REMOVAL ACTIONS.**—Notwithstanding any other provision of law or of any block grant contract under title XII or any grant agreement under title XIII, in accordance with subsection (a), the Secretary may—

(1) solicit competitive proposals from other public housing agencies and private housing management agents (which, in the discretion of the Secretary, may be selected by existing public housing residents through administrative procedures established by the Secretary) and, if appropriate, provide for such agents to manage all, or part, of the housing administered by the public housing agency or all or part of the other functions of the agency;

(2) take possession of the public housing agency, including any developments or functions of the agency under any section of this division;

(3) solicit competitive proposals from other public housing agencies and private entities with experience in construction management and, if appropriate, provide for such authorities or firms to oversee implementation of assistance made available for capital improvements for public housing;

(4) require the agency to make other arrangements acceptable to the Secretary and in the best interests of the public housing residents and assisted families under title XIII for managing all, or part of, the public housing administered by the agency or the functions of the agency; or

(5) petition for the appointment of a receiver for the public housing agency to any district court of the United States or to any court of the State in which any portion of the jurisdiction of the public housing agency is located, that is authorized to appoint a re-

ceiver for the purposes and having the powers prescribed in this section.

(c) **EMERGENCY ASSISTANCE.**—The Secretary may make available to receivers and other entities selected or appointed pursuant to this section such assistance as is fair and reasonable to remedy the substantial deterioration of living conditions in individual public housing developments or other related emergencies that endanger the health, safety and welfare of public housing residents or assisted families under title XIII.

(d) **POWERS OF SECRETARY.**—If the Secretary takes possession of an agency, or any developments or functions of an agency, pursuant to subsection (b)(2), the Secretary—

(1) may abrogate contracts that substantially impede correction of the substantial default or improvement of the classification, but only after efforts to renegotiate such contracts have failed and the Secretary has made a written determination regarding such abrogation, which shall be available to the public upon request, identify such contracts, and explain the determination that such contracts may be abrogated;

(2) may demolish and dispose of assets of the agency in accordance with section 1261;

(3) where determined appropriate by the Secretary, may require the establishment of one or more new public housing agencies;

(4) may consolidate the agency into other well-managed public housing agencies with the consent of such well-managed authorities;

(5) shall not be subject to any State or local laws relating to civil service requirements, employee rights, procurement, or financial or administrative controls that, in the determination of the Secretary, substantially impede correction of the substantial default or improvement of the classification, but only if the Secretary has made a written determination regarding such inapplicability, which shall be available to the public upon request, identify such inapplicable laws, and explain the determination that such laws impede such correction; and

(6) shall have such additional authority as a district court of the United States has the authority to confer under like circumstances upon a receiver to achieve the purposes of the receivership.

The Secretary may appoint, on a competitive or noncompetitive basis, an individual or entity as an administrative receiver to assume the Secretary's responsibility under this paragraph for the administration of a public housing agency. The Secretary may delegate to the administrative receiver any or all of the powers of the Secretary under this subsection. Regardless of any delegation under this subsection, an administrative receiver may not require the establishment of one or more new public housing agencies pursuant to paragraph (3) unless the Secretary first approves such establishment. For purposes of this subsection, the term "public housing agency" includes any developments or functions of a public housing agency under any section of this title.

(e) **RECEIVERSHIP.**—

(1) **REQUIRED APPOINTMENT.**—In any proceeding under subsection (b)(5), upon a determination that a substantial default has occurred, and without regard to the availability of alternative remedies, the court shall appoint a receiver to conduct the affairs of the public housing agency in a manner consistent with this division and in accordance with such further terms and conditions as the court may provide. The receiver appointed may be another public housing agency, a private management corporation, the Secretary, or any other appropriate entity. The court shall have power to grant appropriate temporary or preliminary relief pending final disposition of the petition by the Secretary.

(2) **POWERS OF RECEIVER.**—If a receiver is appointed for a public housing agency pursuant to subsection (b)(5), in addition to the powers accorded by the court appointing the receiver, the receiver—

(A) may abrogate contracts that substantially impede correction of the substantial default or improvement of the classification, but only after bona fide efforts to renegotiate such contracts have failed and the receiver has made a written determination regarding such abrogation, which shall be available to the public upon request, identify such contracts, and explain the determination that such contracts may be abrogated;

(B) may demolish and dispose of assets of the agency in accordance with section 1261;

(C) where determined appropriate by the Secretary, may require the establishment of one or more new public housing agencies, to the extent permitted by State and local law; and

(D) except as provided in subparagraph (C), shall not be subject to any State or local laws relating to civil service requirements, employee rights, procurement, or financial or administrative controls that, in the determination of the receiver, substantially impede correction of the substantial default or improvement of the classification, but only if the receiver has made a written determination regarding such inapplicability, which shall be available to the public upon request, identify such inapplicable laws, and explain the determination that such laws impede such correction.

For purposes of this paragraph, the term "public housing agency" includes any developments or functions of a public housing agency under any section of this title.

(3) **TERMINATION.**—The appointment of a receiver pursuant to this subsection may be terminated, upon the petition of any party, when the court determines that all defaults have been cured or the public housing agency will be able to make the same amount of progress in correcting the management of the housing as the receiver.

(f) **LIABILITY.**—If the Secretary takes possession of an agency pursuant to subsection (b)(2) or a receiver is appointed pursuant to subsection (b)(5) for a public housing agency, the Secretary or the receiver shall be deemed to be acting in the capacity of the public housing agency (and not in the official capacity as Secretary or other official) and any liability incurred shall be a liability of the public housing agency.

(g) **EFFECTIVENESS.**—The provisions of this section shall apply with respect to actions taken before, on, or after the effective date of this division and shall apply to any receivers appointed for a public housing agency before the effective date of this division.

#### **SEC. 1546. MANDATORY TAKEOVER OF CHRONICALLY TROUBLED PHA'S.**

(a) **REMOVAL OF AGENCY.**—Notwithstanding any other provision of this division, not later than the expiration of the 180-day period beginning on the effective date of this division, the Secretary shall take one of the following actions with respect to each chronically troubled public housing agency:

(1) **CONTRACTING FOR MANAGEMENT.**—Solicit competitive proposals for the management of the agency pursuant to section 1545(b)(1) and replace the management of the agency pursuant to selection of such a proposal.

(2) **TAKEOVER.**—Take possession of the agency pursuant to section 1545(b)(2).

(3) **PETITION FOR RECEIVER.**—Petition for the appointment of a receiver for the agency pursuant to section 1545(b)(5).

(b) **DEFINITION.**—For purposes of this section, the term "chronically troubled public housing agency" means a public housing agency that, as of the effective date of this division, is designated under section 6(j)(2) of

the United States Housing Act of 1937 (as in effect immediately before the effective date of the repeal under section 1601(b) of this Act) as a troubled public housing agency and has been so designated continuously for the 3-year period ending upon the effective date of this division; except that such term does not include any agency that owns or operates less than 1250 public housing dwelling units and that the Secretary determines can, with a reasonable amount of effort, make such improvements or remedies as may be necessary to remove its designation as troubled within 12 months.

#### **SEC. 1547. TREATMENT OF TROUBLED PHA'S.**

(a) **EFFECT OF TROUBLED STATUS ON CHAS.**—The comprehensive housing affordability strategy (or any consolidated plan incorporating such strategy) for the State or unit of general local government in which any troubled public housing agency is located shall not be considered to comply with the requirements under section 105 of the Cranston-Gonzalez National Affordable Housing Act unless such plan includes a description of the manner in which the State or unit will assist such troubled agency in improving its operations to remove such designation.

(b) **DEFINITION.**—For purposes of this section, the term "troubled public housing agency" means a public housing agency that—

(1) upon the effective date of this division, is designated under section 6(j)(2) of the United States Housing Act of 1937 (as in effect immediately before the effective date of the repeal under section 1601(b) of this Act) as a troubled public housing agency; and

(2) is not a chronically troubled public housing agency, as such term is defined in section 1546(b) of this Act.

#### **SEC. 1548. MAINTENANCE OF RECORDS.**

Each public housing agency shall keep such records as may be reasonably necessary to disclose the amount and the disposition by the agency of the proceeds of assistance received pursuant to this division and to ensure compliance with the requirements of this division.

#### **SEC. 1549. ANNUAL REPORTS REGARDING TROUBLED PHA'S.**

The Secretary shall submit a report to the Congress annually, as a part of the report of the Secretary under section 8 of the Department of Housing and Urban Development Act, that—

(1) identifies the public housing agencies that are designated under section 1533 as troubled or at-risk of becoming troubled and the reasons for such designation; and

(2) describes any actions that have been taken in accordance with sections 1542, 1543, 1544, and 1545.

#### **SEC. 1550. APPLICABILITY TO RESIDENT MANAGEMENT CORPORATIONS.**

The Secretary shall apply the provisions of this subtitle to resident management corporations in the same manner as applied to public housing agencies.

#### **SEC. 1551. ADVISORY COUNCIL FOR HOUSING AUTHORITY OF NEW ORLEANS.**

(a) **ESTABLISHMENT.**—The Secretary and the Housing Authority of New Orleans (in this section referred to as the "Housing Authority") shall, pursuant to the cooperative endeavor agreement in effect between the Secretary and the Housing Authority, establish an advisory council for the Housing Authority of New Orleans (in this section referred to as the "advisory council") that complies with the requirements of this section.

(b) **MEMBERSHIP.**—

(1) **IN GENERAL.**—The advisory council shall be appointed by the Secretary, not later than 90 days after the date of the enactment

of this Act, and shall be composed of the following members:

(A) The Inspector General of the Department of Housing and Urban Development (or the Inspector General's designee).

(B) Not more than 7 other members, who shall be selected for appointment based on their experience in successfully reforming troubled public housing agencies or in providing affordable housing in coordination with State and local governments, the private sector, affordable housing residents, or local nonprofit organizations.

(2) **PROHIBITION ON ADDITIONAL PAY.**—Members of the advisory council shall serve without compensation, but shall be reimbursed for travel, subsistence, and other necessary expenses incurred in the performance of their duties as members of the Board using amounts from the Headquarters Reserve fund pursuant to section 1111(b)(4).

(c) **FUNCTIONS.**—The advisory council shall—

(1) establish standards and guidelines for assessing the performance of the Housing Authority in carrying out operational, asset management, and financial functions for purposes of the reports and finding under subsections (d) and (e), respectively;

(2) provide advice, expertise, and recommendations to the Housing Authority regarding the management, operation, repair, redevelopment, revitalization, demolition, and disposition of public housing developments of the Housing Authority;

(3) report to the Congress under subsection (d) regarding any progress of the Housing Authority in improving the performance of its functions; and

(4) make a final finding to the Congress under subsection (e) regarding the future of the Housing Authority.

(d) **QUARTERLY REPORTS.**—The advisory council shall report to the Congress and the Secretary not less than every 3 months regarding the performance of the Housing Authority and any progress of the authority in improving its performance and carrying out its functions.

(e) **FINAL FINDING.**—Upon the expiration of the 18-month period that begins upon the appointment under subsection (b)(1) of all members of the advisory council, the council shall make and submit to the Congress and the Secretary a finding of whether the Housing Authority has substantially improved its performance, the performance of its functions, and the overall condition of the Authority such that the Authority should be allowed to continue to operate as the manager of the public housing of the Authority. In making the finding under this subsection, the advisory council shall consider whether the Housing Authority has made sufficient progress in the demolition and revitalization of the Desire Homes development, the revitalization of the St. Thomas Homes development, the appropriate allocation of operating subsidy amounts, and the appropriate expending of modernization amounts.

(f) **RECEIVERSHIP.**—If the advisory council finds under subsection (e) that the Housing Authority has not substantially improved its performance such that the Authority should be allowed to continue to operate as the manager of the public housing of the Authority, the Secretary shall (notwithstanding section 1545(a)) petition under section 1545(b) for the appointment of a receiver for the Housing Authority, which receivership shall be subject to the provisions of section 1545.

(g) **EXEMPTION.**—The provisions of section 1546 shall not apply to the Housing Authority.

# TITLE XVI—REPEALS AND RELATED AMENDMENTS

## Subtitle A—Repeals, Effective Date, and Savings Provisions

### SEC. 1601. EFFECTIVE DATE AND REPEAL OF UNITED STATES HOUSING ACT OF 1937.

#### (a) EFFECTIVE DATE.—

(1) IN GENERAL.—This division and the amendments made by this division shall take effect on October 1, 1999, except as otherwise provided in this section.

(2) SPECIFIC EFFECTIVE DATES.—Any provision of this division that specifically provides for the effective date of such provision shall take effect in accordance with the terms of the provision.

(b) REPEAL OF UNITED STATES HOUSING ACT OF 1937.—Effective upon the effective date under subsection (a)(1), the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) is repealed, subject to the conditions under subsection (c).

#### (c) SAVINGS PROVISIONS.—

(1) OBLIGATIONS UNDER 1937 ACT.—Any obligation of the Secretary made under authority of the United States Housing Act of 1937 shall continue to be governed by the provisions of such Act, except that—

(A) notwithstanding the repeal of such Act, the Secretary may make a new obligation under such Act upon finding that such obligation is required—

(i) to protect the financial interests of the United States or the Department of Housing and Urban Development; or

(ii) for the amendment, extension, or renewal of existing obligations; and

(B) notwithstanding the repeal of such Act, the Secretary may, in accordance with subsection (d), issue regulations and other guidance and directives as if such Act were in effect if the Secretary finds that such action is necessary to facilitate the administration of obligations under such Act.

(2) TRANSITION OF FUNDING.—Amounts appropriated under the United States Housing Act of 1937 shall, upon repeal of such Act, remain available for obligation under such Act in accordance with the terms under which amounts were made available.

(3) CROSS REFERENCES.—The provisions of the United States Housing Act of 1937 shall remain in effect for purposes of the validity of any reference to a provision of such Act in any statute (other than such Act) until such reference is modified by law or repealed.

(d) PUBLICATION AND EFFECTIVE DATE OF SAVINGS PROVISIONS.—

(1) SUBMISSION TO CONGRESS.—The Secretary shall submit to the Committee on Banking and Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate a copy of any proposed regulation, guidance, or directive under subsection (c)(1)(B).

(2) OPPORTUNITY TO REVIEW.—Such a regulation, guidance, or directive may not be published for comment or for final effectiveness before or during the 15-calendar day period beginning on the day after the date on which such regulation, guidance, or directive was submitted to the Congress.

(3) EFFECTIVE DATE.—No regulation, guideline, or directive may become effective until after the expiration of the 30-calendar day period beginning on the day after the day on which such rule or regulation is published as final.

(4) WAIVER.—The provisions of paragraphs (2) and (3) may be waived upon the written request of the Secretary, if agreed to by the Chairmen and Ranking Minority Members of both Committees.

(e) MODIFICATIONS.—Notwithstanding any provision of this division or any annual con-

tributions contract or other agreement entered into by the Secretary and a public housing agency pursuant to the provisions of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of this Act), the Secretary and the agency may by mutual consent amend, supersede, or modify any such agreement as appropriate to provide for assistance under this division, except that the Secretary and the agency may not consent to any such amendment, supersession, or modification that substantially alters any outstanding obligations requiring continued maintenance of the low-income character of any public housing development and any such amendment, supersession, or modification shall not be given effect.

#### (f) SECTION 8 PROJECT-BASED ASSISTANCE.—

(1) IN GENERAL.—The provisions of the United States Housing Act of 1937 (42 U.S.C. 1437 et seq.) shall remain in effect after the effectiveness of the repeal under subsection (b) with respect to all section 8 project-based assistance, pursuant to existing and future contracts, except as otherwise provided by this section.

(2) TENANT SELECTION PREFERENCES.—An owner of housing assisted with section 8 project-based assistance shall give preference, in the selection of tenants for units of such projects that become available, according to any system of local preferences established pursuant to section 1223 by the public housing agency having jurisdiction for the area in which such projects are located.

(3) 1-YEAR NOTIFICATION.—Paragraphs (9) and (10) of section 8(c) of the United States Housing Act of 1937 (42 U.S.C. 1437f(c)) shall not be applicable to section 8 project-based assistance.

(4) LEASE TERMS.—Leases for dwelling units assisted with section 8 project-based assistance shall comply with the provisions of paragraphs (1) and (3) of section 1324 of this Act and shall not be subject to the provisions of 8(d)(1)(B) of the United States Housing Act of 1937.

(5) TERMINATION OF TENANCY.—Any termination of tenancy of a resident of a dwelling unit assisted with section 8 project-based assistance shall comply with the provisions of section 1324(2) and section 1325 of this Act and shall not be subject to the provisions of section 8(d)(1)(B) of the United States Housing Act of 1937.

(6) TREATMENT OF COMMON AREAS.—The Secretary may not provide any assistance amounts pursuant to an existing contract for section 8 project-based assistance for a housing project and may not enter into a new or renewal contract for such assistance for a project unless the owner of the project provides consent, to such local law enforcement agencies as the Secretary determines appropriate, for law enforcement officers of such agencies to enter common areas of the project at any time and without advance notice upon a determination of probable cause by such officers that criminal activity is taking place in such areas.

(7) DEFINITION.—For purposes of this subsection, the term "section 8 project-based assistance" means assistance under any of the following programs:

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

(B) The property disposition program under section 8(b) of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of this Act).

(C) The loan management set-aside program under subsections (b) and (v) of section 8 of such Act.

(D) The project-based certificate program under section 8(d)(2) of such Act.

(E) The moderate rehabilitation program under section 8(e)(2) of the United States Housing Act of 1937 (as in effect before October 1, 1991).

(F) The low-income housing preservation program under Low-Income Housing Preservation and Resident Homeownership Act of 1990 or the provisions of the Emergency Low Income Housing Preservation Act of 1987 (as in effect before November 28, 1990).

(G) Section 8 of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of this Act), following conversion from assistance under section 101 of the Housing and Urban Development Act of 1965 or section 236(f)(2) of the National Housing Act.

(g) EFFECTIVE DATE.—This section shall take effect on the date of the enactment of this Act.

### SEC. 1602. OTHER REPEALS.

(a) IN GENERAL.—The following provisions of law are hereby repealed:

(1) ASSISTED HOUSING ALLOCATION.—Section 213 of the Housing and Community Development Act of 1974 (42 U.S.C. 1439).

(2) PUBLIC HOUSING RENT WAIVERS FOR POLICE.—Section 519 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437a-1).

(3) TREATMENT OF CERTIFICATE AND VOUCHER HOLDERS.—Subsection (c) of section 183 of the Housing and Community Development Act of 1987 (42 U.S.C. 1437f note).

(4) EXCESSIVE RENT BURDEN DATA.—Subsection (b) of section 550 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437f note).

(5) MOVING TO OPPORTUNITY FOR FAIR HOUSING.—Section 152 of the Housing and Community Development Act of 1992 (42 U.S.C. 1437f note).

(6) REPORT REGARDING FAIR HOUSING OBJECTIVES.—Section 153 of the Housing and Community Development Act of 1992 (42 U.S.C. 1437f note).

(7) SPECIAL PROJECTS FOR ELDERLY OR HANDICAPPED FAMILIES.—Section 209 of the Housing and Community Development Act of 1974 (42 U.S.C. 1438).

(8) ACCESS TO PHA BOOKS.—Section 816 of the Housing Act of 1954 (42 U.S.C. 1435).

(9) MISCELLANEOUS PROVISIONS.—Subsections (b)(1) and (d) of section 326 of the Housing and Community Development Amendments of 1981 (Public Law 97-35, 95 Stat. 406; 42 U.S.C. 1437f note).

(10) PAYMENT FOR DEVELOPMENT MANAGERS.—Section 329A of the Housing and Community Development Amendments of 1981 (42 U.S.C. 1437j-1).

(11) PROCUREMENT OF INSURANCE BY PHA'S.—In the item relating to "ADMINISTRATIVE PROVISIONS" under the heading "MANAGEMENT AND ADMINISTRATION" in title II of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1991, the penultimate undesignated paragraph of such item (Public Law 101-507; 104 Stat. 1369).

(12) PUBLIC HOUSING CHILDHOOD DEVELOPMENT.—Section 222 of the Housing and Urban-Rural Recovery Act of 1983 (12 U.S.C. 1701z-6 note).

(13) INDIAN HOUSING CHILDHOOD DEVELOPMENT.—Section 518 of the Cranston-Gonzalez National Affordable Housing Act (12 U.S.C. 1701z-6 note).

(14) PUBLIC HOUSING COMPREHENSIVE TRANSITION DEMONSTRATION.—Section 126 of the Housing and Community Development Act of 1987 (42 U.S.C. 1437f note).

(15) PUBLIC HOUSING ONE-STOP PERINATAL SERVICES DEMONSTRATION.—Section 521 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437t note).

(16) PUBLIC HOUSING MINCS DEMONSTRATION.—Section 522 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437f note).

(17) PUBLIC HOUSING ENERGY EFFICIENCY DEMONSTRATION.—Section 523 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 1437g note).

(18) OMAHA HOMEOWNERSHIP DEMONSTRATION.—Section 132 of the Housing and Community Development Act of 1992 (Public Law 102-550; 106 Stat. 3712).

(19) PUBLIC AND ASSISTED HOUSING YOUTH SPORTS PROGRAMS.—Section 520 of the Cranston-Gonzalez National Affordable Housing Act (42 U.S.C. 11903a).

(20) FROST-LELAND PROVISIONS.—Section 415 of the Department of Housing and Urban Development—Independent Agencies Appropriations Act, 1988 (Public Law 100-202; 101 Stat. 1329-213); except that, notwithstanding any other provision of law, beginning on the date of enactment of this Act, the public housing projects described in section 415 of such appropriations Act (as such section existed immediately before the date of enactment of this Act) shall be eligible for demolition—

(A) under section 14 of the United States Housing Act of 1937 (as such section existed upon the enactment of this Act); and

(B) under section 9 of the United States Housing Act of 1937.

(21) MULTIFAMILY FINANCING.—The penultimate sentence of section 302(b)(2) of the National Housing Act (12 U.S.C. 1717(b)(2)) and the penultimate sentence of section 305(a)(2) of the Emergency Home Finance Act of 1970 (12 U.S.C. 1454(a)(2)).

(22) CONFLICTS OF INTEREST.—Subsection (c) of section 326 of the Housing and Community Development Amendments of 1981 (42 U.S.C. 1437f note).

(23) CONVERSION OF PUBLIC HOUSING.—Section 202 of the Departments of Veterans Affairs and Housing and Urban Development, and Independent Agencies Appropriations Act, 1996 (42 U.S.C. 1437l note) (enacted as section 101(e) of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (Public Law 104-134; 110 Stat. 1321-279)).

(b) SAVINGS PROVISION.—Except to the extent otherwise provided in this division—

(1) the repeals made by subsection (a) shall not affect any legally binding obligations entered into before the effective date of this division; and

(2) any funds or activities subject to a provision of law repealed by subsection (a) shall continue to be governed by the provision as in effect immediately before such repeal.

#### **Subtitle B—Other Provisions Relating to Public Housing and Rental Assistance Programs**

#### **SEC. 1621. ALLOCATION OF ELDERLY HOUSING AMOUNTS.**

Section 202(l) of the Housing Act of 1959 (12 U.S.C. 1701q(l)) is amended by adding at the end the following new paragraph:

“(4) CONSIDERATION IN ALLOCATING ASSISTANCE.—Assistance under this section shall be allocated in a manner that ensures that the awards of the assistance are made for projects of sufficient size to accommodate facilities for supportive services appropriate to the needs of frail elderly residents.”.

#### **SEC. 1622. PET OWNERSHIP.**

Section 227 of the Housing and Urban-Rural Recovery Act of 1983 (12 U.S.C. 1701r-1) is amended to read as follows:

#### **“SEC. 227. PET OWNERSHIP IN FEDERALLY ASSISTED RENTAL HOUSING.**

“(a) RIGHT OF OWNERSHIP.—A resident of a dwelling unit in federally assisted rental housing may own common household pets or have common household pets present in the dwelling unit of such resident, subject to the

reasonable requirements of the owner of the federally assisted rental housing and providing that the resident maintains the animals responsibly and in compliance with applicable local and State public health, animal control, and anticruelty laws. Such reasonable requirements may include requiring payment of a nominal fee and pet deposit by residents owning or having pets present, to cover the operating costs to the project relating to the presence of pets and to establish an escrow account for additional such costs not otherwise covered, respectively. Notwithstanding section 1225(d) of the Housing Opportunity and Responsibility Act of 1997, a public housing agency may not grant any exemption under such section from payment, in whole or in part, of any fee or deposit required pursuant to the preceding sentence.

“(b) PROHIBITION AGAINST DISCRIMINATION.—No owner of federally assisted rental housing may restrict or discriminate against any person in connection with admission to, or continued occupancy of, such housing by reason of the ownership of common household pets by, or the presence of such pets in the dwelling unit of, such person.

“(c) DEFINITIONS.—For purposes of this section, the following definitions shall apply:

“(1) FEDERALLY ASSISTED RENTAL HOUSING.—The term ‘federally assisted rental housing’ means any multifamily rental housing project that is—

“(A) public housing (as such term is defined in section 1103 of the Housing Opportunity and Responsibility Act of 1997);

“(B) assisted with project-based assistance pursuant to section 1601(f) of the Housing Opportunity and Responsibility Act of 1997 or under section 8 of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of the Housing Opportunity and Responsibility Act of 1997);

“(C) assisted under section 202 of the Housing Act of 1959 (as amended by section 801 of the Cranston-Gonzalez National Affordable Housing Act);

“(D) assisted under section 202 of the Housing Act of 1959 (as in effect before the enactment of the Cranston-Gonzalez National Affordable Housing Act);

“(E) assisted under title V of the Housing Act of 1949; or

“(F) insured, assisted, or held by the Secretary or a State or State agency under section 236 of the National Housing Act.

“(2) OWNER.—The term ‘owner’ means, with respect to federally assisted rental housing, the entity or private person, including a cooperative or public housing agency, that has the legal right to lease or sublease dwelling units in such housing (including a manager of such housing having such right).

“(d) REGULATIONS.—This section shall take effect upon the date of the effectiveness of regulations issued by the Secretary to carry out this section. Such regulations shall be issued not later than the expiration of the 1-year period beginning on the date of the enactment of the Housing Opportunity and Responsibility Act of 1997 and after notice and opportunity for public comment in accordance with the procedure under section 553 of title 5, United States Code, applicable to substantive rules (notwithstanding subsections (a)(2), (b)(3), and (d)(3) of such section).”.

#### **SEC. 1623. REVIEW OF DRUG ELIMINATION PROGRAM CONTRACTS.**

(a) REQUIREMENT.—The Secretary of Housing and Urban Development shall investigate all security contracts awarded by grantees under the Public and Assisted Housing Drug Elimination Act of 1990 (42 U.S.C. 11901 et seq.) that are public housing agencies that own or operate more than 4,500 public housing dwelling units—

(1) to determine whether the contractors under such contracts have complied with all laws and regulations regarding prohibition of discrimination in hiring practices;

(2) to determine whether such contracts were awarded in accordance with the applicable laws and regulations regarding the award of such contracts;

(3) to determine how many such contracts were awarded under emergency contracting procedures;

(4) to evaluate the effectiveness of the contracts; and

(5) to provide a full accounting of all expenses under the contracts.

(b) REPORT.—Not later than 180 days after the date of the enactment of this Act, the Secretary shall complete the investigation required under subsection (a) and submit a report to the Congress regarding the findings under the investigation. With respect to each such contract, the report shall (1) state whether the contract was made and is operating, or was not made or is not operating, in full compliance with applicable laws and regulations, and (2) for each contract that the Secretary determines is in such compliance issue a personal certification of such compliance by the Secretary of Housing and Urban Development.

(c) ACTIONS.—For each contract that is described in the report under subsection (b) as not made or not operating in full compliance with applicable laws and regulations, the Secretary of Housing and Urban Development shall promptly take any actions available under law or regulation that are necessary—

(1) to bring such contract into compliance; or

(2) to terminate the contract.

(d) EFFECTIVE DATE.—This section shall take effect on the date of the enactment of this Act.

#### **SEC. 1624. AMENDMENTS TO PUBLIC AND ASSISTED HOUSING DRUG ELIMINATION ACT OF 1990.**

(a) SHORT TITLE, PURPOSES, AND AUTHORITY TO MAKE GRANTS.—Chapter 2 of subtitle C of title V of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11901 et seq.) is amended by striking the chapter heading and all that follows through section 5123 and inserting the following:

#### **“CHAPTER 2—COMMUNITY PARTNERSHIPS AGAINST CRIME**

##### **“SEC. 5121. SHORT TITLE.**

“This chapter may be cited as the ‘Community Partnerships Against Crime Act of 1997’.

##### **“SEC. 5122. PURPOSES.**

“The purposes of this chapter are to—

“(1) improve the quality of life for the vast majority of law-abiding public housing residents by reducing the levels of fear, violence, and crime in their communities;

“(2) broaden the scope of the Public and Assisted Housing Drug Elimination Act of 1990 to apply to all types of crime, and not simply crime that is drug-related; and

“(3) reduce crime and disorder in and around public housing through the expansion of community-oriented policing activities and problem solving.

##### **“SEC. 5123. AUTHORITY TO MAKE GRANTS.**

“The Secretary of Housing and Urban Development may make grants in accordance with the provisions of this chapter for use in eliminating crime in and around public housing and other federally assisted low-income housing projects to (1) public housing agencies, and (2) private, for-profit and nonprofit owners of federally assisted low-income housing.”.

(b) ELIGIBLE ACTIVITIES.—

(1) IN GENERAL.—Section 5124(a) of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11903(a)) is amended—



(A) in the matter preceding paragraph (1), by inserting "and around" after "used in";

(B) in paragraph (3), by inserting before the semicolon the following: ", including fencing, lighting, locking, and surveillance systems";

(C) in paragraph (4), by striking subparagraph (A) and inserting the following new subparagraph:

"(A) to investigate crime; and";

(D) in paragraph (6)—

(i) by striking "in and around public or other federally assisted low-income housing projects"; and

(ii) by striking "and" after the semicolon; and

(E) by striking paragraph (7) and inserting the following new paragraphs:

"(7) providing funding to nonprofit public housing resident management corporations and resident councils to develop security and crime prevention programs involving site residents;

"(8) the employment or utilization of one or more individuals, including law enforcement officers, made available by contract or other cooperative arrangement with State or local law enforcement agencies, to engage in community- and problem-oriented policing involving interaction with members of the community in proactive crime control and prevention activities;

"(9) programs and activities for or involving youth, including training, education, recreation and sports, career planning, and entrepreneurship and employment activities and after school and cultural programs; and

"(10) service programs for residents that address the contributing factors of crime, including programs for job training, education, drug and alcohol treatment, and other appropriate social services."

(2) OTHER PHA-OWNED HOUSING.—Section 5124(b) of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11903(b)) is amended—

(A) in the matter preceding paragraph (1)—

(i) by striking "drug-related crime in" and inserting "crime in and around"; and

(ii) by striking "paragraphs (1) through (7)" and inserting "paragraphs (1) through (10)"; and

(B) in paragraph (2), by striking "drug-related" and inserting "criminal".

(c) GRANT PROCEDURES.—Section 5125 of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11904) is amended to read as follows:

**"SEC. 5125. GRANT PROCEDURES.**

"(a) PHA'S WITH 250 OR MORE UNITS.—

"(1) GRANTS.—In each fiscal year, the Secretary shall make a grant under this chapter from any amounts available under section 5131(b)(1) for the fiscal year to each of the following public housing agencies:

"(A) NEW APPLICANTS.—Each public housing agency that owns or operates 250 or more public housing dwelling units and has—

"(i) submitted an application to the Secretary for a grant for such fiscal year, which includes a 5-year crime deterrence and reduction plan under paragraph (2); and

"(ii) had such application and plan approved by the Secretary.

"(B) RENEWALS.—Each public housing agency that owns or operates 250 or more public housing dwelling units and for which—

"(i) a grant was made under this chapter for the preceding Federal fiscal year;

"(ii) the term of the 5-year crime deterrence and reduction plan applicable to such grant includes the fiscal year for which the grant under this subsection is to be made; and

"(iii) the Secretary has determined, pursuant to a performance review under paragraph (4), that during the preceding fiscal year the agency has substantially fulfilled the re-

quirements under subparagraphs (A) and (B) of paragraph (4).

Notwithstanding subparagraphs (A) and (B), the Secretary may make a grant under this chapter to a public housing agency that owns or operates 250 or more public housing dwelling units only if the agency includes in the application for the grant information that demonstrates, to the satisfaction of the Secretary, that the agency has a need for the grant amounts based on generally recognized crime statistics showing that (I) the crime rate for the public housing developments of the agency (or the immediate neighborhoods in which such developments are located) is higher than the crime rate for the jurisdiction in which the agency operates, (II) the crime rate for the developments (or such neighborhoods) is increasing over a period of sufficient duration to indicate a general trend, or (III) the operation of the program under this chapter substantially contributes to the reduction of crime.

"(2) 5-YEAR CRIME DETERRENCE AND REDUCTION PLAN.—Each application for a grant under this subsection shall contain a 5-year crime deterrence and reduction plan. The plan shall be developed with the participation of residents and appropriate law enforcement officials. The plan shall describe, for the public housing agency submitting the plan—

"(A) the nature of the crime problem in public housing owned or operated by the public housing agency;

"(B) the building or buildings of the public housing agency affected by the crime problem;

"(C) the impact of the crime problem on residents of such building or buildings; and

"(D) the actions to be taken during the term of the plan to reduce and deter such crime, which shall include actions involving residents, law enforcement, and service providers.

The term of a plan shall be the period consisting of 5 consecutive fiscal years, which begins with the first fiscal year for which funding under this chapter is provided to carry out the plan.

"(3) AMOUNT.—In any fiscal year, the amount of the grant for a public housing agency receiving a grant pursuant to paragraph (1) shall be the amount that bears the same ratio to the total amount made available under section 5131(b)(1) as the total number of public dwelling units owned or operated by such agency bears to the total number of dwelling units owned or operated by all public housing agencies that own or operate 250 or more public housing dwelling units that are approved for such fiscal year.

"(4) PERFORMANCE REVIEW.—For each fiscal year, the Secretary shall conduct a performance review of the activities carried out by each public housing agency receiving a grant pursuant to this subsection to determine whether the agency—

"(A) has carried out such activities in a timely manner and in accordance with its 5-year crime deterrence and reduction plan; and

"(B) has a continuing capacity to carry out such plan in a timely manner.

"(5) SUBMISSION OF APPLICATIONS.—The Secretary shall establish such deadlines and requirements for submission of applications under this subsection.

"(6) REVIEW AND DETERMINATION.—The Secretary shall review each application submitted under this subsection upon submission and shall approve the application unless the application and the 5-year crime deterrence and reduction plan are inconsistent with the purposes of this chapter or any requirements established by the Secretary or the information in the application or plan is not substantially complete. Upon approving or de-

termining not to approve an application and plan submitted under this subsection, the Secretary shall notify the public housing agency submitting the application and plan of such approval or disapproval.

"(7) DISAPPROVAL OF APPLICATIONS.—If the Secretary notifies an agency that the application and plan of the agency is not approved, not later than the expiration of the 15-day period beginning upon such notice of disapproval, the Secretary shall also notify the agency, in writing, of the reasons for the disapproval, the actions that the agency could take to comply with the criteria for approval, and the deadlines for such actions.

"(8) FAILURE TO APPROVE OR DISAPPROVE.—If the Secretary fails to notify an agency of approval or disapproval of an application and plan submitted under this subsection before the expiration of the 60-day period beginning upon the submission of the plan or fails to provide notice under paragraph (7) within the 15-day period under such paragraph to an agency whose application has been disapproved, the application and plan shall be considered to have been approved for purposes of this section.

"(b) PHA'S WITH FEWER THAN 250 UNITS AND OWNERS OF FEDERALLY ASSISTED LOW-INCOME HOUSING.—

"(1) APPLICATIONS AND PLANS.—To be eligible to receive a grant under this chapter, a public housing agency that owns or operates fewer than 250 public housing dwelling units or an owner of federally assisted low-income housing shall submit an application to the Secretary at such time, in such manner, and accompanied by such additional information as the Secretary may require. The application shall include a plan for addressing the problem of crime in and around the housing for which the application is submitted, describing in detail activities to be conducted during the fiscal year for which the grant is requested.

"(2) GRANTS FOR PHA'S WITH FEWER THAN 250 UNITS.—In each fiscal year the Secretary may, to the extent amounts are available under section 5131(b)(2), make grants under this chapter to public housing agencies that own or operate fewer than 250 public housing dwelling units and have submitted applications under paragraph (1) that the Secretary has approved pursuant to the criteria under paragraph (4).

"(3) GRANTS FOR FEDERALLY ASSISTED LOW-INCOME HOUSING.—In each fiscal year the Secretary may, to the extent amounts are available under section 5131(b)(3), make grants under this chapter to owners of federally assisted low-income housing that have submitted applications under paragraph (1) that the Secretary has approved pursuant to the criteria under paragraphs (4) and (5).

"(4) CRITERIA FOR APPROVAL OF APPLICATIONS.—The Secretary shall determine whether to approve each application under this subsection on the basis of—

"(A) the extent of the crime problem in and around the housing for which the application is made;

"(B) the quality of the plan to address the crime problem in the housing for which the application is made;

"(C) the capability of the applicant to carry out the plan; and

"(D) the extent to which the tenants of the housing, the local government, local community-based nonprofit organizations, local tenant organizations representing residents of neighboring projects that are owned or assisted by the Secretary, and the local community support and participate in the design and implementation of the activities proposed to be funded under the application.

In each fiscal year, the Secretary may give preference to applications under this subsection for housing made by applicants who

received a grant for such housing for the preceding fiscal year under this subsection or under the provisions of this chapter as in effect immediately before the date of the enactment of the Housing Opportunity and Responsibility Act of 1997.

“(5) ADDITIONAL CRITERIA FOR FEDERALLY ASSISTED LOW-INCOME HOUSING.—In addition to the selection criteria under paragraph (4), the Secretary may establish other criteria for evaluating applications submitted by owners of federally assisted low-income housing, except that such additional criteria shall be designed only to reflect—

“(A) relevant differences between the financial resources and other characteristics of public housing agencies and owners of federally assisted low-income housing; or

“(B) relevant differences between the problem of crime in public housing administered by such authorities and the problem of crime in federally assisted low-income housing.”.

(d) DEFINITIONS.—Section 5126 of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11905) is amended—

(1) by striking paragraphs (1) and (2);

(2) in paragraph (4)(A), by striking “section” before “221(d)(4)”;

(3) by redesignating paragraphs (3) and (4) (as so amended) as paragraphs (1) and (2), respectively; and

(4) by adding at the end the following new paragraph:

“(3) PUBLIC HOUSING AGENCY.—The term ‘public housing agency’ has the meaning given the term in section 1103 of the Housing Opportunity and Responsibility Act of 1997.”.

(e) IMPLEMENTATION.—Section 5127 of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11906) is amended by striking “Cranston-Gonzalez National Affordable Housing Act” and inserting “Housing Opportunity and Responsibility Act of 1997”.

(f) REPORTS.—Section 5128 of the Anti-Drug Abuse Act of 1988 (42 U.S.C. 11907) is amended—

(1) by striking “drug-related crime in” and inserting “crime in and around”; and

(2) by striking “described in section 5125(a)” and inserting “for the grantee submitted under subsection (a) or (b) of section 5125, as applicable”.

(g) FUNDING AND PROGRAM SUNSET.—Chapter 2 of subtitle C of title V of the Anti-Drug Abuse Act of 1988 is amended by striking section 5130 (42 U.S.C. 11909) and inserting the following new section:

**“SEC. 5130. FUNDING.**

“(a) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this chapter \$290,000,000 for each of fiscal years 1998, 1999, 2000, 2001, and 2002.

“(b) ALLOCATION.—Of any amounts available, or that the Secretary is authorized to use, to carry out this chapter in any fiscal year—

“(1) 85 percent shall be available only for assistance pursuant to section 5125(a) to public housing agencies that own or operate 250 or more public housing dwelling units;

“(2) 10 percent shall be available only for assistance pursuant to section 5125(b)(2) to public housing agencies that own or operate fewer than 250 public housing dwelling units; and

“(3) 5 percent shall be available only for assistance to federally assisted low-income housing pursuant to section 5125(b)(3).

“(c) RETENTION OF PROCEEDS OF ASSET FORFEITURES BY INSPECTOR GENERAL.—Notwithstanding section 3302 of title 31, United States Code, or any other provision of law affecting the crediting of collections, the proceeds of forfeiture proceedings and funds transferred to the Office of Inspector General of the Department of Housing and Urban Development, as a participating agency, from

the Department of Justice Assets Forfeiture Fund or the Department of the Treasury Forfeiture Fund, as an equitable share from the forfeiture of property in investigations in which the Office of Inspector General participates, shall be deposited to the credit of the Office of Inspector General for Operation Safe Home activities authorized under the Inspector General Act of 1978, as amended, to remain available until expended.”.

(h) CONFORMING AMENDMENTS.—The table of contents in section 5001 of the Anti-Drug Abuse Act of 1988 (Public Law 100-690; 102 Stat. 4295) is amended—

(1) by striking the item relating to the heading for chapter 2 of subtitle C of title V and inserting the following:

**“CHAPTER 2—COMMUNITY PARTNERSHIPS AGAINST CRIME”;**

(2) by striking the item relating to section 5122 and inserting the following new item:

“Sec. 5122. Purposes.”;

(3) by striking the item relating to section 5125 and inserting the following new item:

“Sec. 5125. Grant procedures.”;

and

(4) by striking the item relating to section 5130 and inserting the following new item:

“Sec. 5130. Funding.”.

(i) TREATMENT OF NOFA.—The cap limiting assistance under the Notice of Funding Availability issued by the Department of Housing and Urban Development in the Federal Register of April 8, 1996, shall not apply to a public housing agency within an area designated as a high intensity drug trafficking area under section 1005(c) of the Anti-Drug Abuse Act of 1988 (21 U.S.C. 1504(c)).

(j) EFFECTIVE DATE.—This section and the amendments made by this section shall take effect on the date of the enactment of this Act.

**Subtitle C—Limitations Relating to Occupancy in Federally Assisted Housing**  
**SEC. 1641. SCREENING OF APPLICANTS.**

(a) INELIGIBILITY BECAUSE OF EVICTION.—Any household or member of a household evicted from federally assisted housing (as such term is defined in section 1645) shall not be eligible for federally assisted housing—

(1) in the case of eviction by reason of drug-related criminal activity, for a period of not less than 3 years that begins on the date of such eviction, unless the evicted member of the household successfully completes a rehabilitation program; and

(2) in the case of an eviction for other serious violations of the terms or conditions of the lease, for a reasonable period of time, as determined by the public housing agency or owner of the federally assisted housing, as applicable.

The requirements of paragraphs (1) and (2) may be waived if the circumstances leading to eviction no longer exist.

(b) INELIGIBILITY OF ILLEGAL DRUG USERS AND ALCOHOL USERS.—

(1) IN GENERAL.—Notwithstanding any other provision of law, a public housing agency or an owner of federally assisted housing, or both, as determined by the Secretary, shall establish standards that prohibit admission to the program or admission to federally assisted housing for any household with a member—

(A) who the public housing agency or owner determines is engaging in the illegal use of a controlled substance; or

(B) with respect to whom the public housing agency or owner determines that it has reasonable cause to believe that such household member's illegal use (or pattern of illegal use) of a controlled substance, or abuse (or pattern of abuse) of alcohol, would interfere with the health, safety, or right to peaceful enjoyment of the premises by other residents.

(2) CONSIDERATION OF REHABILITATION.—In determining whether, pursuant to paragraph (1)(B), to deny admission to the program or to federally assisted housing to any household based on a pattern of illegal use of a controlled substance or a pattern of abuse of alcohol by a household member, a public housing agency or an owner may consider whether such household member—

(A) has successfully completed an accredited drug or alcohol rehabilitation program (as applicable) and is no longer engaging in the illegal use of a controlled substance or abuse of alcohol (as applicable);

(B) has otherwise been rehabilitated successfully and is no longer engaging in the illegal use of a controlled substance or abuse of alcohol (as applicable); or

(C) is participating in an accredited drug or alcohol rehabilitation program (as applicable) and is no longer engaging in the illegal use of a controlled substance or abuse of alcohol (as applicable).

(c) INELIGIBILITY OF SEXUALLY VIOLENT PREDATORS FOR ADMISSION TO PUBLIC HOUSING.—

(1) IN GENERAL.—Notwithstanding any other provision of law, a public housing agency shall prohibit admission to public housing for any household that includes any individual who is a sexually violent predator.

(2) SEXUALLY VIOLENT PREDATOR.—For purposes of this subsection, the term “sexually violent predator” means an individual who—

(A) is a sexually violent predator (as such term is defined in section 170101(a)(3) of such Act); and

(B) is subject to a registration requirement under section 170101(a)(1)(B) or 170102(c) of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14071(a)(1)(B), 14072(c)), as provided under section 170101(b)(6)(B) or 170102(d)(2), respectively, of such Act.

(d) AUTHORITY TO DENY ADMISSION TO CRIMINAL OFFENDERS.—Except as provided in subsections (a), (b), and (c) and in addition to any other authority to screen applicants, in selecting among applicants for admission to the program or to federally assisted housing, if the public housing agency or owner of such housing (as applicable) determines that an applicant or any member of the applicant's household is or was, during a reasonable time preceding the date when the applicant household would otherwise be selected for admission, engaged in any criminal activity (including drug-related criminal activity), the public housing agency or owner may—

(1) deny such applicant admission to the program or to federally assisted housing;

(2) consider the applicant (for purposes of any waiting list) as not having applied for the program or such housing; and

(3) after the expiration of the reasonable period beginning upon such activity, require the applicant, as a condition of admission to the program or to federally assisted housing, to submit to the public housing agency or owner evidence sufficient (as the Secretary shall by regulation provide) to ensure that the individual or individuals in the applicant's household who engaged in criminal activity for which denial was made under paragraph (1) have not engaged in any criminal activity during such reasonable period.

(e) AUTHORITY TO REQUIRE ACCESS TO CRIMINAL RECORDS.—A public housing agency and an owner of federally assisted housing may require, as a condition of providing admission to the program or admission to or occupancy in federally assisted housing, that each adult member of the household provide a signed, written authorization for the public housing agency to obtain the records described in section 1644(a) regarding such member of the household from the National

Crime Information Center, police departments, other law enforcement agencies, and State registration agencies referred to in such section. In the case of an owner of federally assisted housing that is not a public housing agency, the owner shall request the public housing agency having jurisdiction over the area within which the housing is located to obtain the records pursuant to section 1644.

(f) **ADMISSION BASED ON DISABILITY.**—

(1) **IN GENERAL.**—Notwithstanding any other provision of law, for purposes of determining eligibility for admission to federally assisted housing, a person shall not be considered to have a disability or a handicap solely because of the prior or current illegal use of a controlled substance (as defined in section 102 of the Controlled Substances Act) or solely by reason of the prior or current use of alcohol.

(2) **CONTINUED OCCUPANCY.**—This subsection may not be construed to prohibit the continued occupancy of any person who is a resident in assisted housing on the effective date of this division.

**SEC. 1642. TERMINATION OF TENANCY AND ASSISTANCE FOR ILLEGAL DRUG USERS AND ALCOHOL ABUSERS.**

Notwithstanding any other provision of law, a public housing agency or an owner of federally assisted housing (as applicable), shall establish standards or lease provisions for continued assistance or occupancy in federally assisted housing that allow the agency or owner (as applicable) to terminate the tenancy or assistance for any household with a member—

(1) who the public housing agency or owner determines is engaging in the illegal use of a controlled substance; or

(2) whose illegal use of a controlled substance, or whose abuse of alcohol, is determined by the public housing agency or owner to interfere with the health, safety, or right to peaceful enjoyment of the premises by other residents.

**SEC. 1643. LEASE REQUIREMENTS.**

In addition to any other applicable lease requirements, each lease for a dwelling unit in federally assisted housing shall provide that—

(1) the owner may not terminate the tenancy except for violation of the terms or conditions of the lease, violation of applicable Federal, State, or local law, or for other good cause; and

(2) grounds for termination of tenancy shall include any criminal or other activity, engaged in by the tenant, any member of the tenant's household, any guest, or any other person under the control of the household, that—

(A) threatens the health or safety of, or right to peaceful enjoyment of the premises by, other tenant or employees of the owner or other manager of the housing;

(B) threatens the health or safety of, or right to peaceful enjoyment of their premises by, persons residing in the immediate vicinity of the premises; or

(C) with respect only to activity engaged in by the tenant or any member of the tenant's household, is criminal activity on or off the premises.

**SEC. 1644. AVAILABILITY OF CRIMINAL RECORDS FOR TENANT SCREENING AND EVICTION.**

(a) **IN GENERAL.**—

(1) **CRIMINAL CONVICTION INFORMATION.**—Notwithstanding any other provision of law other than paragraphs (3) and (4), upon the request of a public housing agency, the National Crime Information Center, a police department, and any other law enforcement agency shall provide to the public housing agency information regarding the criminal

conviction records of an adult applicant for, or tenants of, federally assisted housing for purposes of applicant screening, lease enforcement, and eviction, but only if the public housing agency requests such information and presents to such Center, department, or agency a written authorization, signed by such applicant, for the release of such information to the public housing agency or other owner of the federally assisted housing.

(2) **INFORMATION REGARDING CRIMES AGAINST CHILDREN AND SEXUALLY VIOLENT PREDATORS.**—Notwithstanding any other provision of law other than paragraphs (3) and (4), upon the request of a public housing agency, the Federal Bureau of Investigation, a State law enforcement agency designated as a registration agency under a State registration program under subtitle A of title XVII of the Violent Crime Control and Law Enforcement Act of 1994 (42 U.S.C. 14071), and any local law enforcement agency authorized by the State agency shall provide to a public housing agency the information collected under the national database established pursuant to section 170102 of such Act or such State registration program, as applicable, regarding an adult applicant for, or tenant of, federally assisted housing for purposes of applicant screening, lease enforcement, and eviction, but only if the public housing agency requests such information and presents to such State registration agency or other local law enforcement agency a written authorization, signed by such applicant, for the release of such information to the public housing agency or other owner of the federally assisted housing.

(3) **DELAYED EFFECTIVE DATE FOR OWNERS OTHER THAN PHA'S.**—The provisions of paragraphs (1) and (2) authorizing obtaining information for owners of federally assisted housing other than public housing agencies shall not take effect before—

(A) the expiration of the 1-year period beginning on the date of enactment of this Act; and

(B) the Secretary and the Attorney General of the United States have determined that access to such information is feasible for such owners and have provided for the terms of release of such information to owners.

(4) **EXCEPTION.**—The information provided under paragraphs (1), (2), and (3) shall include information regarding any criminal conviction of a juvenile only to the extent that the release of such information is authorized under the law of the applicable State, tribe, or locality.

(b) **CONFIDENTIALITY.**—A public housing agency or owner receiving information under this section may use such information only for the purposes provided in this section and such information may not be disclosed to any person who is not an officer, employee, or authorized representative of the agency or owner and who has a job-related need to have access to the information in connection with admission of applicants, eviction of tenants, or termination of assistance. For judicial eviction proceedings, disclosures may be made to the extent necessary. The Secretary shall, by regulation, establish procedures necessary to ensure that information provided under this section to a public housing agency or owner is used, and confidentiality of such information is maintained, as required under this section.

(c) **OPPORTUNITY TO DISPUTE.**—Before an adverse action is taken with regard to assistance for federally assisted housing on the basis of a criminal record (including on the basis that an individual is a sexually violent predator, pursuant to section 1641(c)), the public housing agency or owner shall provide the tenant or applicant with a copy of the criminal record and an opportunity to dis-

pute the accuracy and relevance of that record.

(d) **FEE.**—A public housing agency may be charged a reasonable fee for information provided under subsection (a). A public housing agency may require an owner of federally assisted housing (that is not a public housing agency) to pay such fee for any information that the agency acquires for the owner pursuant to section 1641(e) and subsection (a) of this section.

(e) **RECORDS MANAGEMENT.**—Each public housing agency and owner of federally assisted housing that receives criminal record information pursuant to this section shall establish and implement a system of records management that ensures that any criminal record received by the agency or owner is—

(1) maintained confidentially;

(2) not misused or improperly disseminated; and

(3) destroyed in a timely fashion, once the purpose for which the record was requested has been accomplished.

(f) **PENALTY.**—Any person who knowingly and willfully requests or obtains any information concerning an applicant for, or tenant of, federally assisted housing pursuant to the authority under this section under false pretenses, or any person who knowingly and willfully discloses any such information in any manner to any individual not entitled under any law to receive it, shall be guilty of a misdemeanor and fined not more than \$5,000. The term "person" as used in this subsection shall include an officer, employee, or authorized representative of any public housing agency or owner.

(g) **CIVIL ACTION.**—Any applicant for, or tenant of, federally assisted housing affected by (1) a negligent or knowing disclosure of information referred to in this section about such person by an officer, employee, or authorized representative of any public housing agency or owner of federally assisted housing, which disclosure is not authorized by this section, or (2) any other negligent or knowing action that is inconsistent with this section, may bring a civil action for damages and such other relief as may be appropriate against any public housing agency or owner responsible for such unauthorized action. The district court of the United States in the district in which the affected applicant or tenant resides, in which such unauthorized action occurred, or in which the officer, employee, or representative alleged to be responsible for any such unauthorized action resides, shall have jurisdiction in such matters. Appropriate relief that may be ordered by such district courts shall include reasonable attorney's fees and other litigation costs.

(h) **DEFINITION.**—For purposes of this section, the term "adult" means a person who is 18 years of age or older, or who has been convicted of a crime as an adult under any Federal, State, or tribal law.

**SEC. 1645. DEFINITIONS.**

For purposes of this subtitle, the following definitions shall apply:

(1) **FEDERALLY ASSISTED HOUSING.**—The term "federally assisted housing" means a dwelling unit—

(A) in public housing (as such term is defined in section 1102);

(B) assisted with choice-based housing assistance under title XIII;

(C) in housing that is provided project-based assistance under section 8 of the United States Housing Act of 1937 (as in effect before the effective date of the repeal under section 1601(b) of this Act) or pursuant to section 1601(f) of this Act, including new construction and substantial rehabilitation projects;

(D) in housing that is assisted under section 202 of the Housing Act of 1959 (as amended by section 801 of the Cranston-Gonzalez National Affordable Housing Act);

(E) in housing that is assisted under section 202 of the Housing Act of 1959, as such section existed before the enactment of the Cranston-Gonzalez National Affordable Housing Act;

(F) in housing that is assisted under section 811 of the Cranston-Gonzalez National Affordable Housing Act;

(G) in housing financed by a loan or mortgage insured under section 221(d)(3) of the National Housing Act that bears interest at a rate determined under the proviso of section 221(d)(5) of such Act;

(H) in housing insured, assisted, or held by the Secretary or a State or State agency under section 236 of the National Housing Act;

(I) in housing assisted under section 515 of the Housing Act of 1949.

(2) OWNER.—The term "owner" means, with respect to federally assisted housing, the entity or private person (including a cooperative or public housing agency) that has the legal right to lease or sublease dwelling units in such housing.

#### **TITLE XVII—AFFORDABLE HOUSING AND MISCELLANEOUS PROVISIONS**

##### **SEC. 1701. RURAL HOUSING ASSISTANCE.**

The last sentence of section 520 of the Housing Act of 1949 (42 U.S.C. 1490) is amended by inserting before the period the following: ", and the city of Altus, Oklahoma, shall be considered a rural area for purposes of this title until the receipt of data from the decennial census in the year 2000".

##### **SEC. 1702. TREATMENT OF OCCUPANCY STANDARDS.**

The Secretary of Housing and Urban Development shall not directly or indirectly establish a national occupancy standard.

##### **SEC. 1703. IMPLEMENTATION OF PLAN.**

(a) IMPLEMENTATION.—

(1) IN GENERAL.—Not later than 120 days after the date of the enactment of this Act, the Secretary shall implement the Ida Barbour Revitalization Plan of the City of Portsmouth, Virginia, in a manner consistent with existing limitations under law.

(2) WAIVERS.—In carrying out paragraph (1), the Secretary shall consider and make any waivers to existing regulations and other requirements consistent with the plan described in paragraph (1) to enable timely implementation of such plan, except that generally applicable regulations and other requirements governing the award of funding under programs for which assistance is applied for in connection with such plan shall apply.

(b) REPORT.—

(1) IN GENERAL.—Not later than 1 year after the date of the enactment of this Act and annually thereafter through the year 2000, the city described in subsection (a)(1) shall submit a report to the Secretary on progress in implementing the plan described in that subsection.

(2) CONTENTS.—Each report submitted under this subsection shall include—

(A) quantifiable measures revealing the increase in homeowners, employment, tax base, voucher allocation, leverage ratio of funds, impact on and compliance with the consolidated plan of the city;

(B) identification of regulatory and statutory obstacles that—

(i) have caused or are causing unnecessary delays in the successful implementation of the consolidated plan; or

(ii) are contributing to unnecessary costs associated with the revitalization; and

(C) any other information that the Secretary considers to be appropriate.

##### **SEC. 1704. INCOME ELIGIBILITY FOR HOME AND CDBG PROGRAMS.**

(a) HOME INVESTMENT PARTNERSHIPS.—The Cranston-Gonzalez National Affordable Housing Act is amended as follows:

(1) DEFINITIONS.—In section 104(10) (42 U.S.C. 12704(10))—

(A) by striking "income ceilings higher or lower" and inserting "an income ceiling higher";

(B) by striking "variations are" and inserting "variation is"; and

(C) by striking "high or".

(2) INCOME TARGETING.—In section 214(1)(A) (42 U.S.C. 12744(1)(A))—

(A) by striking "income ceilings higher or lower" and inserting "an income ceiling higher";

(B) by striking "variations are" and inserting "variation is"; and

(C) by striking "high or".

(3) RENT LIMITS.—In section 215(a)(1)(A) (42 U.S.C. 12745(a)(1)(A))—

(A) by striking "income ceilings higher or lower" and inserting "an income ceiling higher";

(B) by striking "variations are" and inserting "variation is"; and

(C) by striking "high or".

(b) CDBG.—Section 102(a)(20) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(20)) is amended by striking subparagraph (B) and inserting the following new subparagraph:

"(B) The Secretary may—

"(i) with respect to any reference in subparagraph (A) to 50 percent of the median income of the area involved, establish percentages of median income for any area that are higher or lower than 50 percent if the Secretary finds such variations to be necessary because of unusually high or low family incomes in such area; and

"(ii) with respect to any reference in subparagraph (A) to 80 percent of the median income of the area involved, establish a percentage of median income for any area that is higher than 80 percent if the Secretary finds such variation to be necessary because of unusually low family incomes in such area."

##### **SEC. 1705. PROHIBITION OF USE OF CDBG GRANTS FOR EMPLOYMENT RELOCATION ACTIVITIES.**

Section 105 of the Housing and Community Development Act of 1974 (42 U.S.C. 5305) is amended by adding at the end the following new subsection:

"(h) PROHIBITION OF USE OF ASSISTANCE FOR EMPLOYMENT RELOCATION ACTIVITIES.—Notwithstanding any other provision of law, no amount from a grant under section 106 made in fiscal year 1997 or any succeeding fiscal year may be used for any activity (including any infrastructure improvement) that is intended, or is likely, to facilitate the relocation or expansion of any industrial or commercial plant, facility, or operation, from one area to another area, if the relocation or expansion will result in a loss of employment in the area from which the relocation or expansion occurs."

##### **SEC. 1706. REGIONAL COOPERATION UNDER CDBG ECONOMIC DEVELOPMENT INITIATIVE.**

Section 108(q)(4) (42 U.S.C. 5308(q)(4)) of the Housing and Community Development Act of 1974 is amended—

(1) by striking "and" after the semicolon in subparagraph (C);

(2) by redesignating subparagraph (D) as subparagraph (E); and

(3) by inserting after subparagraph (C) the following:

"(D) when applicable as determined by the Secretary, the extent of regional cooperation demonstrated by the proposed plan; and"

##### **SEC. 1707. USE OF AMERICAN PRODUCTS.**

(a) PURCHASE OF AMERICAN-MADE EQUIPMENT AND PRODUCTS.—It is the sense of the Congress that, to the greatest extent practicable, all equipment and products purchased with funds made available in this division should be American made.

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

##### **SEC. 1708. CONSULTATION WITH AFFECTED AREAS IN SETTLEMENT OF LITIGATION.**

In negotiating any settlement of, or consent decree for, any litigation regarding public housing or rental assistance (under title XIII of this Act or the United States Housing Act of 1937, as in effect before the effective date of the repeal under section 1601(b) of this Act) that involves the Secretary and any public housing agency or any unit of general local government, the Secretary shall consult with any units of general local government and public housing agencies having jurisdictions that are adjacent to the jurisdiction of the public housing agency involved.

##### **SEC. 1709. TREATMENT OF PHA REPAYMENT AGREEMENT.**

(a) LIMITATION ON SECRETARY.—During the 2-year period beginning on the date of the enactment of this Act, if the Housing Authority of the City of Las Vegas, Nevada, is otherwise in compliance with the Repayment Lien Agreement and Repayment Plan approved by the Secretary on February 12, 1997, the Secretary of Housing and Urban Development shall not take any action that has the effect of reducing the inventory of senior citizen housing owned by such housing authority that does not receive assistance from the Department of Housing and Urban Development.

(b) ALTERNATIVE REPAYMENT OPTIONS.—During the period referred to in subsection (a), the Secretary shall assist the housing authority referred to in such subsection to identify alternative repayment options to the plan referred to in such subsection and to execute an amended repayment plan that will not adversely affect the housing referred to in such subsection.

(c) RULE OF CONSTRUCTION.—This section may not be construed to alter—

(1) any lien held by the Secretary pursuant to the agreement referred to in subsection (a); or

(2) the obligation of the housing authority referred to in subsection (a) to close all remaining items contained in the Inspector General audits numbered 89 SF 1004 (issued January 20, 1989), 93 SF 1801 (issued October 30, 1993), and 96 SF 1002 (issued February 23, 1996).

##### **SEC. 1710. USE OF ASSISTED HOUSING BY ALIENS.**

Section 214 of the Housing and Community Development Act of 1980 (42 U.S.C. 1436a) is amended—

(1) in subsection (b)(2), by striking "Secretary of Housing and Urban Development" and inserting "applicable Secretary";

(2) in subsection (c)(1)(B), by moving clauses (ii) and (iii) 2 ems to the left;

(3) in subsection (d)—

(A) in paragraph (1)(A)—

(i) by striking "Secretary of Housing and Urban Development" and inserting "applicable Secretary"; and

(ii) by striking "the Secretary" and inserting "the applicable Secretary";

(B) in paragraph (2), in the matter following subparagraph (B)—

(i) by inserting "applicable" before "Secretary"; and

(ii) by moving such matter (as so amended by clause (i)) 2 ems to the right;

(C) in paragraph (4)(B)(ii), by inserting "applicable" before "Secretary";

(D) in paragraph (5), by striking "the Secretary" and inserting "the applicable Secretary"; and

(E) in paragraph (6), by inserting "applicable" before "Secretary";

(4) in subsection (h) (as added by section 576 of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (division C of Public Law 104-208))—

(A) in paragraph (1)—

(i) by striking "Except in the case of an election under paragraph (2)(A), no" and inserting "No";

(ii) by striking "this section" and inserting "subsection (d)"; and

(iii) by inserting "applicable" before "Secretary"; and

(B) in paragraph (2)—

(i) by striking subparagraph (A) and inserting the following new subparagraph:

"(A) may, notwithstanding paragraph (1) of this subsection, elect not to affirmatively establish and verify eligibility before providing financial assistance"; and

(ii) in subparagraph (B), by striking "in complying with this section" and inserting "in carrying out subsection (d)"; and

(5) by redesignating subsection (h) (as amended by paragraph (4)) as subsection (i).

#### **SEC. 1711. PROTECTION OF SENIOR HOMEOWNERS UNDER REVERSE MORTGAGE PROGRAM.**

(a) DISCLOSURE REQUIREMENTS; PROHIBITION OF FUNDING OF UNNECESSARY OR EXCESSIVE COSTS.—Section 255(d) of the National Housing Act (12 U.S.C. 1715z-20(d)) is amended—

(1) in paragraph (2)—

(A) in subparagraph (B), by striking "and" at the end;

(B) by redesignating subparagraph (C) as subparagraph (D); and

(C) by inserting after subparagraph (B) the following:

"(C) has received full disclosure of all costs to the mortgagor for obtaining the mortgage, including any costs of estate planning, financial advice, or other related services; and";

(2) in paragraph (9)(F), by striking "and";

(3) in paragraph (10), by striking the period at the end and inserting "; and"; and

(4) by adding at the end the following:

"(11) have been made with such restrictions as the Secretary determines to be appropriate to ensure that the mortgagor does not fund any unnecessary or excessive costs for obtaining the mortgage, including any costs of estate planning, financial advice, or other related services; such restrictions shall include a requirement that the mortgagee ask the mortgagor about any fees that the mortgagor has incurred in connection with obtaining the mortgage and a requirement that the mortgagee be responsible for ensuring that the disclosures required by subsection (d)(2)(C) are made.".

(b) IMPLEMENTATION.—

(1) NOTICE.—The Secretary of Housing and Urban Development shall, by interim notice, implement the amendments made by subsection (a) in an expeditious manner, as determined by the Secretary. Such notice shall not be effective after the date of the effectiveness of the final regulations issued under paragraph (2) of this subsection.

(2) REGULATIONS.—The Secretary shall, not later than the expiration of the 90-day period beginning on the date of the enactment of this Act, issue final regulations to implement the amendments made by subsection (a). Such regulations shall be issued only after notice and opportunity for public com-

ment pursuant to the provisions of section 553 of title 5, United States Code (notwithstanding subsections (a)(2) and (b)(B) of such section).

#### **SEC. 1712. CONVERSION OF SECTION 8 TENANT-BASED ASSISTANCE TO PROJECT-BASED ASSISTANCE IN THE BOROUGH OF TAMAQUA.**

For the Tamaqua Highrise project in the Borough of Tamaqua, Pennsylvania, the Secretary of Housing and Urban Development may require the public housing agency to convert the tenant-based assistance under section 8 of the United States Housing Act of 1937 to project-based rental assistance under section 8(d)(2) of such Act, notwithstanding the requirement for rehabilitation or the percentage limitations under section 8(d)(2). The tenant-based assistance covered by the preceding sentence shall be the assistance for families who are residing in the project on the date of enactment of this Act and who initially received their assistance in connection with the conversion of the section 23 leased housing contract for the project to tenant-based assistance under section 8 of such Act. The Secretary may not take action under this section before the expiration of the 30-day period beginning upon the submission of a report to the Congress regarding the proposed action under this section.

#### **SEC. 1713. HOUSING COUNSELING.**

(a) EXTENSION OF EMERGENCY HOMEOWNER-SHIP COUNSELING.—Section 106(c)(9) of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701x(c)(9)) is amended by striking "September 30, 1994" and inserting "September 30, 1999".

(b) EXTENSION OF PREPURCHASE AND FORECLOSURE PREVENTION COUNSELING DEMONSTRATION.—Section 106(d)(13) of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701x(d)(12)) is amended by striking "fiscal year 1994" and inserting "fiscal year 1999".

(c) NOTIFICATION OF DELINQUENCY ON VETERANS HOME LOANS.—

Subparagraph (C) of section 106(c)(5) of the Housing and Urban Development Act of 1968 is amended to read as follows:

"(C) NOTIFICATION.—Notification under subparagraph (A) shall not be required with respect to any loan for which the eligible homeowner pays the amount overdue before the expiration of the 45-day period under subparagraph (B)(ii)."

#### **SEC. 1714. TRANSFER OF SURPLUS REAL PROPERTY FOR PROVIDING HOUSING FOR LOW- AND MODERATE-INCOME FAMILIES.**

(a) IN GENERAL.—Notwithstanding any other provision of law (including the Federal Property and Administrative Services Act of 1949), the property known as 252 Seventh Avenue in New York County, New York is authorized to be conveyed in its existing condition under a public benefit discount to a non-profit organization that has among its purposes providing housing for low-income individuals or families provided, that such property is determined by the Administrator of General Services to be surplus to the needs of the Government and provided it is determined by the Secretary of Housing and Urban Development that such property will be used by such non-profit organization to provide housing for low- and moderate-income families or individuals.

(b)(1) PUBLIC BENEFIT DISCOUNT.—The amount of the public benefit discount available under this section shall be 75 percent of the estimated fair market value of the property, except that the Secretary may discount by a greater percentage if the Secretary, in consultation with the Administrator, determines that a higher percentage is justified due to any benefit which will accrue to the United States from the use of such property

for the public purpose of providing low- and moderate-income housing.

(2) REVERTER.—The Administrator shall require that the property be used for at least 30 years for the public purpose for which it was originally conveyed, or such longer period of time as the Administrator feels necessary, to protect the Federal interest and to promote the public purpose. If this condition is not met, the property shall revert to the United States.

(3) DETERMINATION OF FAIR MARKET VALUE.—The Administrator shall determine estimated fair market value in accordance with Federal appraisal standards and procedures.

(4) DEPOSIT OF PROCEEDS.—The Administrator of General Services shall deposit any proceeds received under this subsection in the special account established pursuant to section 204(h)(2) of the Federal Property and Administrative Services Act of 1949.

(5) ADDITIONAL TERMS AND CONDITIONS.—The Administrator may require such additional terms and conditions in connection with the conveyance under subsection (a) as the Administrator considers appropriate to protect the interests of the United States and to accomplish a public purpose.

#### **SEC. 1715. EFFECTIVE DATE.**

This title and the amendments made by this title shall take effect on the date of the enactment of this Act.

H.R. 4194

OFFERED BY: MR. GREENWOOD

AMENDMENT No. 13. Page 58, line 25, insert before the colon the following: "except that this proviso shall not apply to any action authorized by law".

H.R. 4194

OFFERED BY: MS. JACKSON-LEE OF TEXAS

AMENDMENT No. 14. Page 17, line 25, insert "(increased by \$183,000,000)" after "\$10,240,542,030".

Page 20, line 22, insert "(increased by \$183,000,000)" after "\$100,000,000".

Page 24, line 2, insert "(decreased by \$183,000,000)" after "\$3,000,000,000".

H.R. 4194

OFFERED BY: MR. RIGGS

AMENDMENT No. 15. At the end of the bill, insert after the last section (preceding the short title) the following new section:

SEC. \_\_\_\_ None of the funds appropriated by this Act may be provided to the City of San Francisco because the City requires, as a condition for an organization to contract with, or receive a grant from, the City, that the organization provide health care benefits for unmarried, domestic partners of individuals who are provided such benefits on the basis of their employment by or other relationship with the organization.

H.R. 4194

OFFERED BY: MRS. ROUKEMA

AMENDMENT No. 16. Page 52, after line 2, insert the following new section:

SECTION 8 CONTRACT RENEWALS FOR MODERATE REHABILITATION PROJECTS

SEC. 210. Section 524(a)(2) of the Multifamily Assisted Housing Reform and Affordability Act of 1997 (42 U.S.C. 1437f note) is amended, in clause (iii) of the matter that precedes subparagraph (A), by striking "the base rent" and all that follows through "Secretary" and inserting the following: "the aggregate current contract rents, adjusted by an annual operating cost adjustment factor established by the Secretary, not to exceed the aggregate published fair market rent for the market area for the unit mix in the project".

H.R. 4194

OFFERED BY: MR. SANFORD

AMENDMENT No. 17. Page 76, line 24, strike "\$2,745,000,000" and insert "\$2,545,700,000."

*July 15, 1998*

CONGRESSIONAL RECORD — HOUSE

**H5635**

Page 90, line 18 strike “, and \$70,000,000 is appropriated to the National Science Foundation, ‘Research and related activities’.” and insert “.”

H.R. 4194

OFFERED BY: MR. STOKES

AMENDMENT NO. 18: Page 18, line 14, after the dollar amount, insert the following: “(reduced by \$97,000,000)”.

Page 20, line 22, after the dollar amount, insert the following: “(increased by \$97,000,000)”.

H.R. 4194

OFFERED BY: MR. STOKES

AMENDMENT NO. 19: Page 61, line 13, strike the colon and all that follows through “expenses” on line 20.